Marketing Communication in mainland China.
Are they ready for NOOSA and is NOOSA ready for them?

Sabine Feron
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Bachelor Thesis
International Marketing Management [IMM]
Utrecht University of Applied Sciences

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This thesis is a result of a research performed for the Dutch accessory brand, NOOSA-Amsterdam. This thesis will lead to my final graduation of the study ‘International Marketing Management’ at the Utrecht University of Applied Sciences (HU).

An extreme interest in fashion has been part of my daily life as long as I can remember. The reason for graduating at one of the most upcoming Dutch accessory brands is there for not very surprising. It took a longer road before reaching this end goal. Gaining experience at a previous internship at one of the most prestigious PR and Communication agencies in Amsterdam, Coebergh Communicatie en PR, made me more eager to get to know more about this fast moving fashion business. Here I got in contact with designers, bloggers, stylists and owners of high-end fashion brands. It was interesting, the branch is a lot of fun, but soon I noticed that this was not what I wanted. Working at a PR agency was standing too far from the real fashion business and the beauty of marketing.

NOOSA-Amsterdam fascinated me from the start. A real Dutch fashion product, with so much potential both national as international. It made me proud even though I did not know anything about the company behind the brand. After the first talk with Nathalie Mangnus and the second talk with my supervisor Sarah Derkx, I immediately noticed that NA is a company run by passion for the brand and the product. Just what I was hoping to find!

After discussing the opportunity graduating at NOOSA-Amsterdam, another passion just came to me as a gift, Asia. A research on marketing communication tools in Asia. During the 3th year of my studies I have lived in Seoul - South Korea for 6 months. Travelling through Asia: China, Philippines and Taiwan was also part of this. I went there because the culture, the people and the overall booming fashion business over there got my attention.

The research was harder than I had expected. Creating a picture of a country, so different than ours, and gaining information about the people, the fashion environment, while being here was a tough job. When I look back at the process now, I have learned so much about myself, my trained profession/study, and most of all Chinese fashion.

I would like to thank Nathalie Mangnus and Alette Zeijlstra for giving me the opportunity of learning at NOOSA-Amsterdam. Chinese bloggers Erica Ji and Stella Zheng, for helping me creating a better picture about the Chinese markets and sharing their knowledge about Chinese fashion with me. The shop owners of AsiaStation Amsterdam, for sharing their knowledge about Chinese fashion trends and providing me the right sources. My supervisor, Hans van Briemen, and second supervisor, Nico van Beek. But most gratitude to Sarah Derkx, helping me through the struggles of writing this thesis the past six months, and giving your expert opinion on all parts.

In the last two weeks of my internship NA offered me to fulfill the job of PR and Online Marketing Coordinator. From off July 2nd, I will be responsible for the Dutch and Belgium PR-activities (in cooperation with our PR agencies) and coordinate the international PR in our distribution countries. Besides this I will be developing, coordinating and implementing the Online marketing/Social media platform. This will be launched mid July, the second week of my re-entrance within the company. Thank you for your trust in giving me this opportunity. I cannot wait to start!

Sabine Feron
June 2012
## TABLE OF CONTENT

Preface ................................................................................................................................. 1  
Management summary ........................................................................................................ 4  
Plan of objectives ................................................................................................................ 6  
  Research question ............................................................................................................... 6  
  Sub-questions ..................................................................................................................... 6  
1. Micro analysis .................................................................................................................. 7  
   1.1 Internal structure .......................................................................................................... 7  
   1.2 Strategic focus .............................................................................................................. 8  
   1.3 Competition ................................................................................................................ 10  
   1.4 Marketing mix ............................................................................................................ 11  
      1.4.1 Product .................................................................................................................. 11  
      1.4.2 Price ...................................................................................................................... 12  
      1.4.3 Production and suppliers ...................................................................................... 13  
      1.4.4 Promotion ............................................................................................................ 13  
      1.4.5 Place ..................................................................................................................... 15  
   1.5 Conclusion micro analysis ......................................................................................... 15  
2. Macro analysis .................................................................................................................. 16  
   2.1 DESTEP ....................................................................................................................... 16  
      2.1.1 Demographics ....................................................................................................... 16  
      2.1.2 Economic situation ............................................................................................... 17  
      2.1.3 Social influences ................................................................................................. 17  
      2.1.4 Technological ......................................................................................................... 18  
      2.1.5 Ecological ............................................................................................................. 19  
      2.1.6 Political .................................................................................................................. 19  
   2.2 Conclusion Macro analysis ....................................................................................... 20  
3. Meso analysis .................................................................................................................... 21  
   3.1 Consumer profile ......................................................................................................... 21  
      3.1.1 Market segmentation ............................................................................................ 21  
      3.1.2 Buying motivation .................................................................................................. 21  
      3.1.3 Market demand ....................................................................................................... 22  
      3.1.4 Brand perception ................................................................................................. 23  
      3.1.5 Buying behavior ................................................................................................. 24
3.1.6 Perception promotional tools ................................................................. 24
3.2. Competitive landscape ........................................................................... 27
3.2.1 Competition matrix ............................................................................ 27
3.2.2 Weighted provider ranking ................................................................. 28
3.3 Conclusion Meso Analysis ................................................................. 29
4. SWOT Analysis ......................................................................................... 30
5. Weighted confrontation matrix .............................................................. 31
   Strategic options ....................................................................................... 31
6. Conclusions research questions .............................................................. 33
   Research Question 1 .................................................................................. 33
   Research question 2 .................................................................................. 36
7. Recommendations .................................................................................... 47
8. References ................................................................................................. 48
9. Appendices ............................................................................................... 51
   Appendix I. Research Framework .......................................................... 51
   Appendix II. Questionnaire Chinese / HK consumers ................................ 52
   Appendix III. Value strategy model, Treacy and Wiersema ...................... 55
   Appendix IV. Profile Target Market NA, Brandplatform NA 2012 light ....... 56
   Appendix V. Price comparison direct competitors NA ............................. 57
   Appendix VI. Product Portfolio NA 2012 ................................................ 58
   Appendix VII. Brandwheel 2012, Brandplatform NA 2012 ...................... 61
   Appendix VIII. Marketing mix NA 2012 ..................................................... 62
   Appendix IX. Advertising costs ................................................................. 63
   Appendix X. Profile market segments China 2020 .................................... 63
   Appendix XI. Reasons Success LVMH, Club Monaco, H&M .................... 64
   Appendix XII. 5 forces of Porter ................................................................ 65
   Appendix XIII. Weighted confrontation matrix ......................................... 67
   Appendix XIV. Marketing Mix implementation China .................................. 69
   Appendix XV. Weighted provider Ranking .................................................. 74
Research goal
NOOSA-Amsterdam (followed: NA) has been expanding rapidly since the 1st year of its existence in 2008. As being a western brand, the question gained: How can we prepare for the upcoming markets in Asia? What do we have to change in terms of our current marketing communication strategy? In this thesis, research has been done on the following question: “How can NOOSA Amsterdam best position itself on the Chinese market with its current marketing communication strategy in the future?” This will be answered through the sub-questions: (1) “What is the profile of the Chinese target market and how can NA fulfill the needs and wants of this target market with its current product strategy?” and (2) “What marketing communication tools can NA use to reach its target market in China and differentiate themselves from the current and future competitors on this market?”

Research methodologies.
To find an answer to these research questions, the thesis first analyses the micro factors that create Strengths and Weaknesses. The Opportunities and Threats on the Chinese market are analyzed in the macro and meso analysis. First analysis has been done on macro level, by looking at the Chinese fashion branch, the trends on an overall consumer level. Followed by an in-depth research on the consumer segments, competitive level and marketing mix trends. Here for, interviews with Chinese bloggers and Chinese fashion shop owners in combination with quantitative research performed by McKinsey, BCG and KPMG were the main sources of input.

Micro
NA has potential to create a very strong international position in the accessory branch. The company has been on the market for only four years and is still in its growth stage. On its current operating markets, NA has proved this success already. The pitfall of this rapid success is that it has caused struggles with the current product line, in getting to the maturity stage in terms of production capacity, quality and efficiency (W). Focusing more in this production process resulted in positive results. The company has there for expanded the human capital to improve its strategy on international markets (O). The marketing communication strategy has also been improved and taken to a higher, international level. Online activation has not been implemented yet (W). All physical product and branding aspects have to make sure, NA will not become a mainstream brand. NA will put effort in reaching the right target market, which sometimes is not the case (W). The coming years will show, whether NA is able to expand further internationally with success.

Macro.
The Chinese market has the biggest consumer market worldwide, with its 1,339,724,852 inhabitants. The economic wealth is growing, and China will become world’s biggest fashion market by 2020. Most interesting segments: Mainstream, 167 million households, and Affluent consumers, 21 million households (O), will become the standard setters for consumption. With the current GDP growth expecting to set through, China will become the second highest spender on luxury goods after the US. Thereby overruling Japan. Economic growth attracted expats entering fashion capitals as; Beijing Shanghai and Hangzhou (O). Women are also becoming more independent, because of the rise of education and participation in the work field. (O)
China is known for its counterfeit market. Forming a threat for bigger, popular brands. (T)
Taxes on fashion products are the highest in Asia (W), making the consumers spend more on fashion abroad.
Meso.

“Little emperors (<28y)”, “Empowered business women (30y – 40y) will be spending in the mid to high end accessory category. They have a high interest in high-end accessory lines (O). Interest in international western brands is high (perceived as high quality, status products) (O). Products should reflect their status; big brand logo’s and bling bling products are preferred. They mix counterfeit products with genuine and show a low level of interest in fair trade, environmental friendly fashion products. They do not value the story behind a brand, but more the heritage and international success rate. (T) The Chinese consumer is an immature consumer, which makes them nor brand loyal, nor brand aware. There for investments are high (T).

In the future this awareness and loyalty will change, when the Chinese consumer has more experience on the (luxury) fashion market. They are just 10 years behind us, but will regain their identity very fast.

Buying preference is through department stores, shopping malls, (mega) brand stores and travel shopping. There is no popular multi-brand concept in China. (T) Online retail and awareness is growing at a fast rate, as well as the influence of fashion bloggers. (O) The competition in the market consist mostly out of a high percentage of luxury brands, and a low percentage of successful mid-high end brands. (T) Small, distinctive brands have not gained popularity yet or have not entered the market. It is hard to compete against the marketing and financial power of these big luxury brands.

In marketing communication, western models are perceived more appealing. Chinese consumers adore international brands, therefore these brands do not adapt their marketing communication materials. Localized products can rarely be found, but are highly appreciated. Fashion events are most effective and most localized. They also gain a lot of free advertisement online and in magazines. Magazines are very popular, especially western magazines (Elle, Vogue, Cosmopolitan). Again mostly western modeling is used. Pricing is of importance, since the Chinese consumer is price sensitive. They prefer a prices to be lower, comparable to western countries. The price difference between western markets and Asian markets in fashion products is 80%.

SWOT and Weighted confrontation matrix

The results of the SWOT and Weighted confrontation matrix, showed that NA is not ready for China yet, nor China for NA. The following strategy should be applied first, before entering China: Product development strategy.

Research question 1 shows that the consumer profile of the Chinese consumer does not match the unique product values of NA. By 2020, the target markets will be more mature fashion consumers and opportunities for NA to succeed will grow.

Research question 2 focuses on the most successful marketing communication mix in China. This shows that the product line of NA is not mature enough to be competitive against current, big competitors. A short to mid-long term (0-10 years) marketing plan is described, how to gain awareness of the Chinese consumer through travel shopping and online marketing. A long-term strategy (>10years) describes the implementation of the marketing mix (product, price, place, promotion) taking future development in account.

The answers to the questions give input on how NA can prepare its product development strategy, working towards the opportunities on the Chinese fashion market.
NOOSA Amsterdam is rapidly expanding its awareness in international markets. Currently the unique NA accessories are available in European countries; the Netherlands, Belgium, Germany and Austria. By 2011 the Australian and Russian markets have been added to that. To create a unified corporate image worldwide, the marketing communication has been standardized in all countries. All promotional tools and imagery are developed by the NA headquarter in the Netherlands in corporation with the Dutch communication agency No-Office. The current marketing communication in all countries are based on the western market, with no adaption to international markets. With western markets is meant; regions with a spending behavior and cultural background comparable to the Netherlands.

NA wants to gain more knowledge about the marketing communication standards concerning cultural differences in non-western markets, like Asia. For them it is important to have a clear understanding on how their current marketing communication strategy, which is non-differentiated, will be effective on these markets. The important information NA wants to gain is:

*The perception of western brands and western marketing communication in Asia.*
*The differences in consumer behavior in Asia and how this will influence the marketing communication strategy.*

To gain insight in the Asian market, China will be the peer market for this research. All conclusions will be drawn on the information available for this market. The results will give an advise on the following research question and sub questions.

**Research question**
The research question that will be answered in this thesis is:
“How can NOOSA Amsterdam best position itself on the Chinese market with its current marketing communication strategy in the future?”

**Sub-questions**
Sub-questions that will be answered in order to support and structure the main research question are:

**Sub-question 1.**
What is the profile of the Chinese target market and how can NA fulfill the needs and wants of this target market with its current product strategy?

**Sub-question 2.**
What marketing communication tools can NA use to reach its target market in China and differentiate themselves from the current and future competitors on this market?

The research framework can be found in Appendix I. Research Framework.
1. Micro analysis

1.1 Internal Structure

The concept.
NOOSA-Amsterdam is a unique concept created by two very passionate travelers who found themselves inspired by the huge diversity of cultures and symbolism found on Earth. The Dutch founders Nathalie Mangnus and Alette Zeijlstra, came up with the idea of a unique line of customizable accessories: NOOSA.

In 2008 NA started out as an unique brand for leather belts, with a personal and international touch. An innovating belt-concept was (and still is) a gap in the fashion market. There are very few fashion labels with belts as their main product and NA is the first to have created an unique concept for this.

In doing so NA has redefined what a belt could be. Since its start, the concept of NA has been extended to a beautiful, authentic and personal accessory brand. Including belts, bracelets, scarves and sandals, all compatible with over 130 fair trade handcrafted chunks.

International.
Since its start the brand grew rapidly, and turned out to be an immediate hit. International expansion has been realized rather quick after the launch in 2008. NA is available in store in its home market The Netherlands 2009, Belgium 2010, Germany 2010, Austria 2011, Australia 2011 and Russia 2011. NA is still in its major growth stage. Further international expansion is part of this growth strategy.

Human Capital.

NA was founded by Nathalie Mangnus and Alette Zeijlstra in 2008. After a quick start and immediate success, the brand and the company, grew rapidly. In 2010 the first employee was hired. Anno June 2012 the team consists twenty enthusiastic employees and four interns.

Since the beginning of 2012, NA got restructured. A management layer has been added to the company to stimulate the (international) growth. There are still several vacancies that have to be fulfilled (red colored).

The quality inspection (and stocking/shipment) takes place at an external facility, Euromail.

On the Belgium market NA works with a Belgium sales agent.

The headquarter in Amsterdam is responsible for the sales and distribution in the Netherlands and Belgium. And for the development of all marketing activities and (coordination of) product development worldwide. On these markets, NA works with distributors.
Distributors.
The international retail of NA products will be executed through distributors per country. Currently NA works with three different distributors:

- **Germany:** Best of Retail.
- **Russia:** Viva Fashion.
- **Australia:** Tribal Trading Australia Pty Ltd.

The Belgium market is regulated by the NA head office. For the sales coordination, they work with a Belgian sales agent.

Responsibilities.

<table>
<thead>
<tr>
<th><strong>Distributor to NA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Selecting sales points.</td>
</tr>
<tr>
<td>✓ Providing customer service.</td>
</tr>
<tr>
<td>✓ Order placement at NA headquarter (followed; NA hq).</td>
</tr>
<tr>
<td>✓ Distribution to retailer, including stock management.</td>
</tr>
<tr>
<td>✓ Promotion of NA through conventions, pr activities, online marketing etc.</td>
</tr>
<tr>
<td>✓ Adjusting all promotion materials to their distribution market. This concerns all textual information and price conversions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Sales agent Belgium to NA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The sales agent is responsible for the selection of sales points and sales coordination. All other distribution operations are covered by NA hq.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NA to distributors</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Development of promotion materials; brochures, POS, PR materials.</td>
</tr>
<tr>
<td>More information can be found on page 13 - promotion to retailers.</td>
</tr>
<tr>
<td>✓ Distribution of products to distributors.</td>
</tr>
</tbody>
</table>

Financial.
No information can be provided about the financial situation of NA.

1.2 STRATEGIC FOCUS.

Mission:
NOOSA brings together beautiful things from around the world for you to discover, embrace and make them into something uniquely yours. To cherish, create and share personal memories, dreams and desires.

Vision:
In a time when people are becoming more and more individualistic and rushed there is a greater need for balance, authenticity, honesty and essential connections. NOOSA offers products with deeper meaning, real value, a sincere story and a genuine personal connection.
Positioning.
NA applies a **single brand strategy**. There is no separation between the company and the brand. The company and the products carry the same name. A lot of effort has been put into the clear brand positioning, image, values, identity and the brand personality and promise.

Value Strategy Treacy and Wiersema.
NA achieves great quality products, built around an unique concept. With this, they position themselves with a **product leadership strategy**. See Appendix III. Value strategy model, Treacy and Wiersema. This product leadership strategy consists out of two important aspects:

1. **Products.**
A product range made of high quality, rare materials. A lot of care is put into the production of these products and maintaining the high quality standards. The drive and creativity to create new products and line extensions is very present. This drive is not stimulated by looking at competitors, but from the organization and the brand’s point of view. NA wants to launch products which match perfectly with the current fashion trends and reflect the brand’s key characteristics.

2. **Brand marketing**
The brand itself can stand as a product on itself. Consumers do not only buy NA because it is a physical need, but also because of the emotional and spiritual need. To reflect this quality into the brand image, a lot of effort is put on marketing.

Key brand benefit.
NA enables you to keep personal memories of dreams, experiences, adventures and connections from all over the world. So you can wear them close to you and express your personal story. To express this in its products, NA offers items of unique and rare materials in an authentic manner by using dedicated craftsmanship. NA uses symbols from all over the world that reveal genuine stories that you can personally connect with. NA enables you to collect.

**Target market**

<table>
<thead>
<tr>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Between 25 and 40 years.</td>
</tr>
<tr>
<td>Earn a middle to high income</td>
</tr>
<tr>
<td>Preference for high quality materials</td>
</tr>
<tr>
<td>Enjoy life, together with friends</td>
</tr>
<tr>
<td>Independent and entrepreneurial</td>
</tr>
<tr>
<td>Mainly living in the city</td>
</tr>
<tr>
<td>They feel cosmopolitan</td>
</tr>
<tr>
<td>Love to travel or do have</td>
</tr>
<tr>
<td>high interest in traveling</td>
</tr>
</tbody>
</table>

**Needs and Wants**
- Looking for authentic, undiscovered brands.
- Authentic, durable materials.
- Products with a deeper meaning.
- Worldly products
- Products to express creativity
- High quality products
With its marketing communication strategy, NA is targeting the above profile of women. Of notice is that this is the aspirative age category in which NA positioned its target market. The maximum consumer market is larger in reality. Currently a wider age category is reached, including men. NA is often popular amongst women over 40 and younger children. The marketing communication strategy, as well as the product development, have been adapted in 2012 to become more appealing towards the initial target market. For the extended target market explanation see Appendix IV.

Profile Target Market NA, Brandplatform NA 2012 light.

1.3 Competition

Products and brands NA identifies with are:

- Fashion brands mid-high end – belts, slippers, scarves and bracelets.
  Drykorn, Patrizia Pepe, American Vintage, Kuyichi., Goosecraft, Fred de la Bretoniere.
- Jewelry brands mid-high end – Bracelets
  Mi Moneda, Atelier Sud, Hultquist, Fiva.

The above brands are competing in the same product category, but are indirect competitors. Fashion brands have their main focus on clothing and have belts, slippers, scarves and bracelets as supporting products. Jewelry brands offer substitute products, but are not comparable to the product NA offers. Therefore they are not seen as direct competition.

Direct competition.
Direct competition has been increasing the past year. Since 2011, counterfeit products have entered the Dutch market. On international markets, these counterfeits have not been spotted yet. Direct competitors are: Desir and Baboos Babouche.

- Similar products
- Cheaper price. See Appendix V. Price comparison direct competitors NA.
- Lower Quality

Their retail points are online and offline. Offline retail points are markets, but also in low-end retail shops. The sales of NA products have not declined since the attendance of these counterfeit brands. Shop retailers of NA products often see customers who mix these counterfeits with real NA products. In order to remain competitive value, a lot of investment has been done on unique product development and stronger branding.
NA has a strong position towards these competitors. There are three patents on which they can claim their unique product values. A lot of fake brands have already been removed/disappeared from the market, through law suits and other measures.

Market share.
The real market share has not been measured yet, since there are no numbers on sales of counterfeit products.
1.4 MARKETING MIX

1.4.1 PRODUCT
Portfolio
The complete product portfolio can be found in Appendix VI. Product Portfolio NA 2012

<table>
<thead>
<tr>
<th>Belts</th>
<th>Bracelets (right; cowhide)</th>
<th>Scarves</th>
<th>Sandals</th>
</tr>
</thead>
</table>

Chunks: Regular line | Limited edition, Mother’s Day 2012

All hardware products are applicable with the unique chunk concept. Chunks are uniquely designed press buttons. The chunk line currently exists out of the regular line of 130 chunks and several limited editions. Each chunk carries its own story, these stories can be found on the NA website

High quality materials.
Chunks: natural, handcrafted products like wood, bone, resin, natural stones, pearl, ceramics, pumpkin, silver, brass or coconut.
Belts, bracelets and sandals are made out of naturally tanned leather. The leather which is used for the sandals is different from the leather used for the belts and the bracelets. This type is typically suitable for sandals.
Scarves are made of high quality silk and cotton.

Product levels.
Core benefits
Wearing a unique piece of handcrafted jewelry, with a deeper meaning.
Actual product
Comfortable, good quality products, made of unique and rare materials, that get more beautiful over time. A product you can ‘design’ yourself and give your own personal value to. A chunk line that keeps expanding, and is adaptable to all products. A brand that you can connect to and feel comfortable with, and that values the beautiful things in life.
Augmented product
Service you can rely on. Handcrafted jewelry, means that the chance on something breaking is relatively higher. The service is that you will receive a new product when this happens. There is no stated warranty on the current product line, but quality control keeps a good eye on what can go wrong and tries to reduce this number as much as possible.

1 Brandwebsite NA: http://www.noosa-amsterdam.nl/en-gb/chunkfinder
The extended core product values can also be found in Appendix VII. Brandwheel 2012, Brandplatform NA 2012.

**Product development.**

NA is a brand that surprises the consumer and is not predictable. This also shows in their way of product launches. The regular chunkline is launched on ‘fixed’ dates. The limited edition chunks and hardware product extensions are launched throughout the year, on unexpected moments.

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Frequency</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular chunk collection</td>
<td>four times a year</td>
<td>ten-twelve new chunks. Number new chunks not fixed, release dates fixed; spring, summer, autumn, winter.</td>
</tr>
<tr>
<td>Limited edition chunks</td>
<td>two-three times a year</td>
<td>during specific national events.</td>
</tr>
<tr>
<td>New hardware</td>
<td>two-three times a year</td>
<td>Not fixed.</td>
</tr>
<tr>
<td>Current hardware extension</td>
<td>two-three times a year</td>
<td>Not fixed.</td>
</tr>
</tbody>
</table>

The product line will be extended each year. For now the product line is still too small to open up a NA brand store.

**1.4.2 Price**

The pricing is based on comparable products in the market, quality of the materials, the added brand value of the concept and positioning of the products. Here we speak about a premium price. The profit margin for retailers is factor 1,52, which is higher on average than of other comparable accessory producers.

**Price range current collection NA.**

<table>
<thead>
<tr>
<th>Never out of style collection</th>
<th>Price range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belts – Classic skinny, Classic wide.</td>
<td>€ 49 - € 69</td>
</tr>
<tr>
<td>Wrap bracelets – Classic Skinny.</td>
<td>€19,95</td>
</tr>
<tr>
<td>Scarves – Classic square.</td>
<td>€ 69 - € 79</td>
</tr>
<tr>
<td>Sandals – Footwear classic.</td>
<td>€ 119</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special collection.</th>
<th>Price range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belts – Allover wide, Allover small, Double skinny.</td>
<td>€ 79 - € 89</td>
</tr>
<tr>
<td>Wrap Bracelets - Cowhide classic skinny, Double skinny</td>
<td>€ 19,95 - € 29,95</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regular chunk collection.</th>
<th>Price range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 7,95 - € 15,95</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Limited edition chunk collection.</th>
<th>Price range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€7,95 - € 15,95</td>
</tr>
</tbody>
</table>
1.4.3 Production and Suppliers.

Fair trade, handcrafted production chunks.
The chunks are handcrafted in fair-trade circumstances. NA works with several organizations, which are guiding the chunk production in Nepal and Peru.

Leather-house LVMH, Hermès.
The belts and bracelets are produced in two locations in the Netherlands. The leather is naturally tanned, top quality and comes from a tannery in Belgium. This is the same tannery as where Louis Vuitton and Hermès buy their leather.

Production capacity.
The production capacity of chunks can be improved. This is due to the handcraft work of the chunks and errors in this manufacturing process. In the past this sometimes resulted in out of stock chunks.

Quality control.
The quality control is performed by the manufacturers and has a final check at Euromail in the Netherlands.

1.4.4 Promotion

The quality of the products is reflected in the quality of NAs marketing communication tools, by means of imagery, look and feel. The story behind the branding / marketing strategy defines the brand image. People do not buy ‘just’ a belt, bracelet, sandal or scarf, they buy a feeling. Branding is perhaps the most important value of its marketing communication.

NA wants to create one image in all countries. Therefore they prefer their marketing communication to be as similar as possible through all retail channels. However consumer needs, wants and their buying behavior differ in all the regions of the world and perception of marketing expressions can be interpret different way. So to express their image, brand and story in a way that it is interpret by all types of consumers in the same way, there eventually has to be a slight difference in their current marketing communication.

Retail communication tools: Retail communication tools are used to excite and inform the current retailers and distributors about new developments.

Communication to retailer:
1. Sales agents. (Not obligatory for distributors)
2. NOOSA the brand selling-in brochure.
3. Product selling-in brochure
4. Newsletters

In store promotional tools:
1. Chunk collection boxes
2. Hardware show blocks
3. Window stickers
4. Highlight displays

It is important the all the shops present NA in a unified way, to reflect the professionalism and quality of the brand. Development of own POS materials is not allowed.
**Consumer communication tools.** *Consumer communication tools are used to inform and excite the current and potential consumers. These tools are available at the NA retail stores and are free of charge.*

**Brochures.**
1. Product brochure: Product descriptions, chunk stories.
2. Style brochure: Inspirational model photography.

**Packaging.**
1. Product sachets.
2. Chunk-boxes
3. Chunk cards
4. Price tags
5. Hangtags

Packaging supports the perception of quality for the consumers.

**Online.**
1. NA website
2. E-mail newsletter

NA is currently developing an online social media strategy, which will be launched mid 2012. No detailed research on this part of consumer communication will be executed in this research.

**Promotional Tools.**

**Public Relations (PR)**
1. PR agencies Belgium and Netherlands
2. Distributors can decide themselves.

**Celebrities.**
A few Dutch celebrities are chosen to represent NA. They have received their favorite NOOSA products, which they regularly wear. These celebrities all fit in the NOOSA style.
One of these celebrities is Josh V.

**Events.**
Events are not part of the standard, ongoing promotional activities. This will be expanded in the future.

**Overall look and feel**
The overall look and feel of the communication tools should be based around stories and are created with products and materials that tell a story. The use of old looking, raw materials in store and in other consumer communication tools are reflecting the feeling of authenticity, purity and are sophisticated. They are all typical NA and the consumer can easily recognize it.
Whether the perception and effectiveness of the current communication tools will be similar and applicable in other (non-western) countries, e.g. China, should be researched.

A detailed overview of all consumer and retailer promotional tools can be found in Appendix VIII. Marketing mix NA 2012.
1.4.5 **Place**

**Physical stores.**

NA needs to be discovered and they are trying not to become a mainstream product that can be found on every corner of the street. Therefore a selective distribution policy is needed. The type of retail store that sells NOOSA should also meet several requirements.

The ideal NOOSA stores are:
- Smaller fashion boutiques.
- No more than five similar stores.
- The vibe in the store should match the authentic, natural and free vibe NOOSA reflects.
- The product collection must consist out of more than 80% clothes. Accessories, shoes and bags are presented as supporting products.
- The price range of the products should be targeting the middle/higher segment. Clothing between €100, - €500, -
- Brands that are sold are for example; Drykorn, Dante6, BZR, French Connection, Goosecraft, Fred de la Bretoniere. They reflect a style that is tough but feminine, edgy but elegant, classic and modern, city style and beach style.

The shopping behavior and type of retail store formats is quite similar in the markets where NA is sold currently, which are western countries. Whether these guidelines for preferable retail shops are also relevant in other countries, e.g. China, should be determined through research.

**Online retail points.**

NA does not sell its products through its own online retail channel. It does work with online retailers, web shops. These shops all have a physical store. They are obliged to sell other brands than NA through their webshop.

1.5 **Conclusion micro analysis**

NA has a strong branding position. The unique product concept creates a lot of international opportunities. The internal structure has been changing a lot last year, to bring NA to a higher level on its current market and new international markets.

Since NA is a young company and experienced success earlier, there are parts of its marketing communication and product development that can be improved.
- More focus on online marketing
- Increasing promotional activities and exposure, such as events.
- Expand its product lines in order to create a mature product portfolio, eventually to set up brand stores.
- Improve product quality and production processes to work more efficiently and increase the volume of production.

Overall, the new internal structure of the company offers a lot of potential for the future.

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2 Based on pricing on the Dutch market
3 Based on popular brands on the Dutch market 2011/2012
2. MACRO ANALYSIS

2.1 DESTEP

NA wants to gain information on the use of marketing communication tools on Chinese market. The following chapter will analyze the important developments concerning this market. The results can have an effect on the current and future Chinese fashion market and can lead to opportunities and threats to NA in the future. These factors can thus have effect on how NA should position themselves and use their marketing communication tools. The macro analysis will be conducted with the DESTEP analysis. Demographic, Economic, Social, Technological, Ecological and Political trends will be analyzed.

2.1.1 DEMOGRAPHICS

Geographic differences – urbanization.

By 2020, 60 percent of the total population will be living in urban areas. This will account for 850 million people. This process stimulates the growth of the consumer market by widening the affordability and availability of goods. The cities can be divided in several clusters, based on size.

The biggest cities are tier 1, 2 and 3:

Tier 1 cities: Beijing, Shanghai, Shenzhen.

Tier 2 cities: Chengdu, Dalian, Hangzhou, Nanjing, Shenzhen, Wuhan, Xiamen, Xi’an, Wenzhou, Tianjin.

Tier 3 cities: Langzhou, Guiyang, Zhengzhou.

Rapid expansion third tier cities.

The leading luxury brands are expanding to smaller third tier cities, like Qingdao. Generally the first step is to set up a shop in cluster cities, Beijing, Shanghai and Guangzhou. The brand awareness and willingness to spend in these third tier cities, is close to the second tier cities.

Expats.

Expats are a main source of income of fashion in China. Looking at the number of expats on mainland china, gives an indication on how this target could be of influence.

A total of 593,832 foreigners were living on the Chinese mainland at the end of 2010. The top three home countries of foreigners were South Korea, the United states and Japan. Among foreigners living on the mainland, 56 percent were male and 44 percent (257,587) female.

In figure 2, these three findings on demographics have been combined. This shows the top ten most popular Chinese mainland cities, according to expats and Chinese Consumers. The top five is: Shanghai, Beijing, Hangzhou, Chengdu, Dalan and Qingdao.

Figure 1. Tiers mainland China - source: whatsonxiamen.com

Figure 2. Ten most attractive cities Chinese mainland, China Daily’s 2011 amazing China.
2.1.2 ECONOMIC SITUATION.
Growth of the fashion market.
Over the past decade, the fashion industry in China has tripled in market size, by the end of 2010. It is projected that this growth will remain in threefold over the next decade. This has attracted a major group of global brands already, and will increase more in the coming years. China will become the number one fashion market by 2020.

Shift in welfare consumer segments.
Per capita disposable income of the urban consumer will double between 2010 and 2011, from about $4000 to $8000. That will be close to the current standard of living in South Korea. The type of consumer’s, based on income distribution, will shift tremendously.

<table>
<thead>
<tr>
<th>Nr households 2020</th>
<th>Affluent consumer</th>
<th>Mainstream consumer</th>
<th>Value consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21 million</td>
<td>167 million</td>
<td>116 million</td>
</tr>
<tr>
<td>Living area 2020</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Advanced cities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Advanced and developing cities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging and lagging cities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spending fashion 2020 per year.</td>
<td>$21,000</td>
<td>$6000</td>
<td>$3000</td>
</tr>
<tr>
<td>Interest</td>
<td>Luxury goods</td>
<td>Small luxury items</td>
<td>Basic needs</td>
</tr>
<tr>
<td>Other facts</td>
<td>Interested in international branded products</td>
<td>Standard setters for consumption</td>
<td>Market for cheaper products</td>
</tr>
</tbody>
</table>

For NA, the most interesting market is the mainstream consumer. This group will become the biggest segment in China. They will have enough money to spend on mid-high end accessories and clothing, but high end brands will be out of their reach. Also the affluent consumer can be an interesting side market for NA, but should not be their main focus. They can be attracted when NA will launch an high-end product range, including golden chunks for example.

2.1.3 SOCIAL INFLUENCES.
Education.
The number of high school students enrolled in college will increase to 40 percent in 2020. Other things will be set aside to focus on education and a job. People are willing to postpone marriage and having a family. The average age of having a first child will rise from 27 to close to 30 in 2020.  
This more time spent on education and bachelorhood means more time for recreation, entertainment, and travel. Also the family culture will shift more to a friend’s culture. All these factors affect on how money is spent, which books positive results for the fashion market.
**Independent women.**
The result of the one-child policy and families influenced the urge of having a sun, has created gender imbalance. Despite the bias to male children, women are playing an increasing role in the economy. The participation in workforce is already high, 67 percent, of which 47 percent had an office job. This results in a decrease in income gap between men and women. Targeting female consumers is turning in to an opportunity.

**Confusion values.**
Spending attitudes and behaviors are influenced by traditional confusion values. They are deeply rooted in the Chinese society and are not likely to change. Consumption will rise strongly, but the Chinese will remain “smart” shoppers and conservative. They are willing to spend time and double researching purchases. They seek “value for money”. This means that NA and other fashion brands should put more effort in branding and marketing.

**2.1.4 TECHNOLOGICAL.**
**The rise of the internet.**
China is becoming more and more of an internet ruled country. There do are strict regulations on some specific sites like Facebook, Youtube, Twitter and Google. When it comes to internet sales the prospects are good. More Chinese consumers are buying products through the internet. Even though they are holding back, since they are very eager on genuine products and good quality of products. The rise of the internet also makes it more easy for consumers to compare prices, and go for the best deal. This also improves their level of brand loyalty, since they are being confronted with the brands more often now. Therefore focus on online marketing is getting more important for fashion brands. Attention should be paid towards the differences in use.

**Censored restrictions**
**Social media websites.**
In the second half of 2009 the social networking sites Facebook and Twitter were blocked, presumably because of containing social or political commentary. Home-grown social networks, such as Sina Weibo (a Twitter substitute) and Renren (a Facebook-like network) are popular.

**Sina Weibo.**
The most popular social media tool is Sina Weibo. A micro blogging network which is used by celebrities and professionals from all walks of life.

- According to the Sina corporation annual report, the Weibo microblog now has more than 50 million active users per day, and 10 million newly registered users per month.
- Fashion has emerged as an important topic on the Chinese platform, ranking 9th overall in terms of most popular profile tags.
- The personal accounts of fashion industry figures often attract more followers than the accounts of large fashion media brands.
2.1.5 ECOLOGICAL.
Fair-trade and green production.
When looking at ecological measurements in fashion, we can think about: ethically production, craft artisan, custom, fair trade production, and manufacturing certified organic products and materials. This has not reached its full potential in China yet. At a government level this awareness has its top priority. On a consumer level the need and urge for this is not there yet. These types of production will increase in the future, as well as the need for fair trade products.

2.1.6 POLITICAL.
Advertisement restrictions
In 2011, the Beijing government have decided that the outdoor advertisements about luxury advertising should be promoting the value of luxury less. These expressions should be a painful reminder to the city’s more downtrodden residents of the growing gap between rich and poor. There for the Beijing Adminstration for industry and Commerce now wants companies to remove words such as “luxury”, “royal”, “supreme” and “high class” from billboards. Such advertisements should stimulate a politically “unhealthy” climate. For now this only counts for the Beijing area, but will possibly soon be followed by other influential cities. This will possibly effect the high-end luxury brands, who are using this type of advertising a lot. The consumers will become more open minded towards smaller, mid-high end brands and being less influenced by the high-end fashion brands.

Rise of advertisement costs.
Overall advertising costs are on the rise in China, particularly for national platforms and platforms in first tier cities. For more information on specific pricing see Appendix IX. Advertising costs.

Tax.
Luxury items imported into China are subject to three taxes;
- customs tariffs of 4.4% up to 60%
- value-added tax (VAT) of 17%
- consumption tax of up to 30%.

The Louis Vuitton Speedy 30 handbag, for example, retails in China for 5,750 Yuan (€724) but costs €610 in Hong Kong and €530 in France. A study into luxury product prices by the University of International Business and Economics in Beijing reveals that the price difference between the Chinese and overseas markets for jewelry it is between 20% and 80%.

This is a reason why travel shopping got popular. According to a report by the Beijing-based World luxury Association, luxury spending rose 28.6 percent this year to US$7.2 billion overseas. Chinese consumers made up around 62% of all luxury sales in Europe last year.
2.2 Conclusion Macro analysis

The Chinese market offers a lot of potential for the future. It is expected to become the biggest fashion market by 2020, thereby overruling the US and Japan. The increasing welfare and the shift in consumer segments (more independent women and the rise of the mainstream and affluent consumers) offers a lot of potential for NA to step into the market and take its piece of the ‘big pie’. The government investments on fair-trade and green production will stimulate the consumer awareness of this unique value NA already applies in its production process and marketing communication.

The online market is booming at the moment. This will be positive for NA to gain awareness from a distance, before entering the Chinese market with physical stores. Although this online environment is different than anywhere else in the world, which forces brands to use localized online marketing tools like Sina Weibo.

The downside is that the Chinese market is evolving rapidly, but that the market still consists out of a large percentage of immature fashion-consumers. This means that the investments in marketing are high. The advertising costs are rising and the import taxes are also higher.
3. Meso analysis

3.1 Consumer profile

3.1.1 Market segmentation.
In the macro analysis has been concluded that there is a shift in type of consumers. Further research showed there are four types of consumers in China that are very interesting to watch for NA. These can be called; traditional business elite, the new luxury shopper, empowered women, and little emperors. These four groups are the main spenders on fashion in China. Full profiles can be found in Appendix X. Profile market segments China 2020.

All the above mentioned segments are interested in foreign brands and have the buying power to spend on (luxury) accessories and jewelry. The Chinese consumer demands luxury brands, which already have an established brand name with international recognition. Why they prefer these types of (international, luxury) brands and what the specific trends, demands, needs and wants at this moment are, will be described below.

3.1.2 Buying motivation

Positive attitudes towards branded fashion products are:
- Success and social status.
- Appreciation of superior quality.
- The longing for luxury brands, but not able to afford them.
- Owning because of work necessities.
- As a reward for hard work.
- Reflection of good taste and fashionable image.
- Giving the feeling of confidence.

Negative attitudes concerned:
- Feeling of showing off.
- Perceived as nouveau riche.
- Superficial.
- Not willing to pay premium prices.

Aspiration and self-reward.
- Seventy percent of the respondents is buying luxury brands for status and as a reward for work and success.
- They are all willing to pay premium for the brand.
- They are very ‘item-driven’, which results in that they search for the latest collections. A trend shows that they are concentrating on smaller items as accessories, as their main purchases.
- They are also wishing more to become trendsetters. Trendsetters use brands more creatively to express their identity and individuality. These consumers are younger, between 18 and 25 years, are well-educated and will become white collar workers.
3.1.3 Market demand.
A positive note for the NA is that the intention of purchasing (preferably international) luxury products in the form of accessories is high. One reason is that fashion accessories offer more versatility and visibility to consumers with a limited budget for luxury. Most consumers do not have the financial capacity to do big investments in large luxury items like branded clothing. To compensate this, smaller luxury items are bought, like accessories.

Taste: The Bling Bling factor instead of ecologic fair trade worldly products.
The main Chinese consumer is preferring “bling bling” over natural, handcrafted products. They prefer bigger logo’s and recognizable brand features. They do not have the awareness or need for fair trade, handcrafted products yet, which is one of the unique selling points for NA. For now the spending majority falls for the status brands like, Louis Vuitton, Hermès, Gucci, Burberry, Coach, Cartier, Tiffany’s and Rolex.

Mix of genuine and counterfeit goods.
It is worldwide known that the Chinese market is characterized by the underground trade in luxury fakes. Interviews showed that the consumers prefer mixing genuine and counterfeit products. This comes forth out of their high price consciousness, reasons are stated in the macro analysis - confusion values p.18. It is not clear yet, how counterfeiting is affecting brand value. It can be seen of positive as well as of negative influence. Some claim that counterfeits have made genuine products more sought after and increased the awareness of luxury brands. Others see it as a brand becoming mainstream and cheap. For NA this second perception could be a big threat. The positive side is that the Chinese consumer prefer authentic products more and more.

Local lines.
The Chinese consumers highly value to be served by local lines. This is seen as a sign of respect. Giving a local product, for example at a store opening, is important to gain brand loyalty.

Bigger logos.
The consumer profile description, see meso analysis - taste p.22, showed that Chinese consumers prefer bigger logo’s and brand features on clothing and accessories. Ralph Lauren and Gaastra did this especially for the Chinese market. Eventually Ralph Lauren launched this line of polo’s with bigger logos worldwide.

Extended product lines.
Chinese consumers prefer to have a wide variety of choice in products from one brand. Respondents expressed that when a wider product line is offered abroad, they would prefer buying from bigger stores in other countries. Especially in the introduction stage, this can be fatal.

Chinese sub-brands.
For a western brand, developing a Chinese sub-brand, cooperating with Chinese designers is also common used. The local designers are getting more appreciated on the Chinese market. Most Chinese consumers prefer international brands, but this changes more and more in the future. Hermès just launched its high quality brand Shang Xia on the Chinese market, cooperating with Chinese designers. This local aspect has been rated being very appealing to the Chinese consumer.
Cooperation with celebrities.
The Chinese consumer falls for celebrities, both western and Chinese. Brands can take their advantage from this by cooperating with them. H&M also gained its success through entering China launching the product line of Kylie Minogue. She was also attending the store opening in Beijing. This gained a lot of media attention and the products were very popular.

3.1.4 Brand perception.
Low brand awareness smaller brands.
The Chinese consumer is a ‘new’ consumer. Research showed they are not brand loyal and regularly switch brands. The only brands that have proved to be successful are mostly the bigger high-end luxury brands. If you ask the consumers to name their favorite brands only the big names are recalled like; Louis Vuitton, Gucci, H&M and Zara etc. Especially the high end luxury brands have gained this awareness, due to the fact that they first entered the market and invested a lot on marketing and opening up mega brand stores. Chains like H&M and Zara, which are relatively cheaper in the western opinion have gained success through international awareness. Smaller bands have a harder time in binding consumers to their brand. They need a good financial back up to cover up the time that is needed for this. This will be one of the biggest threats for NA.

International success sells.
Being a well-known brand is still a very important factor for luxury brands to be successful in China. Forty percent agreed that a luxury brand should first of all be well-known, before it can be considered successful. Sixty-four percent said they would be more willing to pay a premium if a brand is popular and well-known. For NA it is therefore important to gain international success first, before brand loyalty and awareness can be stimulated.

Two sided perception on beauty.
The west is seen as transformational, edgy and willing to stand out from the crowd. When it comes to the perception of beauty in advertising, the Chinese people prefer Asian faces and body types, so that they can relate themselves to the model. On the other hand foreign celebs are also accepted. In the western communication, the western models are perceived as a form of expertise, power and status.

Global or local brands.
The preference for international brands are high in the apparel section. When looking at whether Chinese consumers would prefer local or global brand now, the majority prefers local brands. This is mostly due to lower prices. But when they would have a higher spending reach, the majority would prefer global brands. International brands do reflect high quality and exclusiveness, which is very important for the Chinese consumers. ⁴

3.1.5 Buying Behavior.

Mall Culture.
China is not familiar with popular western retail models. Instead, there are three key channels for the apparel and accessory brands to consider selling through:

1. Department stores
2. Shopping malls
3. Brand stores

The Chinese consumer prefers the so called “mall culture”, which is a true leisure activity for them. Shopping in these malls increases the development of brand awareness of the Chinese consumer and so creates aspiration with the luxury market. These malls consist mostly single brand stores.

No multi-brand stores.
There is no multi brand store concept in China, which has been successful yet. The awareness for this retail format amongst consumers is there for low. They see concept stores regularly as cheap products of less quality.

Online shopping.
Current respondents stated that they do not prefer online shopping. They do compare products online, but prefer buying in physical stores. Other results show that this type of shopping will be increasing in the future, especially amongst the ‘new’ consumers. These are the little emperors.

Opportunities abroad.
Overseas consumption is highly popular. This is so popular for two major reasons.

- Buying overseas, mostly in Europe, guarantees the consumer that it is not buying counterfeit.
- The second reason is of financial advantages.

This could be a good way for NA to create brand awareness among the consumers, with lower costs.

3.1.6 Perception Promotional Tools.

Nr 1. Events
It shows in magazines as on fashion blogs, that events excite the consumers and creates awareness. Events are a frequently used tool to gain the right media attention, especially when celebrities are involved. This is perceived as the most effective and it can be localized to the Chinese market. This tool will reach both aspirational and dedicated luxury purchasers. For them it is a chance to experience a so-called “luxury lifestyle” and a unique chance to see products that are not available in stores yet. Welcoming window shoppers is an investment in the future.

Nr 2. In store promotion
Consumers rate the value of store personnel as very important. This also has to do with seeing shopping as a leisure activity. They prefer buying products in a brand store, instead of online when sales personnel is well trained.
Billboards are also recalled as being very effective, recalled by experts (bloggers).
Nr 3. Magazines
Looking at the circulation, see Appendix XIV. Marketing Mix implementation China, magazines have a very high reach. Experts stated that advertising in magazines would be very valuable, but the prices are very high. Only luxury brands advertise in these magazines. It would be more effective when gaining styling publications or street style snapshots. Consumers see these publications as an example.

Nr 4. Social media.
Sina Weibo may be the perfect online place for global fashion brands to test and learn what is appealing to their Chinese internet fan base and prepare for the future.

Research, performed by OC Weibo tracking 2012, amongst Sina Weibo participants showed the following:
- The most successful brand on Sina Weibo is Louis Vuitton.
- Celebrity & designer posts, and fashion event posts are the most favorable to watch by the Chinese consumers.
- Fashion 9th overall in terms of most popular profile tags

Nr 5. Blogging scene.
Bloggers are getting more influence in China. Operating through bloggers is the perfect way to create brand awareness on a low budget. The advantages of working with bloggers are:
- They are trusted by the consumers.
- They write from their heart and know what the Chinese consumer wants to read, see and wear.
- Consumers get easily influenced by their opinion.

Popular fashion bloggers and blog sites are; Han Han, the Satorialist, JakandJil, and Style.com. These are both Chinese and international fashion blogs.

An expert recalled the best example that has been executed so far is; Club Monaco in cooperation with Chinese photographer and blogger Tommy Ton. Together they created club Monaco’s first bag collection. The focus of advertisement of this campaign was mainly online. Experts said this marketing campaign was the reason why Club Monaco gained a lot of awareness amongst consumers.
Nr 6. Official brand websites.

- Only 19 percent of the Chinese respondents visits the official brand website, versus the 41 percent in Japan, the US and Europe.
- The Chinese websites of foreign brands are often directly translated from their home-country website.
- There is little or no customization or localization for the Chinese market.
- Use of western models

Figure 7. Left to right; LVMH brand site Chinese, LVMH brandsite English

The Chinese respondents prefer reading in Chinese over English. But having an English sub-site is always good. They do not mind that the sites are identical, when looking at western models which are often used. Experts stated that localizing a website, would be preferable in the future. This means using Chinese models or Asian/Caucasian models.

Nr. 8 Television

For a lot of markets television is one of the most effective tools. This does not seem to count for fashion brands. The only advertiser that has been named was Louis Vuitton, which launched this commercial worldwide in 2008. It is also the most expensive promotional tool. Experts declared that television is more done by cosmetic products, and will not gain any added value next to the other promotional tools like billboards, events and publications.

Appendix XI. Reasons Success LVMH, Club Monaco, H&M, shows the analysis of the marketing mix of Louis Vuitton, Club Monaco and H&M. This gives a clear overview of the reasons of the success booked through three different strategies.

- LVMH – Traditional marketing
- Club Monaco – Online (new style) marketing
- H&M – Celebrity cooperation

Successful brands have several characteristics in common. These characteristics are shown in the following competitive landscape analysis.
3.2.1 Competition matrix.

- **Pursue success and status (high price)**
  - High-end brands
  - Mid-high end brands
  - Low-end brands

- **Functionality (lower price)**
  - Pursue success and status (high price)
  - Be classy ladylike
  - Be edgy / though / trendy

- **ZARA**
- **H&M**
- **UNIQLO**
- **Meters/bonwe**

Competition matrix analysis.
The Chinese fashion market is also recalled as; “The omnipresence of global luxury brands”. As can be seen in the matrix on the previous page, the presence of luxury brands is extremely high. The bigger the brand logo in the matrix, the more influence the brand has and the more awareness there is amongst Chinese consumers for these brands.
The top fashion brands on the Chinese market in 2011/2012:
1. Louis Vuitton
2. H&M
3. Hermès
4. Zara

This is a list with the most high-end luxury brands, mixed with the low-end fashion brands.

These popular brands and other players on the Chinese market have several things in common;
- Worldwide success
- Quality perception; H&M and Zara are perceived as lower quality brands in the west, but in China their products are perceived as high quality, status products.
- Financial power
- Strong (undifferentiated) marketing communication worldwide.

There is a small amount of smaller upcoming brands. This creates a lot of opportunities for NA to enter the Chinese market. There is a big gap between mid-high end accessory brands, where NA would perfectly fit in the future.

Looking at the competitive strength of NA the below weighted confrontation matrix gives a good overview. Here a comparison has been made between brands from different sectors, based on characteristics the Chinese consumers value the most. The consumer rating gives the level of strength per characteristic.

3.2.2 Weighted provider ranking

The Weighted provider ranking can be found in Appendix XV. Weighted provider Ranking.

Number 1 Competitor. Tiffany
Tiffany is the biggest competitor for NA, based on accessories. They offer a wide range of products in different price segments, with which they will compete with NA. NA can differentiate through their unique branding strategy, but first has to gain more international awareness to let this score be higher. Tiffany offers higher quality products, which is a very important aspect for the Chinese consumer at this moment.

Number 2 (and 3) competitors. Meters/bonwe and Zara
Meters/bonwe will be their second competitor. They offer a comparable accessory range; slippers, belts, bracelets, scarves, at a way lower quality. They gained their success on the Chinese market through their international success, high level of marketing and the fact being the first internationally successful Chinese brand.

Number 4 competitor. Pilgrim
With its current marketing and unique selling points, Pilgrim will not be strong enough to be a big threat for NA. Their marketing is not consistent and differentiating enough. Its products line is coming closest to the product line of NA.

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5 Millward Brown, the world most valuable fashion brands – top brands China.
One of NAs unique selling points, its fair trade production (sustainability), can be of high value in the future since other brands do not pay much attention towards communicating or applying this. At this moment, the Chinese market is not recognizing this strength.

3.3 CONCLUSION MESO ANALYSIS

The graph below shows the power of the meso environment.

Strength of consumers.
The strength of consumers is also fairly high (5), which again is a stated rule in fashion. The consumers demand high quality products, preferably luxury brands, with an international brand name and achieved international success.
Their buying behavior shows that they buy in big shopping malls, department stores and preferably brand stores. NA is too young and small to compete against the big players, which have the power to build huge brand stores and open up in big department stores. But when the consumer is more used to luxury fashion, the trend spotters will become more focused on the unique qualities NA sells; e.g. Fair trade production etc. For now this market is too small.

Threat of competition.
It shows that the competitive environment is relatively high (4). This will increase in the future, when other smaller brands enter the market.

Threat of substitute products.
The threat of substitute products is extremely high (8). This is a common fact in the fashion market. In China, when it concerns popular brands, the threat of counterfeits is may be higher than on western markets. Most popular brands cope with this. NA should communicate its unique selling points; e.g. story behind the product, quality of products etc. more, before it can overrule the substitute products.

Threat of entrants.
The threat of entrants is not as high as on other markets at this moment (4). This is due to the high entrance costs, especially concerning placement and high marketing costs, to built consumer awareness. This keeps small brands out of the country and attracts only the big players.

See Appendix XII. 5 forces of Porter, for the question list that resulted in the division of the 5 forces of Porter below.

Figure 8. The 5 forces of Porter, competition intensity China.
### 4. SWOT Analysis

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Grade</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique product concept</td>
<td>13.2%</td>
<td>9</td>
</tr>
<tr>
<td>Clear branding/marketing concept</td>
<td>13.2%</td>
<td>9</td>
</tr>
<tr>
<td>Quality and unique materials products</td>
<td>10.3%</td>
<td>7</td>
</tr>
<tr>
<td>Affordable pricing</td>
<td>10.3%</td>
<td>7</td>
</tr>
<tr>
<td>Horizontal management makes adoptions easier.</td>
<td>4.4%</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Weaknesses</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Grade</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>International experience and awareness</td>
<td>10.1%</td>
<td>7</td>
</tr>
<tr>
<td>Low online activity</td>
<td>4.3%</td>
<td>3</td>
</tr>
<tr>
<td>Low production capacity, through craftsmanship</td>
<td>5.8%</td>
<td>4</td>
</tr>
<tr>
<td>Consistency product quality</td>
<td>11.6%</td>
<td>5</td>
</tr>
<tr>
<td>No consistent reach of the target market</td>
<td>8.7%</td>
<td>6</td>
</tr>
<tr>
<td>Little current promotional activities e.g. events</td>
<td>4.3%</td>
<td>3</td>
</tr>
<tr>
<td>Size of the product line is too small for opening up single brands stores</td>
<td>4.3%</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Grade</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand stores in popular shopping malls</td>
<td>11%</td>
<td>9</td>
</tr>
<tr>
<td>Interest expensive luxury apparel</td>
<td>8.5%</td>
<td>7</td>
</tr>
<tr>
<td>Growth in size and spending of mainstream consumer</td>
<td>9.8%</td>
<td>8</td>
</tr>
<tr>
<td>Increase in use of online marketing</td>
<td>8.5%</td>
<td>7</td>
</tr>
<tr>
<td>Good image and interest in western brands</td>
<td>9.8%</td>
<td>8</td>
</tr>
<tr>
<td>Fashion events</td>
<td>9.8%</td>
<td>8</td>
</tr>
<tr>
<td>Travel-shopping increases; spending abroad on luxury brands</td>
<td>6.1%</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Threats</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Grade</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Huge competition of international brands</td>
<td>9%</td>
<td>8</td>
</tr>
<tr>
<td>High costs of marketing (advertisements etc.), in order to create awareness</td>
<td>7.9%</td>
<td>7</td>
</tr>
<tr>
<td>High start-up costs; expensive retail locations, single brand stores</td>
<td>7.9%</td>
<td>7</td>
</tr>
<tr>
<td>High taxes on import</td>
<td>5.6%</td>
<td>5</td>
</tr>
<tr>
<td>Low brand awareness / loyalty</td>
<td>3.4%</td>
<td>3</td>
</tr>
<tr>
<td>Counterfeit market</td>
<td>7.9%</td>
<td>7</td>
</tr>
</tbody>
</table>
5. **Weighted confrontation matrix**

The weighted confrontation matrix weights the SWOT factors to result in the most successful strategy that should be used by NOOSA-Amsterdam. The confrontation matrix shows the level in which NA should have a highly offensive approach. This means that the strengths of the product and the brand should be the main focus of investment when entering the Chinese market.

**Strategic options**

The advise on entering the Chinese market at this point would be a no go. It was not the aim of the research, to prove whether this may be possible on a short term.

3 Strategies to strengthen the weaknesses – Product development (physical)

1. **Increase international awareness.**

By increasing international awareness and operating in different countries, the brand value of NA will increase. This is very important for the Chinese consumers. When buying products, the international brand image is their first priority. Especially brands who have succeeded, or are already active in the United states are on the top list.

The investment in marketing (T) is very high at the moment when entering the Chinese market. Therefore, an already established international brand name (W) could decrease this.

NA is planning to expand its distribution abroad in the coming years (O). Along with this, the optimization of retail points and brand image in the current markets is one of the focus points the coming years as well. The brand image and branding strategy NA currently applies, has already proved that there is international potential. (S)

2. **Increase the investments on product capacity.**

For serving the big market of Chinese consumers (O), the product capacity and production should be stable (W). The production facilities should be able to product a high amount of products.

3. **Maintain a constant quality.**

One of the weaknesses is that the quality of the chunks and leather is not stable enough (W). It takes experience to improve this. Quality is also one of the main factors in the decision making process of the Chinese consumer (O). There for the quality should be high and constant.

3 strategies to strengthen the strengths – product development (brand)

1. **Unique product concept**

NOOSA-Amsterdam has a unique product concept (S), which is their main strength. The focus in the marketing communication should emphasize this concept. Especially when combining this with a luxury, high quality product promotion, it will be a perfect combination for the Chinese market in the future.

2. **Clear branding concept**

The branding is as important as the product concept. NA should make sure the brand perception on different markets will remain constant and similar. (S)

3. **Affordable pricing**

The mid-high end product market in China is growing (O). There are a lot of opportunities on this market. NA would fit perfectly with its current pricing policy (S). It would be even better when there would be an additional high-end product line added. Than NA can serve the two biggest markets in China; Mainstream and Affluent consumers.
To conclude.
At this moment, NAs weaknesses are too much of a threat to compete on the Chinese market. In order to reach the Chinese consumer and gain from the opportunities the market offers, these weaknesses should be strengthened. Gaining more international experience will be of importance. Optimizing the production process is key to serve a big market like China, as well as international experience. The current strengths of the brand offer potential on the Chinese market. If the current branding and product strategy can be implemented throughout all markets with success, the chance of success in China will increase.

The above strategies are based on the micro situation of NA. The final recommendations of this research will not be based on improving this. The recommendations will give an idea on how NA should grow towards the Chinese/Asian market and how they can position themselves there in the future, with the use of the right marketing communication tools. It gives recommendations on how NA can enhance their strengths on the Chinese market in the future.

See Appendix XIII. Weighted confrontation matrix, for the full Weighted confrontation matrix.

Figure 9. Ansoff matrix
6. **Conclusions Research Questions.**

**Research Question 1.**

*What is the profile of the Chinese target market and how can NA fulfill reach this target market with its current product strategy?*

**Weighted confrontation matrix.**

*Opportunities and threats on the Chinese market.*

The weighted confrontation matrix shows that the mainstream consumers will have a great influence on the fashion market by 2020. (O) This group of consumers will grow from 6% to 51% in the next 10 years. (macro analysis – shift in welfare consumers p. 17) They will become the standard setters for consumption.

There are some differences in the current target market preferences of NA and the Chinese target market.

**The NOOSA-Woman.**

<table>
<thead>
<tr>
<th>Personal Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enjoy life.</td>
</tr>
<tr>
<td>Close to myself.</td>
</tr>
<tr>
<td>Confident about herself.</td>
</tr>
<tr>
<td>Creative mind.</td>
</tr>
<tr>
<td>Distinctive style of clothing</td>
</tr>
<tr>
<td>Realizes dreams.</td>
</tr>
<tr>
<td>Worldwide orientated.</td>
</tr>
<tr>
<td>High interest for travelling.</td>
</tr>
</tbody>
</table>

**Product values**

- Looking for authentic, undiscovered brands.
- Authentic, durable materials.
- Products with a deeper meaning.
- Worldly products
- Products to express creativity
- High quality products

**Favorite brands:** Patricia Pepe, Goosecraft, Pilgrim, Hultquist, Kuyichi.

**The Chinese women 2012.**

<table>
<thead>
<tr>
<th>Personal Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Looking for identity.</td>
</tr>
<tr>
<td>Friends, family, colleagues opinion important.</td>
</tr>
<tr>
<td>Status – Keep the face.</td>
</tr>
<tr>
<td>Adoration of western beauty.</td>
</tr>
<tr>
<td>Exploring the (fashion) world.</td>
</tr>
<tr>
<td>Working hard to realize dreams.</td>
</tr>
<tr>
<td>Saving than spending.</td>
</tr>
</tbody>
</table>

**Product values**

- High interest luxury brands.
- International (western) brands.
- High quality products; diamond, gold, silver etc. preferred. But most can afford counterfeit now.
- Lack interest in durable products.
- Big logo’s, *Bling Bling*.
- Dress younger than age.

**Favorite brands:**

H&M, Louis Vuitton, Zara, Gucci, Cartier, Meters/Bonwe.
Do they have anything in common? NO.
The mainstream Chinese consumer shows the above characteristics. Besides that the profile differs a lot from the western profile of a NA consumer, there are some other downsides which can form a threat on the short term.

The Chinese consumer:
- Has low brand awareness
- Is not brand loyal

This is due to their lack of experience on the fashion market. They are basically raised by the big fashion brands, like Louis Vuitton, Gucci and Chanel. These brands entered the Chinese market in the beginning of the 90’s.
The Chinese consumer is looking for its identity, and this identity currently has been claimed and formed by the luxury brands.
Brand like H&M and Zara have also managed to be successful in China. The difference is that in the west these brands are perceived as lower quality brands. In China, they are seen as status products, with high quality. All because of their international brand image.

For now, the Chinese consumer is not interested for products NA. But how can NA prepare for the future Chinese consumer? Anno 2020, China will be the biggest consumption market and not only for fashion.

What will happen from 2012 to 2020:
- The Chinese consumer will have a higher spending, also on fashion accessories.
- The mainstream market will grow, which means that the mid-high end accessory branch can gain from this.

- Chinese consumers have found their own identity.
- They do not look up to western models and brands anymore.
- They will become more worldwide orientated, and their knowledge about fashion will improve.
- They will not be struggling for ‘Keeping the face’, which makes them also adopting local brands. The competitive landscape will increase.
- High luxury brands will not remain the only popular brands in the market, since field of interest will extend.
- The interest in fair-trade and green production will increase.

With all these things changing, the Chinese profile will come close to the current profile of the NA target market, which is based on mature western fashion consumers.
They will become more brand aware and eventually brand loyal.
They will have eye for detail and know what defines a good quality product, instead of counterfeits.
They will strengthen their identity by choosing distinctive products.

Experts claim that this ‘transformation’ will take about 10 years to be completed/matured.
Anno 2020, there will be several groups which can be interesting for NA in the future.

**Interesting segments:**
1. Little emperors
2. Empowered women “Baby boomer women”
3. Traditional business elite
4. The new luxury shopper – “Newly rich”

The specific profiles of these consumer groups can be found in Appendix X. Profile market segments China 2020.

Especially interesting in the future for NA are the little emperors and empowered women. The little emperors will be in their end-twenties and younger. They will become the trendsetters in the mainstream and affluent segment. They will mostly consume online or in branded stores. Empowered women can be compared to ‘empowered’ business women in the Netherlands. Anno 2020, they will be between 30 and 50 years old. They are raised with the saving mentality, so they will not spend most of their money on luxury items. There for they will shop in the mid-high end accessory segment. They will mostly consume in branded and department stores, but will increase spending online as well.

The newly rich, will be more high-end focused and the traditional business elite are mostly men. This can be an opportunity for NA in the future. If a men’s line will be launched or when the product line will be extended with a high-end product line, competing with Tiffany for example. More information on this can be found in the second research question.

**What about the weaknesses?**
1. **Increase international awareness.**
2. **Increase the investments on product capacity.**
3. **Maintain a constant quality.**

NA’s concept has international potential. Also when the Chinese bloggers saw the products (online), they reacted very interested. They really like the idea, quality and story behind the brand and its products. But then you speak about the trendsetters, who are also living in Hong Kong most of the time. Which is a market, yet incomparable to China. They did not think that the brand image is already strong enough to compete on the Chinese market.

As stated earlier in this research, the reasons why international brands succeed are:
1. Quality (perception).
2. International success.
4. High investment in marketing (financial back-up).
5. Heritage worldwide, and on the Chinese market. Entered in the early days.
6. Wide product ranges.

When looking at the above list of reasons for success, factors like Quality (perception), International success, and Wide product ranges are hitting the weaknesses NA has to strengthen.

NA is improving these weaknesses at this moment and which has already been of success. The goal of this research was not to do recommendations on the production process, but on the marketing communication tools. The possible future product line extensions which would be of success in China, will be part of the second research question.
**Research Question 2.**

*What marketing communication tools can NA use to reach its target market in China and differentiate themselves from the current and future competitors on this market?*

The current marketing communication strategy of NA has proved to be successful so far. This also showed to be the major strategic value of NA, which resulted from the SWOT analysis. NAs key strengths on the Chinese market are:

1. **Unique product concept**
2. **Clear branding concept**
3. **Affordable pricing**

Knowing this and looking at the needs and wants in the Chinese market and the success factors of indirect competitors over there:

- Providing high quality products, or being perceived as a high quality brand.
- Strong branding worldwide
- International (worldwide) success

Proves that NA can be in the position to achieve this kind of success as well. A unique high quality product, strongest points on branding and being able to expand internationally will eventually lead to a financial back-up, which is definitely needed to expand further to China. The following steps should be taken before implementing the marketing communication strategy in China.

The SWOT showed that there are several strategies that can be applied by NA. The product development strategy can be applied to prepare NA for the Chinese market and work towards global success.

**Product Development.**

This is the base for NA to compete on all markets. Their unique product qualities, both in the accessories as in the branding strategy, are the reason why NA became successful on its current markets. The following steps, show how NA can prepare for the Chinese and worldwide market. These are important factors NA can focus on, before entering the Chinese market. The following part, three steps before entering China p. 37, is only a short summary on how to achieve this. The final part, marketing mix implementation p. 38, will provide recommendations which are based on implementation of the marketing mix for NA on the Chinese market.
Three steps before entering China.

Product development strategy. (ongoing)

Step 1. Optimize brand marketing strategy, current marketing communication tools, and production process, in current markets.

The current, smaller markets NA operates in can act as ‘peer markets’. Once the production process, capacity and quality is at its best, bigger markets can be reached. This is purely based on production efficiency and capacity.

The production line has to be more expanded, to reach the right target market. NA should watch not to become a mainstream product at this point. To make sure this chance will be smaller, unique chunks and accessory lines should be added to the product line. Making use of unique, rare materials, different countries of origin, exclusive lines, local lines can help avoiding the chance of becoming just a mid-end product.

Also the marketing strategy can be tested on these markets. The (new) current marketing communication image, has international potential. Now the right target market has to be reached though plugging NA in the right retail spots; using the right online marketing tools; the right tone of voice in its communication; a corporate and recognizable design of the marketing communication tools, and stick to this through all markets. Of importance is that the marketing communication remains undifferentiated and that one brand image is created worldwide. The strategy should be targeting the same target market or comparable target markets.

Once this has proved to be successful and the stated goals have been achieved, step two can get in to action. It is a big risk operating on every fashion market of course. The strategy NA is applying at this moment is perfect. Picking a few peer markets which are not the biggest or most influential fashion markets in the world, creates some time to test the product, the production capacity, working with distributors and improve the marketing strategy. It will not create major damage when small mistakes are made.

Market development. (ongoing)

Step 2. Expand to international influential fashion markets.

Reaching bigger, influential fashion markets like the US, France, Hong Kong and Japan is of importance. These markets are the main ‘fashion windows’ of China. A lot of Chinese consumers go to these countries for travel shopping. Especially Hong Kong (HK) is the ‘mother-market’ of fashion for China. Chinese consumers go shopping a lot in HK shopping malls. At this time HK is not comparable to China at all. It has been an influential fashion market for a longer period and the consumers over there are more mature in the fashion world. Placing your products in HK, and gaining success, can be of great importance to attract the Chinese consumers. The consumers see the products and they will become aware of the brand bit by bit. Once your shop appears on the Chinese market a few year later success is guaranteed over there as well.

Step 3. Expand to (big) immature countries, like China.

It will take a few more years before bigger expansion to China can be realized. The buying behavior and the shopping environment are currently too different and too expensive for NA to expand right away or in the near future. But NA can prepare the Chinese consumer through the years, make them eager for the products and then offer them what they have been hopefully waiting for.

The following part will explain how NA can reach the Chinese market in the short run – mid/long run (1 to 10 years), from a distance. And how NA should position themselves in the long run (>10 years).
Marketing Mix implementation.

**Targeting China: Short / Middle-long run 1-10 years.**

Marketing communication tools that can be used to create awareness in the short and middle-long run are:

Both tools can be used without serving Chinese market directly.

**Online marketing communication** through Facebook, Google, the Brand website and Chinese fashion blogs, can basically start right away. It is also something you do not have in control. It is better to wait to plug the current collection until the product line is more developed, and more interesting for the Chinese consumers. The best timing for plugging press releases with fashion bloggers, is depending on how fast de product development (step 1 and step 2) will proceed. The Chinese consumers also have a high interest in international fashion blogs as:

1. The Satorialist
2. JakandJil
3. Han Han
4. Stylist.com

**Travel shopping**, as explained in the meso analysis – opportunities abroad p. 24, is already a trend in China. When NA would open brand stores in HK, France, USA and Japan, the chance that China would embrace NA will increase.
Marketing mix implementation:

**Entering China: Long Run >10 years.**

The description of the long-run marketing communication tools are based on the current and future trends in the Chinese fashion market. It can be that these trends will shift the coming years. The results of this research, based on the current and prospected future trends on the Chinese market, have led to the following profile of marketing tools that would be successful.
1. Product.

Exclusive lines / Accessory extension
Offering a wider, more complete product range would gain a better competitive advantage on the Chinese market.
The Chinese consumer segments show to have a high interest in high-end products of great quality. Offering a high-end NA chunk and accessory line would be a good choice on the Chinese market. This mostly attracts the affluent consumer, which is one of the big spending groups in China, consisting out of approximately 21 million consumers by 2020. But it will also increase NA brand image, making mainstream consumers eager for the products. Binding both target markets to your brand and products, will be the most valuable combination.

A more complete / bigger accessory collection is needed to compete against big fashion competitors in China. There should be consistency in the accessory lines, to form one universal brand icon. NA can work with durable hardware products which are timeless, but an idea is to design more special editions or adaptations in the future. This will keep the Chinese consumer interested for a longer period of time. In this time, brand awareness can grow. NA is about collecting, and the Chinese consumer is also much of a collector. Offering a wider range of hardware and chunks which are applicable to these products, will also increase brand loyalty.

Local lines
Research showed that not a lot of brands apply local adaption towards the Chinese market and consumers. The big brands do offer small local accessories sometimes, but not enough. The Chinese consumer will become more fashion aware in the future and the fashion market itself, including local designers, will gain more influence worldwide. The consumers will ask brands to adapt to their cultural values, and personal needs and wants. Opportunities will rise.

- Cooperating with local designers, for an exclusive product line.
- Launch an Asian/China chunkline or product line, with Asian symbols, characteristics or other appealing designs. Think of the typical lantern chunk, geisha slippers (which are also a trend in the west at the moment), the lotus, the dragon, characters etc. etc

Female / Male lines
There are two reasons why female and male lines would be succeeding in China / Asia.

1. The female consumer is more petite than the western consumer. The current accessories NA offers, would not be suiting for a lot of Chinese/Asian women. It would be better looking on men. A more petite product line would be preferable in China/Asia.

2. There is a hype where romantic couples synchronize their outfit to show their affection. In Asia it is not much common that couples open up in public. A lot of stores sell these matching outfits in pairs. This could be a good opportunity for NA also.
2. Promotion

2.1 Online promotion

Blog sites
Promotion through blog sites is one of the most effective and cheapest ways of gaining consumer awareness.
+ Direct link to the market.
+ Are trusted by consumers
+ High reach of consumers

In China blog sites are very popular at the moment and will become more popular in the future. As stated before the most popular international and Chinese fashion-blogs at this moment are:

- The Satorialist
- JakandJil
- Han Han (CH)
- Stylist.com

Communication implementation:
Publications on blog sites can be gained in the following ways:
- Free publications through press releases & event reports.
- Product promotion, by sending press kits.
- Advertising on blog sites.
- Cooperation with bloggers. Egg. Club Monaco with Tommy Ton ‘The journey of a bag’.
  See Appendix XIV. Marketing Mix implementation China

Brand site
The official brand site is not one of the most used search tools by the Chinese consumer at the moment. Although it is very important to have one for the Chinese market.

Communication implementation:
The brand site should contain the following points:
- Create a NA sub-site with the option for both English and Chinese language.
- Same promotional ads, no preference using western or Asian models, and layout can be used as on other international brand sites.
- Localize through placing updates with local events or news.
- Create a communication platform, so that consumers can ask their questions directly on the site. Makes it easier to regulate.
- Stay close to your consumer, by using a friendly and personal tone of voice.
- Make sure a store locator is available on the website.
Web-shop.
Online buying is growing in popularity. Unless the fact that Chinese consumer is an experience shopper, the new consumers (little emperors) are more internet based. Having a web-shop is of importance. This online retail point can be situated in different ways:
- Brand web-shop, regulated by NA
- Global web-shop, e.g. Vipstore.com, Taobao.com
The current strategy of NA, selling their products through retailers web-shops, is not applicable in China yet. This is due to the unawareness of multi-brand stores, and the fact that NA has to change her retail format here into brand stores. Therefore selling through NA hosted brand web-shops would be the best strategic option.

<table>
<thead>
<tr>
<th>Communication implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points of interest by implementing the web-shop are:</td>
</tr>
<tr>
<td>- Shipment to the biggest tier 1, 2, 3 cities. So that a bigger target market can be reached, outside of the physical retail points.</td>
</tr>
<tr>
<td>- Offer good return policy and customer service.</td>
</tr>
<tr>
<td>- Shipment prices can be added.</td>
</tr>
<tr>
<td>- Language: option Chinese and English.</td>
</tr>
<tr>
<td>- Web-shop available through brand site.</td>
</tr>
</tbody>
</table>

Social media.
Hoping that Facebook will be available in China in the future, and become a big success as it is worldwide, Facebook can remain the basic social media portal. For now, Sina Weibo is the most popular social media tool in China. Having an account there is thus of importance. Other social media portals can be eliminated here.

<table>
<thead>
<tr>
<th>Communication implementation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topics on Sina Weibo:</td>
</tr>
<tr>
<td>- Celebrity and designer posts – most popular</td>
</tr>
<tr>
<td>- Fashion event and sponsorship posts – most popular</td>
</tr>
<tr>
<td>- Product introduction posts – most popular</td>
</tr>
<tr>
<td>- Online campaign posts</td>
</tr>
<tr>
<td>- Store promotion &amp; opening</td>
</tr>
<tr>
<td>- Brand story communication</td>
</tr>
<tr>
<td>- Charity (in the future fair trade)</td>
</tr>
<tr>
<td>- Knowledge sharing</td>
</tr>
</tbody>
</table>
2.2 Offline promotions

Print media
Word of mouth and advertising through low circulation print media has not proven effective in China. It is therefore important, that if NA advertises, that it is done through the right media.

The most popular fashion magazines, with the highest advertising revenues are: Cosmopolitan China, ELLE China, Rayli Harper’s Bazaar China, Vogue China, Caijing (CH), Trends Health (CH), Life Week (CH), Fortune China.

Communication implementation:
- Advertising is expensive, but it is effective.
- Publications through styling or street style snapshots – mostly free.
- Publication through celebrity posts.
- Advertisements can be same as worldwide.
- For now it is preferred to use western models, with an Asian type of body (skinny / curveless). For the future, the advice would be using localized advertisements with Chinese models. Asian women are also getting very popular in worldwide fashion at the moment.
- Both high end and mid-high end products can be promoted. Most advertisements and styling publications are done by luxury brands. But mid-high end ranges like H&M and Zara are also used often for styling a lot.

Events.
Fashion events are the most effective and most localized promotional tools at this moment. This will remain in the future. Events will attract aspirative and dedicated consumer. They also gain free press publications in print media and online.

Communication implementation.
Events that can be interesting for NA to use as promotional tool on the Chinese market are:
- Store openings.
- Launch new product lines – when exclusive lines are launched.
- Worldwide organized theme events by NA e.g. The story of the chunk, Fair trade events. This can be standardized worldwide, or localized.
- Special customer days.
- Localized small products during store openings as a gift.
In-store promotion.
Concerning in-store promotion the most important aspects are:

- The store look and feel
- Sales personnel
- Brochures in store
- Billboards when stores are launched.

Implementation:
Of notice is:

- The store look and feel should be undifferentiated worldwide. Applying the same concept.
- Store personnel reflect the brand image and can excite the consumer for the product. Especially when selling an more exclusive line, this will be important that the store personnel can give detailed information to the consumers. Well trained, representative store personnel have proven to increase the brand loyalty and educate the luxury consumer towards the added value of buying (luxury) fashion products at a higher price. Also to reduce the buying of counterfeiting products. It will add value to the products, the brand and the in-store buying experience.
- Brochures and other in-store communication tools can be applied the same worldwide. Both in English and Chinese language. Models can be western. Preferably localized (Asian/Caucasian) in the future.
- Billboards are triggering the consumer when a store is opening soon. So when opening up, it is best to create an appealing billboard, which grabs the consumer attention.


The product implementation on the Chinese market p.40, advises NA to apply different price ranges to attract both the affluent and the mainstream consumer. As stated in the price analysis research in the macro analysis – tax p.19, the price difference between the Chinese and overseas markets for jewelry is between 20% and 80%. Making the Asian markets one of the most expensive markets for buying luxury fashion products. Besides this fact, different price layers should be added within the current product line. Adding different price levels, will give added value to NA the brand. It is basically a must in the Chinese market doing this. Now NA wants to be positioned between brands as Patricia Pepe, Drykorn, Hultquist etc. If NA remains in the same product category and pricing, it will compete against lower end brands; H&M, Zara, thereby losing its unique value.

The price pyramids on the following page are based on the strategy explained above, and through competitor comparison.
Try to keep the prices on the Chinese market close to the regular prices in the EU or elsewhere. This can be a unique value for NA as a accessory/fashion product. Whether this is possible due to tariffs should again be looked at, as soon as NA enters the market. For now, it is not possible, unless choice for a lower profit margin should be made.

The above price construction has several advantages:

- The basic lines, are easy buys. NA is a collector item, and consumers are always eager to keep collecting.
- The consumer can than match the regular chunk line with the more exclusive lines.
- The limited edition lines are higher in price, otherwise it is not a limited edition. Of course the choice can be made providing lower priced Limited editions once in a while. The price is higher, which makes it more special e.g. a gift from your husband (traditional business elite) or someone close to you.
- The highly exclusive chunk and product lines will attract the affluent consumer. For them it is still affordable. The prices are below Louis Vuitton regular lines and getting close to Tiffany mid-range prices. Which positions NA right in the gap in the market. See chapter 3.2.1 Competition matrix p.27.
4. Place

Shop format.
The Chinese consumer is an experience shopper. This shows in their preference in buying locations.

1. Department stores
2. Shopping malls
3. Brand stores

These are the three main locations of buying. All research brands have brand stores in shopping malls and department stores. There is no awareness of multi-brand stores yet, which is negative for NA, since this is part of their retail concept. There for a brand store is needed to compete.

Locations.
At the moment entering China is most attractive through the following locations.

- 1st tier cities
  - Beijing, Shanghai, Shenzhen.
- 2nd tier cities
  - Chengdu, Dalian, Hangzhou, Nanjing, Shenzhen, Wuhan, Xiamen, Xi’an, Wenzhou, Tianjin.
- 3rd tier cities
  - Lanzhou, Guiyang, Zhengzhou

How the city attractiveness and competitive threat will evolve in the coming years cannot be told yet. The trend is that a lot of brands, situated in tier 1 cities, which used to be the most obvious choice, are moving towards tier 2 and tier 3 cities. New brands that are entering the market nowadays, are mainly opening up in tier 2 cities. Conclusions on the most optimal retail location cannot be drawn at the moment. Here should be taken a look at later in the process.

Rental prices.
Rental prices of the in 2011 opened up Jiangqiao Wanda Plaza and Lotus Square in Shanghai (tier 1) were:

“During the second quarter, the average ground-floor shop rents in prime areas reached RMB 40.3 (€5,-) per sq m per day, an increase of 2% compared with the previous quarter, whilst the average vacancy rate for prime shopping malls increased to 8.2%.
In the third quarter, prime rents are expected to go up approximately 3%, whilst the vacancy rate is forecast to increase slightly to 9% due to the expected launch of new malls.”

So let’s say you have a shop of 150 square meters.
€5,- * 150m² = €750,- per day.
Which is an average monthly rent of €23312,5. The rental prices are flexible and keep increasing.

7. **Recommendations**

“How can NOOSA Amsterdam best position itself on the Chinese market with its current marketing communication strategy in the future?”

Research question 1 concluded that the Chinese consumer is not ready for NA product at this time. In research question 2 is described how the marketing communication strategy should be implemented in the short/mid-long term and in the long term. Entering China in the short run is not an option. It will take at least more than 5-10 years before NA is ready to enter the market, and before the market is ready for NA. The Chinese market and its prices change rapidly, therefore no operational plan and financial justification have been made up for this market.

The final recommendation for NA would be:

- Focus on product development. Preferably perform another research on this part.
- Optimize the production process, to gain a bigger production capacity and a stable quality. Bigger markets can be entered afterwards. In order to serve the biggest consumer market in the world, a stable production process is required.
- Optimize the brand marketing implementation. Make sure that the right target market has been reached with this. The target market can eventually be expanded with men’s accessories and children’s accessories.
- Extend the current product line with different price segments. This will target mid-high end consumers and high end consumers. Make sure the product quality avoids getting close to a low-end product line. Otherwise counterfeits will gain market share and the brand will lose its value.
- Be ready to compete against global competitors on big international markets.

These can first be implemented on the current, or comparable, distribution countries. Making small mistakes on these market will not harm NA’s brand image. It would not be recommended entering influencing fashion markets like France, the USA, Hong Kong or Japan. Wait until you have optimized the above points, before expanding towards these markets. When entering these markets:

- Increase financial back-up, through current markets or look for investors.
- Open up NA brand stores. This will profile NA as a higher-end brand. This will attract a wider target market and eliminate counterfeit products taking market share.

This research showed the Chinese market offers a lot of potential. This potential will get even bigger in the future. There is no hurry in getting there. On the way to it, look back at this research once in a while and remember what steps are advised to be taken to profit from the biggest future fashion market in the world. Do keep track of the other developments on the Chinese and overall Asian market, they will become more influencing than we can imagine right now.

For now, stick to what NA is currently doing, improve where needed, take small steps but think big.
8. REFERENCES

LITERATURE.


REPORTS.


BCG. (2007). Foreign or local brands China. Boston Consultancy Group


KPMG. (2007). Luxury brands in China. KPMG


KPMG. (2012). Forces driving China’s economic growth 2012. KPMG


Millward Brown. (2011). Brandz top 100 most valuable brands. Millward brown


## Online Articles

<table>
<thead>
<tr>
<th>Author, Date</th>
<th>Title</th>
<th>URL</th>
</tr>
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<tr>
<td>Businessweek. (May 2001)</td>
<td>Sweden’s H&amp;M lands in China</td>
<td><a href="http://www.businessweek.com/globalbiz/content/may2007/gb20070508_735792.htm">http://www.businessweek.com/globalbiz/content/may2007/gb20070508_735792.htm</a></td>
</tr>
<tr>
<td>Guild, T. September 2009</td>
<td>Four steps to reach the Asian Consumer</td>
<td><a href="http://www.mckinseyquarterly.com/Think_regionally_act_locally_Four_steps_to_reaching_the_Asian_consumer_2436">http://www.mckinseyquarterly.com/Think_regionally_act_locally_Four_steps_to_reaching_the_Asian_consumer_2436</a></td>
</tr>
<tr>
<td>Hurun. 2011</td>
<td>The Chinese luxury traveler white paper</td>
<td><a href="http://www.hurun.net/hurun/listreleaseen554.aspx">http://www.hurun.net/hurun/listreleaseen554.aspx</a></td>
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<td>Koifman, T. Januari 2012</td>
<td>5 things to know about marketing in China</td>
<td><a href="http://fashionscollective.com/FashionAndLuxury/01/5-things-to-know-about-marketing-in-china/">http://fashionscollective.com/FashionAndLuxury/01/5-things-to-know-about-marketing-in-china/</a></td>
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<tr>
<td>Author</td>
<td>Title</td>
<td>Date</td>
</tr>
<tr>
<td>--------</td>
<td>-------</td>
<td>------</td>
</tr>
</tbody>
</table>
APPENDIX I. RESEARCH FRAMEWORK

The general research question that will be answered in this thesis is:
“How can NOOSA Amsterdam best position itself on the Chinese market remaining the values of its current marketing communication strategy?”

The sub questions in this research make use of the above stated methodologies.

Sub question 1.
What is the profile of the Chinese target market and how can NA fulfill the needs and wants of this target market with its current product strategy?
This part has been researched by the DESTEP analysis (macro). This shows the overall demographic, economic, social, technological, ecological, and political of the Chinese market. All of these factors can have an influence on the current and future target. The information has been collected through desk research.
Information on the consumer profile has been collected in the meso analysis. Meso analysis is supported by results of previous research (2010-2012) from BCG, KPMG and McKinsey (quantitative research). Quantitative research has been clarified with the use of qualitative research. Not enough information could be gathered amongst Chinese respondents through an individual set up questionnaire between February 2012 till May 2012, see Appendix II. Questionnaire Chinese / HK consumers. Therefore the choice of relying a bit more on quantitative research has been made. All the gathered results have been used to sketch a detailed profile of the Chinese consumers and their buying behavior, needs, wants and interests.

Sub question 2.
What marketing communication tools can NA use to reach its target market in China and differentiate themselves from the current and future competitors on this market?
The analysis on use marketing communication tools has been performed in the meso analysis. Looking at the trends in buying behavior and the practical implementation of other brands have been the major source. With the use of case studies of successful (western) brands with different strategies have resulted in a practical overview.
### APPENDIX II. QUESTIONNAIRE CHINESE / HK CONSUMERS

**The Chinese fashion market - the rising fashionista’s**

Hi there! My name is Sabine, an international fashion marketing student. Currently I am performing a research for the Dutch unique jewelry brand, NOOSA-Amsterdam. They have asked me to sketch a profile of the Chinese fashion market and the interests of the Chinese consumers. Therefore I need your help, by filling in this questionnaire as explicit as possible :) it will take you 10min. max! Thank you so much! And I am really looking forward to your answers and opinions :) For more information on NOOSA-Amsterdam please visit: [http://www.noosa-amsterdam.com](http://www.noosa-amsterdam.com) And hopefully you can find NOOSA in your favorite store soon!

* Required

<table>
<thead>
<tr>
<th>Are you interested in fashion?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>No opinion</td>
</tr>
</tbody>
</table>

Can you describe your style of clothing? ..................

<table>
<thead>
<tr>
<th>Do you prefer branded clothing and accessories? *</th>
</tr>
</thead>
<tbody>
<tr>
<td>I prefer branded clothing more than accessories</td>
</tr>
<tr>
<td>I prefer branded accessories more than clothing</td>
</tr>
<tr>
<td>I prefer branded clothing and accessories</td>
</tr>
<tr>
<td>I do not prefer brands in clothing and accessories</td>
</tr>
</tbody>
</table>

Can you name a few clothing and accessories brands you prefer? *

Can you explain what you like about them? *

<table>
<thead>
<tr>
<th>Do you prefer international or local brands? *</th>
</tr>
</thead>
<tbody>
<tr>
<td>I prefer international brands more than local brands</td>
</tr>
<tr>
<td>I prefer local brands more than international brands</td>
</tr>
<tr>
<td>It does not matter whether brands are international or local</td>
</tr>
</tbody>
</table>

Can you explain why?..................................................

<table>
<thead>
<tr>
<th>What do you consider as important when buying branded products? *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
</tr>
<tr>
<td>Brand image</td>
</tr>
<tr>
<td>Availability; where you can buy it, what type of stores</td>
</tr>
<tr>
<td>Fair trade production</td>
</tr>
<tr>
<td>Hand made products</td>
</tr>
<tr>
<td>Exclusivity</td>
</tr>
<tr>
<td>High price</td>
</tr>
</tbody>
</table>
What do you think about international brands in China, e.g. Louis Vuitton, Prada, Versace? *Do you often buy clothing and accessories of these type of brands? What have you bought? Would you buy them if you could afford it perhaps? What do you think about the pricing and image? Are they adapting enough to the local market?

Would you find it more interesting when brands launch local lines, e.g. Louis Vuitton limited lantern edition? *

Yes
No
No opinion

Would you find it more interesting when a certain brand would cooperate with local designers? *

Yes
No
Equal
No opinion

Do you think that fake products have a negative influence on the brand image of a certain brand? *

Yes
No
Other:

What accessories do you regularly or often buy? *

- Belts
- Bracelets
- Watches
- Earrings
- Rings
- Bags
- Sandals / Slippers
- Scarves
- Other:

What materials do you prefer in jewelry, e.g. Bracelets? *

- Gold
- Silver
- Leather
- Fabrics e.g. cotton, silk etc.
Natural stones

- Diamonds
- Other: 

What triggers or excites you when you go shopping branded accessories? *

- Promotional tools in stores; e.g. Posters, billboards, brochures
- Sales people in store
- Advertisements on TV
- Advertisements in magazines and newspapers
- Discounts or other sales actions
- Small gifts when buying a product
- Organized events, e.g. Fashion shows, in shop events
- Promotion on internet
- Other: 

When it comes to advertising of international brands; what do you prefer/where can you relate to? *

- Asian models
- Western models
- Mix Asian and western models
- Sexy image
- Edgy image
- Classic image
- Feminine image
- Though image
- Mysterious image
- Celebrities

Personal information

What is your gender? *

- Male
- Female

What is your age? 

What is your profession? 

Where do you live? 

Submit

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APPENDIX III. VALUE STRATEGY MODEL, TREACY AND WIERSEMA.

1. Operational Excellence strategie
1. De klant worden kostenvoordeel aangeboden: gunstige aanschafprijs of gunstige ‘total cost of ownership’ (TCO).
2. Het koopproces verloopt snel, makkelijk, accuraat, transparant en plezierig.
3. De onderneming c.q. organisatie is plat (korte lijnen) en heeft een eenduidige communicatie.
4. De organisatie heeft een efficiënte cultuur (zie 7 ‘S’): cultuur van scores, inzicht in kosten en cost driversbewust.
5. De interne processen zijn goed op elkaar afgestemd en daardoor efficiënt. Door leren worden de processen steeds perfecter.
6. De onderneming houdt de kosten- en tijdbesparende behoeften van klanten en beïnvloeders in de ketsen continu in de gaten.

2. Productleadership strategie
1. De onderneming verbaast (pleased) de klanten met steeds weer nieuwe (en gewenste) producten.
2. De aangeboden producten zijn geen kleine aanpassingen, maar hebben veel weg van echte innovaties c.q. verbeteringen.
3. De onderneming heeft een innovatieve cultuur, scores in vernieuwing. De ‘time-to-market’ is kort.
4. De R&D-groep is flexibel, onbureaucratisch en bestaat uit interdisciplinaire productontwikkelteams. Fouten maken mag.
5. De onderneming bezit een sterk marketing- en verkoopapparaat met marktkennis, merken en budgetten. De introductiescore is succesvol.

3. Customer Intimacy strategie
1. De klanten vragen oplossingen voor hun problemen, meer of minder ‘op maat’ gesnoeiide oplossingen.
3. De organisatie selecteert haar klanten, dus hij investeert veel in het leren kennen van ‘zijn’ (potentiële) klanten.
5. De organisatie stimuleert onorthodoxe en flexibele denkers en talenten, die vaardig zijn in probleemoplossingen, in het veranderen, implementeren van ideeën bij klanten en een ‘customer cult’ bezitten.
6. De onderneming heeft grote kennis van de ‘added value’ markt, daar speelt de ‘human resource’ pro-actief op in.
APPENDIX IV. PROFILE TARGET MARKET NA, BRANDPLATFORM NA 2012 LIGHT

Let’s talk about the NOOSA woman.

She has an unlimited curiosity to discover and experience life in an intense and personal way. She is conscious about life.

She ...is the type of woman who embraces life and is close to herself. 
...looks for adventure in the little things as well as the big things. 
...seeks the unexpected and is curious about the unknown. 
...chooses her own direction. 
...lives her life with care and in her own way. 
...is close to family, friends and cares about other people.

She is the one ... who enjoys life so intensely that it inspires people around her to do the same. 
...to always seek an original angle. 
...to seek pleasure in the small things as well as the big things. 
...to enjoy life in all its beauty and share it with you. 
...to dream of worlds far away even if she will never visit them. 
...to look at the stars and fearlessly imagine worlds beyond. 
...to call you to join her on an unexpected adventure. 
...to surprise you with a handwritten card when you are not feeling so great. 
...to always find that new delicious restaurant in town and spontaneously ask you to come along.

NOOSA aspires to underline the authentic, 
inspirational experiences and memories of these women 
who themselves are inspiring, in their own unique way.

NOOSA enables them to keep and cherish their memories.

Figure 10. Abell model
APPENDIX V. PRICE COMPARISON DIRECT COMPETITORS NA

<table>
<thead>
<tr>
<th></th>
<th>NOOSA-Amsterdam</th>
<th>DESIR(^7)</th>
<th>BABOUCHE BABOOS(^8)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accessories</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bracelets</td>
<td>€ 19,95 - € 29,95</td>
<td>€ 12,50</td>
<td>€ 12,95 - € 15,50</td>
</tr>
<tr>
<td>Belts</td>
<td>€ 49,00 - € 89,00</td>
<td>€ 49,99</td>
<td>€ 39,00 - € 49,00</td>
</tr>
<tr>
<td>Scarves</td>
<td>€ 69,00 - € 79,00</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sandals</td>
<td>€ 119,00</td>
<td>X</td>
<td>€ 39,95</td>
</tr>
<tr>
<td>Shoes</td>
<td>X</td>
<td>X</td>
<td>€ 98,95 - € 139,95</td>
</tr>
<tr>
<td>Bags</td>
<td>X</td>
<td>X</td>
<td>€ 132,50 - € 195,00</td>
</tr>
<tr>
<td>Necklaces</td>
<td>X</td>
<td>€ 12,50 - € 13,50</td>
<td>X</td>
</tr>
<tr>
<td>Rings</td>
<td>X</td>
<td>€ 12,50</td>
<td>X</td>
</tr>
<tr>
<td>Purses</td>
<td>X</td>
<td>X</td>
<td>€ 79,95 - € 98,95</td>
</tr>
<tr>
<td>Keychains</td>
<td>X</td>
<td>X</td>
<td>€ 17,95</td>
</tr>
<tr>
<td>Bootbelts</td>
<td>X</td>
<td>X</td>
<td>€ 27,50</td>
</tr>
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<td><strong>Chunks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chunks regular</td>
<td>€ 7,95 - € 15,95</td>
<td>€ 4,99 - € 5,50</td>
<td>€ 3,95 - € 6,95</td>
</tr>
<tr>
<td>Chunks limited edition</td>
<td>€ 7,95 - € 15,95</td>
<td>€ 8,50 - € 12,99</td>
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<tr>
<td>Chunks petite</td>
<td>X</td>
<td>€ 3,50</td>
<td>X</td>
</tr>
<tr>
<td>Chunks XL</td>
<td>X</td>
<td>€ 4,99</td>
<td>X</td>
</tr>
</tbody>
</table>

\(^7\) [http://www.desir.nl/]
\(^8\) [http://www.babouchebaboos.com/]
## Appendix VI. Product Portfolio NA 2012

<table>
<thead>
<tr>
<th>Hardware</th>
<th>Types</th>
<th>Photo</th>
<th>Description</th>
<th>Colors</th>
<th>Sizes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belts</td>
<td>Belt classic wide</td>
<td><img src="image" alt="Belt classic wide" /></td>
<td>A classic wide belt with a width of 44 mm with snap fasteners-female parts at the front of the belt.</td>
<td>Darkbrown, Midbrown, Natural, Grey, AntiqueBlack, Green, Black/Black, Nude</td>
<td>075, 080, 085, 090, 095, 105</td>
</tr>
<tr>
<td></td>
<td>Belt allover wide</td>
<td><img src="image" alt="Belt allover wide" /></td>
<td>A wide belt with a width of 44 mm with snap fasteners-female parts all over the belt.</td>
<td>Midbrown, Grey, AntiqueBlack</td>
<td>075, 085, 095</td>
</tr>
<tr>
<td></td>
<td>Belt classic skinny</td>
<td><img src="image" alt="Belt classic skinny" /></td>
<td>A skinny belt with a width of 23 mm and snap fasteners-female parts at the front of the belt.</td>
<td>Darkbrown, Midbrown, Natural, Grey, AntiqueBlack, Green, Black/Black, Nude</td>
<td>075, 080, 085, 090, 095, 105</td>
</tr>
<tr>
<td></td>
<td>Belt double skinny</td>
<td><img src="image" alt="Belt double skinny" /></td>
<td>A skinny belt with a width of 23 mm that can be worn double around your waist with snap fasteners-female parts at the front of the belt.</td>
<td>Midbrown, Grey</td>
<td>080, 085, 085</td>
</tr>
</tbody>
</table>
### Belt allover skinny

A skinny belt with a width of 23 mm that can be worn around your waist with snap fasteners-female parts all over the belt.

<table>
<thead>
<tr>
<th>Color</th>
<th>Photo</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AntiqueBlack</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nude</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

075 085 095

### Bracelets

#### Wrap bracelet classic skinny

A classic bracelet for your wrist with three snap fasteners-female parts for chunks.

<table>
<thead>
<tr>
<th>Color</th>
<th>Photo</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darkbrown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midbrown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AntiqueBlack</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black/Black</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nude</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black/White</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

XS S M

#### Wrap bracelet double skinny

A classic bracelet with 6 snap fasteners-female parts that can be worn double around your wrist.

<table>
<thead>
<tr>
<th>Color</th>
<th>Photo</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midbrown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antique</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black black</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nude</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

XS S M

### Hardware

#### Footwear classic sandal

Handmade of 100% genuine leather. Available in sizes: 36 37 38 39 40 41

<table>
<thead>
<tr>
<th>Color</th>
<th>Photo</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darkbrown</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grey</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Footwear classic sandal

Handmade of 100% genuine leather. Available in sizes: 36 37 38 39 40 41

<table>
<thead>
<tr>
<th>Color</th>
<th>Photo</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scarves</td>
<td>Colors</td>
<td>Photo</td>
</tr>
<tr>
<td>------------------------------</td>
<td>----------------------------</td>
<td>-------</td>
</tr>
</tbody>
</table>
| Small all over doodle scarf  | Beige with black print     |       | 100% cotton  
Size: 120x120 cm  
Small all over doodle print  
4 leather pieces on the scarf to attach 6 chunks in total |
| classic square               |                            |       |                                                                             |
| Grey with black print        |                            |       | 100% cotton  
Size: 120x120 cm  
Small all over doodle print  
4 leather pieces on the scarf to attach 6 chunks in total |
| Black with beige print       |                            |       | 70% cotton and 30% silk  
Size: 120x120 cm  
All over doodle print  
4 leather pieces on the scarf to attach 6 chunks in total |
| Big doodle scarf classic     |                            |       |                                                                             |
| square                       |                            |       |                                                                             |
| Blue with black print        |                            |       | 70% cotton and 30%  
Size: 120x120 cm  
All over doodle print  
4 leather pieces on the scarf to attach 6 chunks in total |
APPENDIX VIII. MARKETING MIX NA 2012

1. Retail communication tools

Personal selling
NA works with a sales agent in Belgium. All other distributors have to possibility to appoint a sales agent, but is not compulsory. The sales agents express their love and compassion for NA and expresses the values the brand stands for. All sales agents preferably wear NA and fit into the NOOSA consumer profile.

Hardware tools
The first contact for retail shops with NA is the NOOSA selling-in brochure. This brochure explains the concept in a visual way and excites the retailer for the brand and the concept. It is important for NA that the retailer stays motivated for the brand, this will show to the end consumer. Therefore NA develops several supporting promotional tools, when informing the retailer about product launches, new collections and other relevant news. Tools that are developed for this are: product selling-in brochures, newsletters and in-store promotion material. These tools are all designed in the corporate creative design and style of NA. All together they form one whole.

In store promotional tools
The in-store promotion material will be developed for every new product development. Tools that are offered to the retailers to promote NA are; chunk collection boxes, specially designed chunk and hardware show blocks, window stickers and highlight displays. These tools have to be placed and presented as stated in the visual merchandise guidelines. It is important the all the shops present NA in a unified way, to reflect the professionalism and quality of the brand.

Development of own POS materials is not allowed.

2. Consumer communication tools.

Consumer communication tools are used to inform and excite the current and potential consumers. These tools are available at the NA retail stores and are free of charge.

Brochures: NA provides two types of brochures to its consumers. One product brochure, which shows and describes all the chunks available and gives an impression of the new and current hardware (belts, bracelets, scarves, slippers). Supportive to the product brochure is the style brochure. This brochure is a fashion booklet with model photography and is designed to inspire the consumers and explain the NA concept. The product brochure is developed four times a year, along with every new chunk line. The style brochure is developed two times a year.

Packaging: Packaging is very important when expressing the products and the brand. Since NA provides accessories in a higher end product range, packaging supports the perception of quality for the consumers. Special designed sachets, unique chunk-boxes and chunk cards, creatively designed price tags and informative hangtags are part of this.

Online: NA is currently developing an online social media strategy, which will be launched mid 2012. No detailed research on this part of consumer communication will be executed in this research. The current online marketing is performed through the NA website and the e-mail newsletter. The newsletter informs the consumers about new products that are coming out and other inspirational styling news, all related to NA. Consumers can assign for this on the NA website.

Overall look and feel: The overall look and feel of the communication tools should be based around stories and are created with products and materials that tell a story. The use of old looking, raw materials in stores and in other consumer communication tools are reflecting the feeling of authenticity, purity and are sophisticated. They are all typical NA and the consumer can easily recognize it.

Whether the perception and effectiveness of the current communication tools will be similar and applicable in other (non-western) countries, e.g. China, should be researched

3. Promotional tools

Personal Relations (PR)
On the Dutch and Belgium market NA works with PR agencies. In the other countries the distributor is free to choose whether to do this or not, but it is recommended. Through these agencies NA gains publications in the higher more popular fashion/lifestyle magazines, e.g. ELLE, Marie Claire, Vogue. The PR agencies also add the NOOSA collection to their showroom, where the accessories can be lend for styling shoots for these magazines. Also online publications are gained through popular blog sites and additional magazine websites, guided and arranged by the PR agencies.

Celebrities.
A few Dutch celebrities are chosen to represent NA. They have received their favorite NOOSA products, which they regularly wear. These celebrities all fit in the NOOSA style.

Events.
Events are not part of the standard, ongoing promotional activities. This will be expanded in the future.
APPENDIX IX. ADVERTISING COSTS

Advertising Costs

- Advertising costs in China are on the rise, particularly for national platforms and platforms in first tier cities.
- CCTV made RMB8 billion when it auctioned off the 2008 prime time ad slots on November 16, 2007. The total value of the bids grew 18% YoY.
- Big difference in costs on CCTV vs major provincial stations versus minor provincial stations.

<table>
<thead>
<tr>
<th>Station</th>
<th>Time Slot</th>
<th>5 Second Ad</th>
<th>10 Second Ad</th>
<th>15 Second Ad</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCTV-1</td>
<td>8-9pm</td>
<td>EUR6,400</td>
<td>EUR8,000</td>
<td>EUR12,000</td>
</tr>
<tr>
<td>Hunan Satellite TV</td>
<td>8-9pm</td>
<td>EUR12,500</td>
<td>EUR16,500</td>
<td>EUR21,500</td>
</tr>
<tr>
<td>Guangdong Satellite TV</td>
<td>8-9pm</td>
<td>EUR20,000</td>
<td>EUR25,000</td>
<td>EUR30,000</td>
</tr>
</tbody>
</table>

More information can be found on: http://www.chinaforumbayan.de/fileadmin/media/Veranstaltung/Breakfastclub/Review_290908.pdf

APPENDIX X. PROFILE MARKET SEGMENTS CHINA 2020.

I. Little emperors
This is the most brand conscious consumer.
They are the result of the one child policy and mostly live in larger urban centers.
They have six sources of disposable income, from their parents and grandparents, to fulfill their needs.
Research showed that 50 percent of the disposable income in these one child Chinese families, is spent on the youngest member.
They are brand savvy, luxury conscious, “spoiled”, know what they want, expect the best and dare to demand this. A big influence on this behavior has been the rise of the internet, opening up media and the availability of western brands.

II. Empowered women “baby boomer women”
Consists of business women, celebrities and new independent rich wives outliving partners.
They enjoy high economic and social independence. Which is a new movement in the Chinese industry. Before 90 percent of the spending was done by men.

III. The new luxury shopper - “newly rich”
They are the first generation who can afford themselves to buy luxury products, because of rising earnings.
They are younger, between 20 and 40 years. In the EU this type of shopper is mostly between 40 and 70 years.
This consumer group consists of entrepreneurs, business people and celebrities.
They are likely to spend a greater percentage of their income on luxury products than in the US and EU.
They are less concerned with savings and aim or the most expensive items.
Because of their expertise in luxury products, they can easily tell the difference between fake and design.

IV. Traditional business elite.
Are mainly male consumers, older than 35 years.
They have a senior position in domestic companies or government institutions.
They have been consuming luxury brand longer, which makes them more advanced searchers and more sophisticated buyers.
They ask for luxury experiences and more niche products.
They are less conspicuous.
They demand more value for money and prefer indulging family.
APPENDIX XI. REASONS SUCCESS LVMH, CLUB MONACO, H&M

TRADITIONAL MARKETING
Louis Vuitton.

1st entered China in 1992
38 megastores

Marketing:
High investments on sales personnel
High rate of advertisements in magazines
Makes use of mega billboards

Products:
Same collection worldwide
Local adaption – lucky charm

Price:
Higher than US/EU

Success:
Nr 1. Brand
Heritage; financial backup
Organizing big events
High quality products
1st in the market
Successful online strategy Sina Weibo

ONLINE/NEW MARKETING
Club Monaco

1st store 1998
69 multibrand stores – chain concept

Marketing:
Online – Blogger Tommy Ton “Journey of a bag”

Products:
Same worldwide
“Already popular products; e.g. Ray ban”
Own brand
No local adaption

Price:
Higher than US/EU

Success:
Heritage; Polo Ralph Lauren
Good quality products
Cooperation Tommy Ton “journey of a bag”

CELEBRITY COOPERATION
H&M

1st store 2007
89 flagship stores

Marketing:
No need direct brand building
Free publicity street style/styling magazines

Products:
Celebrity clothing line – Madonna / Kylie Minogue
Small differentiation, same as applied worldwide.

Price:
Higher US/EU

Success:
Worldwide known
Financial backup
Celebrity cooperation
APPENDIX XII. 5 FORCES OF PORTER

1. Bedreiging van nieuwe toetreders
   Is het hebben van schaalvoordelen niet belangrijk in deze tak van business?
   Is er een klein kapitaal nodig om tot uw markt toe te treden?
   Is de kans op tegen佐ites van bestaande aanbieders klein?
   Kunnen toetreders gebruik maken van bestaande distributiekanaalen?
   Zijn toetreders toegang tot bestaande of nieuwe technologieën?
   Zijn klanten weinig loyaal aan merken?
   Kunnen toetreders ook over (overheids-)subsidies beschikken?
   Bestaan er geen grote drempels om van leverancier te wisselen?

2. Onderhandelingsmacht van Aanbieders (handel / gebruiker)
   Is er sprake van één of enkele grote aanbieders / groepen?
   Zijn de producten of diensten homogeen van aard (weinig gedifferentieerd)?
   Worden de aanbieders van uw markt met lage marges geconfronteerd?
   Speelt kwaliteit een geringe rol in de koopkeuze van uw aanbieders?
   Hebben de aanbieders van uw markt toegang tot informatie (hoge mate van transparantie) over hun leveranciers en hun aanbod?
   Is de kwaliteit van de goederen en diensten zeer hoog?
   Kunnen aanbieders hun eigen (huis-)merken en marken aanbieden?
   Hebben ze ook voldoende kennis van de bedrijfskolommen?

3. Onderhandelingsmacht van Leveranciers
   Wordt de bedrijfstak gedomineerd door een enkele leverancier of door een geconcentreerde groep van leveranciers?
   Zijn de markten van leveranciers gewijd binnen uw markt?
   Wordt de productiecapaciteit van de leveranciers in hoge mate benut? Dus er is veel vraag.
   Leveren leveranciers een belangrijke bijdrage aan de kwaliteit / bewerking / innovatie van producten binnen uw markt?
   Worden de leveranciers van uw markt geconfronteerd met lage marges?
   Tref het met de leveranciers goed overeenkomst onderlinge markt?
   Zijn de leveranciers innovatief en hebben zij veel marktkennis?
   Leveren zij strategische producten (klus) en weinig routine producten?

4. Bedreiging van Substituutproducten of -diensten
   Is de functionaliteit van de substituten beter / uitgebreider dan de bestaande producten / diensten?
   Strekt de prijs / prestatie verhouding van de substituten gunstig af met die bestaande producten? Bijvoorbeeld: ‘total cost of ownership’ (TCO).
   Is het voor de aankopers gemakkelijk om over te stappen op substituten?
   Zijn substituenten winstgevender en stellen leveranciers zich agressief op?
   Komen er steeds meer acceptabele alternatieven, inflecties, plagen op de markt?
   Zijn / komen er alternatieve technologieën, modellen of materialen op de markt?
   Zijn / komen er alternatieve distributiewijzen beschikbaar, zoals internet, downloads?
   Is de productlevenscyclus kort of wordt deze korter en is het aandeel nieuwe producten groot?
6. Rivaliteit tussen bestaande Concurrenten
Is er sprake van een niet of nauwelijks groeiende marktstatus?
Zijn de producten/diensten op uw markt homogeen van aard en worden er weinig complementaire producten aangeboden?
Zijn er veel bedrijven met dezelfde grootte en gelijke concurrentiepositie?
Zijn uitdelingsbarrières hoog? (moelijk om activiteiten te staken?)
Ontbreken er strategische relaties (samenwerkingsverbanden) tussen concurrenten?
Is de markt internationaal gericht, dus nieuwe toetreders hebben zich recent al gemeld?
Neemt de stroom van goedkope alternatieven, initiaties, plagiaat toe?
Zijn de aanbedezen volume-perc ont en minder gericht op winstmarge?

Hoe hoger het rapportcijfer, hoe sterker deze kracht is. Scoort 'bedreiging van nieuwe Toetreders' een 10, d.w.z. dat de kans op toetreders zeer hoog is!

<table>
<thead>
<tr>
<th>Kracht van Leveranciers</th>
<th>Concurrentie Intensiteit</th>
<th>Kracht van aannemers</th>
<th>Bedreiging Substituten</th>
</tr>
</thead>
<tbody>
<tr>
<td>1...</td>
<td>5...</td>
<td>5,00</td>
<td>8,00</td>
</tr>
</tbody>
</table>

Cijfer schaal 1-10
1 = zeer laag (kans)
10 = zeer hoog (kans)
APPENDIX XIII. WEIGHTED CONFRONTATION MATRIX

- Brand stores
- Luxury apparel
- Mainstream consumers
- Travel-shopping
- Online marketing / shopping
- Western brands
- Fashion events

- Competitive market
- High marketing costs
- High start-up costs
- High taxes import
- Low brand awareness / loyalty
- Counterfeit market

- Unique product concept
- Clear/consistent banding concept
- Quality products
- Horizontal management
- Affordable pricing

- International experience
- Online activity
- Production capacity
- Current promotional activities
- Reach target market
- Consistency product quality
- Size product line
APPENDIX XIV. MARKETING MIX IMPLEMENTATION CHINA

II.I Product

Local lines.

Many brands seek for local relevance by creating products, tailor made for the Chinese consumer, on top of the regular or adapted collection. For example; Louis Vuitton launched its Lantern Charm accessories, based on the traditional Chinese lantern to celebrate the opening of the new Beijing store. And Ralph Lauren and Gucci have designed a Chinese themed hand bag. These products are made available worldwide.

Bigger logos.

In the consumer profile in part one, the trend showed that Chinese prefer bigger logo’s on clothing and brands. Ralph Lauren and Gaastra did this especially for the Chinese market. Eventually Ralph Lauren launched this line of polo’s with bigger logos worldwide.

Extended product lines.

It is important to serve the Chinese consumer with a wide product range, to target different consumer segments. Jewelry brand Tiffany’s failed in this. They only focused on the high-end consumer, by launching a range high-end jewelry in China, and did not offer any silver products or a gift selection.

Different posture.

The Chinese consumer has a different body shape than the western consumer. Close attention should be paid toward this. The product range that NA offers now, consists quite big accessories. For the Chinese consumer, a more petite type of jewelry would suit better. The current product line can be used for the male consumer.

Chinese sub-brand.

For a western brand, developing a Chinese sub-brand, cooperating with Chinese designers is also common used.

Hermès just launched its high quality brand Shang Xia on the Chinese market, cooperating with Chinese designers. This local aspect is very appealing towards the Chinese consumer.

Cooperation with celebrities.

The Chinese consumer falls for celebrities, whether they are western or Chinese. Brands can take their advantage from this by cooperating with them.

H&M also gained its success through entering China, together with the product line of Kylie Minogue. She was also attending the store opening in Beijing. This gained a lot of media attention.

Club Monaco, a mid-high end clothing brand, cooperated with one of the most popular Chinese Bloggers Tommy Ton. He designed a bag for the brand and gained a lot of media attention through his own blog – jakandjil.

II. II Production.

NA did not ask to research on the production facilities in China. There will be no detailed information on this part.

II. III Pricing

Unfair high pricing.

The macro analysis already showed the high taxes on fashion goods. The prices on fashion accessories and clothing are higher than in other countries for the Chinese consumers.

Louis uis Vuitton Speedy 30 handbag, for example, retails in China for 5,750 Yuan (€724,-) but costs € 610 in Hong Kong and € 530 in France. A study into luxury product prices by the University of International Business and Economics in Beijing reveals that the price difference between the Chinese and overseas markets for jewelry it is between 20% and 80%.

Reasons for high pricing:

The pricing strategies of luxury brands are based on buying power. As China is one of the world’s largest markets with high buying power, its luxury product prices are naturally higher. Regular price increases is another strategy for luxury items because it maintains the brand’s status and the customer’s perception of its value. Global prices for luxury goods are based
on the perception of value, and value is based on exclusivity. Using this philosophy, luxury brand companies usually adopt three separate pricing strategies for Europe, US and Asia, with Asia allocated the highest prices. 9

II.IV.I Place - Offline retail
China lacks the western wholesale retail model. Instead, there are three key channels for the apparel and accessory brands to consider selling through:

7. Department stores
8. Shopping malls
9. Brand stores

There is no multi brand store concept in China, which has been successful yet. Club Monaco is one of these multi brand concepts, which is growing at the moment.

The key for brands entering China is entering via Hong Kong. Hong Kong fashion market is more mature, and more open for brands such as NA. Besides this, the Hong Kong is often used as a shopping window for the Chinese consumer.

Location of purchase.
Respondents proved to be more interested to buy accessories in branded stores, shopping malls or department stores.

Department stores and shopping malls are found in commercial areas of all levels of cities, more in tier 1 and 2 cities.

Department stores and shopping malls:
- Targeting mid-to high-end customers and known for high price but reliable quality
- Rent space to distributors and many brands rent space for their own shops
- Still dominate apparel and accessory sales today
- Fierce competition means the brand has to perform or they will be dropped.

Brand stores:
- Apparel retailers can open standalone single brand stores anywhere in China
- They give more control over brands, sales and inventory but can be expensive to open
- Real estate deal is key
- Demographic and consumer behavior is critical to understand.

Rapid expansion third tier cities.
The leading luxury brands are expanding to smaller third tier cities, like Qingdao. Generally the first step is to set up a shop in cluster cities, Beijing, Shanghai and Guangzhou. The brand awareness and willingness to spend in these third tier cities, is close to the second tier cities.

Mega stores.
Chinese shoppers are embracing international retail concept. This increased opening of the “mega store” concepts. This means that brands are placing their biggest store on the Chinese mainland. The stores are there for a reason. They have the purpose to educate the Chinese consumer about a brand and fuel the appetite for spending. Before, their main retail points were based in outlets and hotels, but are more shifting towards these mega stores.

Multi-brand stores. Multi-brand retailers are beginning to gain traction as more manufacturers and distributors have learned the business. In Europe and the Us this is a very common structure. Surprisingly this is a fairly new concept in China. Commes des Garcons recently started to invest in this type of retail channels. Club Monaco has opened up several multi-brand stores already and is gaining more and more success. In the future it is expected to expand more.

Common retail geography.
The figure below shows the retail geography of luxury brands. Most brands entered China through targeting tier 1 cities e.g. Beijing, Shanghai en Guangzhou. In 1992 Louis Vuitton opened its first store at the Palace hotel in Beijing. The opening of hotel stores is not that popular anymore.

Most of the already established brands are focusing on the tier 2 cities and slowly are moving to the tier 3 cities. The possibilities in these tiers are even bigger nowadays than in tier 1 cities, since they are maturing at a fast rate. Still the malls in Beijing, Shanghai and Guangzhou are seen as the ‘fashion portals’ of China, after Hong Kong.
II.IV.ii Online retail

Collective webshops

There are two main leaders of Chinese webshops, which are mostly called by respondents:

www.taobao.com

Taobao is the most popular shopping website in China, comparable to Wehkamp. This may not be an interesting retail channel for NOOSA-Amsterdam. The products are in the lower price category. The following web store may be of interest.

www.vipstore.com

“VIPStore.com was launched in 2009 and has quickly become the leading online retailer of global Luxury brands in China. VIP Store was co-founded by three of China’s top e-businessmen and is supported by top international investment companies. The company is located in its Beijing headquarters and has branch offices in Los Angeles and Paris. The objective of VIP Store is to provide superior products and a preferential shopping experience to China’s consumers.”

Introduction VIPstore.com

- Vipstore provides brands, which already have a strong sales and marketing channel right to the core of affluent China. Selling products through VIP Store is the best way for luxury brands to benefit from immediate exposure at zero cost.
- Basically all successful mid-high prices luxury brands are being sold and promoted here. Tiffany’s, Chanel, Pilgrim, Energy, TW steel etc.
- The brands that are sold, do all have a physical store in China.
- The marketing imagery of international brands is non-differentiated as from magazines and other promotional exposures.

The language on all webshops are in Chinese, with no translation to English. When translating this, the same type of language use is used as on other international web shops. Informal, street style language.

II.V Promotion offline

In store promotion

There is a low level of brand awareness and loyalty. There for one of the most important tools is sales staff. These shops contribute to inform the consumer about the “unknown ground” of luxury goods and are able to persuade the consumer towards buying. The investments should be high on marketing level, and not only to build the brand. The Chinese consumer is basically a new born child. They do not know brand awareness and need to be informed about luxury, fashion and the reason why they should pay premium for the products that are offered.

Billboards are also a very common tool for (in)store promotion. Often it shows for example: “Coming soon H&M – 2013”. One of the most amazing examples was the Louis Vuitton store opening as can be seen in the figure left.

Events

Events are a frequently used tool to gain the right media attention, especially when celebrities are involved. This is perceived as the most effective and is can be localized to the Chinese market. This tool will reach both aspirational and dedicated luxury purchasers. For them it is a chance to experience a so-called “luxury lifestyle” and a unique chance to see products that are not available in stores yet. Welcoming window shoppers is an investment in the future.
Television
For a lot of markets television is one of the most effective tools. This does not seem to count for fashion brands. The only advertiser that has been named was Louis Vuitton, which launched this commercial worldwide in 2008. It is also the most expensive promotional tool.

Magazines
Word of mouth and advertising through low circulation print media has not proven effective in China. It is there for important that if NA advertises, that it is done through the right media. The most popular fashion magazines, with the highest advertising revenues are: Cosmopolitan China, ELLE China, Rayli Harper’s Bazaar China, Vogue China, Caijing (CH), Trends Health (CH), Life Week (CH), Fortune China. Main sources for advertising are skin care brands; L’Oreal Company, Procter & Gamble Company, Estee Lauder, Shiseido Company, Kose, Unilever Corporation, But there are a few fashion brands, which count as the main source for advertising; LVMH Corporation, Benetton Group.

The table below shows the differences in type of content between the biggest Western, Japanese and Chinese magazines.

<table>
<thead>
<tr>
<th></th>
<th>Cosmopolitan China</th>
<th>Rayli</th>
<th>Woman’s Friend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country origin</strong></td>
<td>US</td>
<td>Japan</td>
<td>Local</td>
</tr>
<tr>
<td><strong>Circulation</strong></td>
<td>538,000</td>
<td>780,000</td>
<td>780,000</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>20 RMB</td>
<td>20 RMB</td>
<td>6 RMB</td>
</tr>
<tr>
<td><strong>Content categories</strong></td>
<td>46% advertisement</td>
<td>46.7% advertisement</td>
<td>52.2% editorial (non-advertorial)</td>
</tr>
<tr>
<td><strong>Origins of products</strong></td>
<td>81.9% western</td>
<td>63.9% western</td>
<td>39.1% local</td>
</tr>
<tr>
<td></td>
<td>24.9% Japanese Korean</td>
<td></td>
<td>37% western</td>
</tr>
<tr>
<td><strong>Products categories</strong></td>
<td>1. Beauty Personal care (53.9%)</td>
<td>1. Beauty Personal care (67.7%)</td>
<td>1. Beauty Personal care (78.3%)</td>
</tr>
<tr>
<td></td>
<td>2. Women’s Clothing (28.5%)</td>
<td>2. Women’s Clothing (12.9%)</td>
<td>2. Entertainment &amp; information (6.5%)</td>
</tr>
<tr>
<td></td>
<td>3. Personal accessories (15%)</td>
<td>3. Electronic Equipment (5.3%)</td>
<td>3. Personal accessories (4.3%)</td>
</tr>
<tr>
<td><strong>Race models</strong></td>
<td>66.7% Caucasian</td>
<td>50.0% Asian</td>
<td>80.0% Asian</td>
</tr>
<tr>
<td></td>
<td>32.7% Asian</td>
<td>45.5% Caucasian</td>
<td>17.1% Caucasian</td>
</tr>
</tbody>
</table>

Main observations:
- All fashion magazines have a very western look, whether they are from Western, Japanese or Chinese origin.
- US celebrities are used in trend spotting articles, both Local and Western magazines.
- Most participants think that the advertisements performed by the Western woman is better. The Western woman look better and has a more beautiful figures in the eyes of the Chinese consumer.
- Skin care and make up brands are promoted heavily. Asian models are used for 70 percent and 30 percent are western models.
- International brands use similar marketing campaigns in China as elsewhere in the world.
- Street fashion and fashion trends are both spotted with western and Asian models.
- The focus of brands promoted is on haute couture and luxury brands.
- Accessory brands as H&M and accessories used in styling next to luxury brands.
Promotion online.
E-commerce in China is growing rapidly, compared to other countries. The trends that can be seen over here are different than elsewhere in the world. This is due to the strict internet regulations, as stated in the macro analysis.

Official brand websites.
- Only 19 percent of the Chinese respondents visit the official brand website, versus the 41 percent in Japan, the US and Europe.
- The Chinese websites of foreign brands are often directly translated from their home-country website.
- There is little or no customization or localization for the Chinese market.
- Use of western models

Social media.
The most popular social media tool is Sina Weibo. A micro blogging network which is used by celebrities and professionals from all walks of life.

Sina Weibo some facts – source McKinseychina; Chinas social media boom.\(^9\)
- According to the Sina corporation annual report, the Weibo microblog now has more than 50 million active users per day, and 10 million newly registered users per month.
- Louis Vuitton became the first global fashion brand to launch a Weibo presence. But in the first quarter of 2011, there has been extreme number of fashion brands building up on Weibo. With Chanel, Gucci and Burberry all launching accounts within the first few weeks of the year.
- Fashion has emerged as an important topic on the Chinese platform, ranking 9th overall in terms of most popular profile tags.
- The personal accounts of fashion industry figures often attract more followers than the accounts of large fashion media brands. For example, Vogue China’s editor-in-chief, Angelica Cheung with almost 200,000 followers, has a higher following than both of the magazine’s two official accounts — one for print, the other for online. Chinese fashion models Liu Wen and Sun Fei Fei have followings that will exceed half a million, while fashion glossies like Harper’s Bazaar and Elle have attracted less than a quarter of a million followers.

With this in mind, Weibo may well be the perfect place for global fashion brands to test and learn what resonates with their Chinese internet fan base and prepare for the future.

The most successful brand on Sina Weibo is Louis Vuitton. Celebrity & designer posts, and fashion event posts are the most favorable to watch by the Chinese consumers.

Blogging scene.
Bloggers are getting more influence in China. This is the perfect way to create brand awareness on a low budget. The advantages of working with bloggers are:
- They are trusted by the consumers.
- They write from their heart and know what the Chinese consumer wants to hear, see and wear.
- They can influence the consumer by their opinion.

Popular fashion bloggers and blog sites are; Han Han, the Satorialist, JakandJil, and Style.com. These are both Chinese and American blogs.

The best example that has been executed so far is; Club Monaco in cooperation with Chinese photographer and blogger Tommy Ton. Together they created club Monaco’s first bag collection. Tommy Ton visits all fashion events worldwide with his bag, and photographs street style models and fashionista’s along the way. The campaign is called the ‘journey of a bag’. It is fast and flashy, stylish and casual, and done by one of the most well-known Chinese photographer/blogger.

### Appendix XV. Weighted Provider Ranking.

<table>
<thead>
<tr>
<th>Weight rating (0-10)</th>
<th>Consumer rating</th>
<th>Provider score (0-10)</th>
<th>Weighted provider score (0-10)</th>
<th>Weighted provider ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>NA</td>
<td>Pilgrim</td>
<td>Tiffany</td>
</tr>
<tr>
<td>Price</td>
<td>14,3%</td>
<td>8</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Sustainability</td>
<td>3,6%</td>
<td>2</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Marketing</td>
<td>14,3%</td>
<td>8</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>International Brand(ing) image</td>
<td>17,9%</td>
<td>10</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Product range</td>
<td>8,9%</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Availability</td>
<td>12,5%</td>
<td>7</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Quality</td>
<td>16,1%</td>
<td>9</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Packaging</td>
<td>12,5%</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Explanation radar graph.**
The outer lines show the competitive strength. The more inside the radar the line goes, the weaker this unique value is of competitive value. NA can highly compete on:

- Sustainability

But its weakness is:

- Availability
- International brand awareness
Sabine Feron

Utrecht, June 2012.