M.Sc. International Business

Standardizing and Adapting the marketing mix for Cintamani in China

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Reykjavík, April, 27, 2015-04-27

Christine Di Zheng

Declaration of research work integrity

This work has not previousely been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document I confirm and agree that I have read RU´s ethics code of conduct and fully understand the consequences of violating these rules in regards of my thesis.

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Abstract

China´s apparel market is in its opening stage and will remain one of the fastest growing markets in the world in the coming years. Multinational company who wants to enter the Chinese market need to be aware of the cultural difference as well as different consumer preference. The Icelandic company Cintamani was choosen for this study. The aim of this study is to investigate the Chinese consumer preference for outdoor apparel, the main factors that influence the purchasing decision. In the end there will come a conclusion of where to use standardization, adaptation or a combination of both strategies in Cintamani´s marketing mix. Participants of the study were 572 randomly selected Chinese online voluntaries of both male and female who were born after 1950. T-test and ANOVA were conducted to examine the difference between age and gender groups. The main result indicates that quality is the most important attribute to today´s Chinese consumer when it comes to outdoor apparel. Friend/Family Review results also seems to be the factor that most influence consumer´s purchasing decision. The researcher has come to a conclusion that in the short run, Cintamani can choose standardization strategy for its Product and Place, and adaptation strategy for Price and Promotion. But in the long run, it is recommended that Cintamani choses standardization and adaptation strategy for its Product, and adaptation strategy for rest of its marketing mix components.

Keywords: International business, China, customer preference, standardization, adaptation, marketing mix.

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1 Introduction

In recent years, China´s apparel market remains one of the fastest growing market in the world. China will be the world´s largest apparel consumer market by 2017 which overtakes the U.S (Fung Business Intelligence Centre, 2014). The outdoor apparel market in China is shifting from the infancy stage up to a much higher level, it will get a good potential growth in the near future (Fung Business Intelligence Centre, 2014). One of the big reason that boost the growth for outdoor apparel in China is the consumers´growing interest in outdoor activities. Activities such as skiing, hiking and mountain climbing has underpinned the strong growth of outdoor apparel in recent years. In addition, Chinese individuals are certainly getting richer very fast. The per capita disposable income of urban consumers will double between 2010 and 2020(astmon, magni). This ascent trend implies a good oppotunity for multinational organizations in outdoor apparel business to expand their business to China. However, an ascent trend does not guarantee that an organization will be successful in China. The Chinese market is very complex and challenging. Around 48% of foreign companies that enter China failed within 2 years of entering the market, one of the biggest reason for failure is the difference in culture and customer preference (CBi China Bridge, 2013). Therefore, decision making of whether to use adaptation, standadization strategy or combination of both strategies is crucial for multinational companies before entering the China market. In order to make the right decision, understanding of Chinese culture and local consumer preference is essential for marketers.

The Icelandic outdoor apparel company Cintamani was selected for this study. The reason for choosing Cintamani is because Cintamani has high quality outdoor apparel products and its unique Icelandic fashionable design that might create a potential for success in the Chinese market. An analysis of standazation and adaptation of marketing mix strategy will be presented in this paper. In order to come up with a reliable strategy, the researcher will conduct a customer survey to test the consumer preference about the outdoor apparel in China.

This paper will be structured into six chapters. The introduction chapter consists of four sections, the first section explains the existing problem that the multinational companies (MNCs) face when marketing in China. The second section lists the research questions and objectives. The third section gives an overview of the company Cintamani and details about Cintamani´s marketing mix in different markets. The fourth section gives an overview of the market size, outdoor apparel industry trend in China, the purchasing power trend, the consumer behavior, competitive rivalry and as well as political & legal issues. Chapter two is the literature review and conceptual framework. Chapter three explains the methodology. Chapter four presents the results of the research findings and links its relation to the literature. Discussion takes place in chapter five with the answers to the research questions. The paper will end with a conclusion and recommendations.

1.1 Problem Statement

It is easy for organizations to be blinded by success in a foreign market like China, especially when looking at the huge population, the growth potential and over a billion potential consumers in China. In recent years, thousand of foreign brands have entered China in hope to increase their global revenues. But the result is hard to believe, around 48% of foreign business fail in China within 2 years of entering the market (CBi China Bridge, 2013). So what are the major reasons behind most foreign business failures in China? Common problems such as goverment control, local laws, corruption are not the major reasons to the failure. More oftenly, it is the lack of understanding of local culture, social norms and most importantly consumer preferences are the major reason. The food giants McDonalds and KFC both entered China around the same time, McDonalds chose standardization for its marketing mix, but KFC adapted its marketing mix by adjusting its menu to cater to local taste. The result was very clear, McDonalds lost a large market share to KFC in the China market. Another good example why Ebay failed where Taobao succeeded. Taobao is a Chinese version of Ebay or Amazon website. Ebay entered China by using their standardized US e-commerce platform for China, while Taobao was adapting theirs to the fast changing consumer market. Unlike the Western consumers, Chinese consumers like to compare the products and read the customer review and they like to negotiate and talk with sellers prior to their purchases. These are all consumer preference, Taobao adjusted their model to meet this preference and they even build an escrow-based payment system, because they knew at that time that the majority of Chinese consumers did not have credit card.

Another good example would be Oreo cookies from Kraft, when Oreo first entered China, Chinese consumers did not like them because they were too sweet. Kraft soon realized the problem and lowered the percentage of sweeteners in the cookies to adhere the local flavor. Soon the company´s sales topped dramatically after the adaptation. Now Oreo is the biggest cookie brand in China (Breemen, 2014). Therefore, being successful in local markets does not mean success in a dynamic market like in China. The “one size fits all” strategy may cause a disaster for MNCs in China. However, the Chinese market is fragmented, scattered, competitive, and requires the MNCs full attention in order to gain success. It is a challenge, but the payoff can be tremendous (Breemen, 2014).

Therefore choosing between adaptation and standardization became the most crucial issue for MNCs when it comes to the company´s marketing mix strategy.

Wang (1996) states in his journal article that the “decades-long debate about standardization and adaptation has recently reached the general consensus that the real issue is not whether to standardize but rather to what degree of standardization and adaptation… (Wang, 1996)”. There is strong consensus in the past literatures that the degree of standardization or adaptation in companies will not be homogeneity (Boddewyn, Soehl, & Picard, 1986) (Douglas & Wind, 1987) (Rau & Preble, 1978). This means that different levels of standardization and adaptation will exist for various components of the marketing mix. So decision making of whether and how to use standardize or adapting strategy for each marketing mix components can be the biggest challenge for MNCs.

1.2 Research question

Based on the culture differences and the practical marketing challenges that international companies face when marketing in China, the purpose of this study is to investigate the consumer preference for outdoor apparel in the China market and conduct an effective marketing strategy by applying adaptation and standardization on the marketing mix of Cintamani. To be able to decide how to adapt and standardize, the researcher will conduct a survey.

The objective of this study is to explore the outdoor apparel market in China for better understanding of the customer preference in outdoor apparel business. And also analyze the current competitive rivalry. A survey will be conducted with questionnaires to find out the customer preference of outdoor apparel in China and factors that influence consumer´s purchasing decision. Analyze the data in relation to the marketing mix of Cintamani and come to a conclusion of how to standardize and adapt Cintamani´s marketing mix for China market.

Specific objectives:

- Analyze the outdoor clothing environment for Cintamani
- Identify the Chinese consumer preference for outdoor clothing
- Identify the factors that influence the purchasing decision
- Propose a desicion of whether to use standardization strategy, adaptation strategy or combination of both strategy for each of the Cintamani´s marketing mix.

So the results from the survey will be crucial in answering the research question:

Q1: What is the most important product attribute for Chinese consumers when selecting outdoor apparel?

Q2: What factors influence the most on consumer´s purchasing decision?

Q3: How should Cintamani standardize and adapt their marketing mix for the China market?

1.3 Cintamani

In this chapter the company background and Cintamani's marketing mix in international markets is shortly presented. All information presented in this chapter are collected from Cintamani. Thanks to Cintamani´s managing director Guðbjörg Stefánsdóttir and export and marketing director Sigríður Rakel Ólafsdóttir. Additional information was also collected from the official website of Cintamani (www.cintamani.is).

1.3.1 Company background

Cintamani is an Icelandic firm that specializes in design of outdoor apparel for women, men and children. The company started its first collection in 1989. Since then the brand Cintamani has achieved a fast growing popularity.

Iceland is known for its harsh weather during winters, the weather condition has given Cintamani a good reason for innovating technologically advanced outdoor apparel. Cintamani has been designing and testing their products in Iceland since 1989, the prototypes have been tested on the glacier of Iceland, in the montains of Norway, as well as on the greatest challenge, the Himalayas Montain in Asia. The brand is also well known for its fashionable design, which is inspired by the beauty of the Icelandic nature. The modern elements and traditional Icelandic materials such as wool are combined in the design, which makes them unique and functional. The Cintamani collections is not exclusively for the outdoors; it is also practical for any occasion from office to daily life, from sports to street (Cintamani, 2014).

The philosophy of the brand Cintamani is creating an attitude that leads to courage, joy and passion on the consumer´s way to happiness. Cintamani thinks that one should always prepare for the worst and prepare for whatever is. The brand´s philosophy aims to deliver positive energy and brightness of life to its users.

According to Cintamani, its main competitors in local and foreign markets are brands such as 66°North, ZO-ON, Ice Wear, Mammut, Marmot, Fjallaraven, Patagonia. Cintamani has external experience of marketing in Switzerland, Denmark, Norway, France, Faroe Islands and Canada (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015).

1.3.2 Cintamani´s product in international market

Cintamani design and produces outdoor apparel for women, men, kids and babies. The product categories consist of coats & bodywarmers, jackets, sweater & shirts, skirts, pants, underwear, baby dresses, and accessories.

The design of all Cintamani´s products takes place in Iceland and is all created by Icelandic designers. All collections are designed on international bases, same products are sold in all international markets. Concering the importance of the product attributes, quality comes first and foremost for Cintamani, and then comes the design. (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015)

Cintamani has multiple manufacturers for the garments. The company is very ambitious in finding manufacturers with the highest quality of fabrics for the apparels. Cintamni´s manufacturing takes place mainly in China and Europe, except for the Icelandic wool products. The production cycle takes on average at least three months in production from the time the design is ready until the final product arrives in Iceland. But the design is varied, the production can sometimes only take a few weeks and sometimes few months. Cintamani aims to become a trustworthy global brand that the outdoor enthusiatsts can trust and think of the highest quality when they see the brand. The image of Cintamani is quality and function. Cintamani aims to provide products that outdoor enthusiatsts can wear in any kind of weather for any occasion, whether it is for work, walk, hiking with the family or climbing Everest. (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015)

Inspirations of the designs come from both fashion and function. Cintamani never designs a product that does not have the functionality and technical aspect that is needed for the outdoors. Fashion is one of the main points for Cintamani as well as function. (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015) Slogan “Go out hiking and look good” delivers the central message to the outdoor enthuasiates.

1.3.3 Cintamani´s pricing strategy in international market

Cintamani sets the same price for all international markets. Cintamani tries to be very true to their brand when it comes to pricing. Different brands have different position in the market. Brand positioning is a very important strategy for brands to achieve different advantage. Positioning allows the brand to place a brand occupation in a market or segment. A successful brand position has characteristics that are both differentiating and important to consumers. Cintamani postions itself as high quality and high performance fashion brand in its foreign markets. Due to the high cost of manufacturing, Cintamani´s price is not very competive compared to its competitors in foreign markets, therefore Cintamani has its own pricing strategy. However, Cintamani does look at the price level of the competitors. (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015)

Figure 1. Cintamani´s Positioning in Foreign Markets

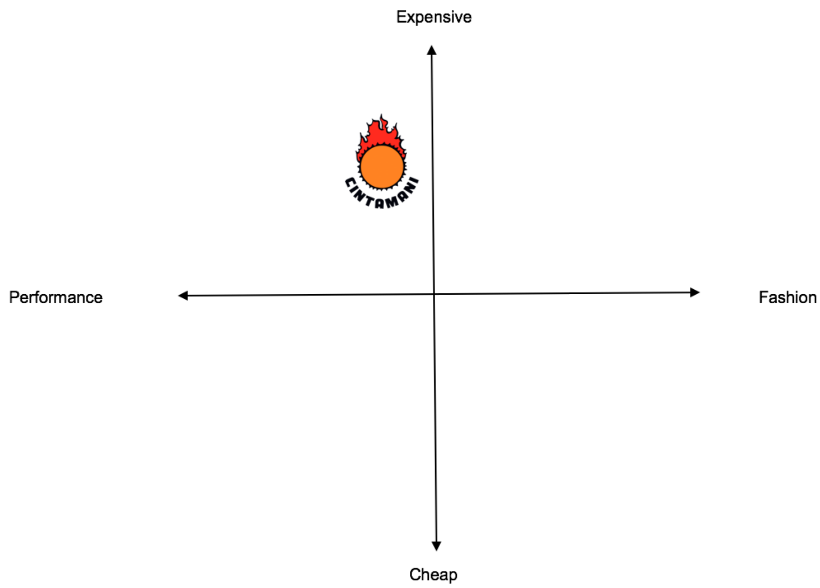

Figure 1. Cintamani´s positioning in foreign markets. Researcher´s own construction.

Figure 1 shows Cintamani´s positioning in foreign markets, the graph shows the balance of performance and fashion on the verticle axis, balance of price level on the horizontal axis. Cintamani´s product performance is slightly higher than the fashion factor, price is considered to be higher than the competitors in the foreign markets.

1.3.4 Cintamani´s promotion in international market

Cintamani´s direct promotion to foreign markets is through Sporting Goods Exhibition (ISPO). It is a yearly sales exhibition to introduce brands on an international scale. Cintamani also promotes its brand through its distributors, advertising materials are provided by Cintamani to keep consistency of the brand image. Cintamani have also sponsored outdoor and sport professionals and use sales exhibitions. Since social media is one of the best marketing tool in today´s market, Cintamani also uses social media to target the foreign customers (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015). The materials for promotion are the same for all markets, so all Cintamani´s promotional tools are produced on international basis. However, Cintamani does assist their distributers in promoting the brand by providing all advertising materials they need.

1.3.5 Cintamani´s distribution in international market

Cintamani has distributors in Switzerland, Denmark, Norway, France, Faroe Islands and Kanada. The brand sells both through its distributor´s retail channels and through its own international e-commerce website. The distributors are fully in control of their own markets and most of them are distributers who have retail stores such as Intersport. Cintamani has not yet opened its own retail store in foreign markets (Sigríður Rakel Ólafsdóttir, Export and Marketing Director, personal communication, 16.April.2015).

1.4 Outdoor apparel industry in China

1.4.1 Market Trend

Between 2000 and 2010 was China´s historic turning point. Within this decade, China´s economy tripled in size and became the world´s second largest economy after the United States. From the research undertaken recently by McKinsey, it indicates that China´s GDP ranked second in the world after the United states in 2010, and will continue to grow with an annual rate of 7.9 percent over the next decade (Atsmon, Magni, Li, & Liao, Meet the 2020 Chinese Consumer, 2012). By year 2020, the GDP of some cluster cities in China will be similar to that of some developed western markets. For example, Chengdu cluster is a region consists of 29 cities in western China; its GDP will be equal to the GDP of Austria in 2010. GDP in Shandong cluster will equal South Korea´s current GDP and the forecast shows that it will equal that of Belgium´s GDP in 2020 (Atsmon, Magni, Li, & Liao, Meet the 2020 Chinese Consumer, 2012).

China is known as one of the largest consumer markets in the world. At the end of 2014, China´s population was 1,390,510,630, which represents an increase of 2.7% during 2013 (World Population Statistics, 2014). China is currently in the stage of transition from investment-led to consumption-led growth. This means that private consumption of the nation is going to be the leading force. Some of the factors that drives this transaction are: First of all the largest five-year plan of the government, the government measures to improve social security and boost private consumption. Secondly, forecast shown that by 2020, about 60 percent of the total population will be living in urban area. This process of urbanization fuels the growth of the consumer market by widening the affordability and availability of goods. Thirdly, the financial sector and industrial reforms that will create more jobs in the service sector and increase personal incomes (Atsmon, Magni, Li, & Liao, Meet the 2020 Chinese Consumer, 2012).

E-commerce is one of the important trend that companies should be aware of when doing business in China. The trend of e-commerce is in its rapid growing stage, and will continue to be so. Distributing in online channels is essential when doing business in China. however, even though modern trade is growing, traditional trade is still an important part of retail landscape (Nielsen Holding N.V., 2014).

Smartphone users in China jumped from 50 percent in 2012 to 72 percent in 2013. Android is the system leader in China which has 61% of users, apple has 16% users. Most frequent users are among the younger generations who were born from 1970s to 1990s (Nielsen Holding N.V., 2014).

Furthermore, an instant message app Wechat has more than 500 million registered users, it is one of the fastest growing app in China, it is over taking Weibo[1]. Wechat is an combination of Facebook, Twitter, WhatsApp, Viber and etc. It has been one of the only options of mobile social media tool for Chinese consumers. It is even possible to open an online store in Wechat. Companies have been using this app to extend their reach to Chinese consumers just like they did with Weibo (Nielsen Holding N.V., 2014).

1.4.2 The outdoor apparel trend

In recent years, China´s apparel market remains one of the fastest growing market in the world. According to Euromonitor, China will be the world´s largest apparel market by 2017 which overtakes the U.S. Talking more about the development for the major apparel categories, we can specify them into different stages in the life cycles. Men´s formal wear and sportwear are at their maturing stage, women´s casual wear and men´s casual wear are at their stage of scaling up, while the baby wear and outdoor apparel are at their opening stage with limited competition and growth forecast of 20-30% between 2012-2016 (He, Ling, & Li, 2013). (See Table 1, for stages of development for select major apparel categories in China). Therefore, China´s outdoor apparel market is at its infancy stage and has got a good potential for growth in the near future. One of the big reason that boosts the growth for outdoor apparel in China is the consumers´growing interest in outdoor activities, activities such as skiing, hiking and mountain climbing has underpinned the strong growth of outdoor apparel (Fung Business Intelligence Centre, 2014). Outdoor apparel has continued with strong growth in China with total retail sales hitting 12.4 billion in 2013. And this trend is still increasing as the popularity of outdoor activities is becoming more and more popular (Fung Business Intelligence Centre, 2014).

[1] Weibo is a Chinese micro-blog and social community tool in China. Weibo mobile app is also available for user.

Table 1. Stages of Development for Select Major Apparel Categories

Apparel category	Estimated market size (2012, $ billion)	Growth forecast (CAGR 2012-2016)	Development stage	Stage characteristics
Men's formal wear	19	~8%-10%	Maturing	• Growth slowdown • Intense competition • Price wars • Industry consolidation
Sportswear	11	~10%		
Women's casual wear	67	~15%	Scaling up	• Rapid growth • Fragmented market, increased competition • New store openings (leaders grab market share)
Men's casual wear	56	~17%		
Baby wear (0-5 years)	5	~20%-25%	Opening	• Low penetration (but increasing fast) • Limited competition
Outdoor	1	~20%-30%		

Table 1. Stages of development for select major apparel categories. Adapted from "Winning China´s Apparel Market" by A.T. Kearney analysis, 2013, ATKearney.

As the lifestyle in the city is so hectic and tense today, travelling for outdoor activities had become so popular in recent years. High physical activities including hiking, long-distance walking and mountain biking are getting very popular. The increasing trend for outdoor activities is probably one of the factor that boosts the outdoor apparel consumption (Chu, 2014).

The trend for outdoor apparel is ascent. The China Textile Commerce Association Outdoor Branch (COCA)´s research shows that China's total retail sales of outdoor sports equipment rose from less than RMB 1 billion (USD 0.16 billion)[2] in 2004 to about RMB 18.1 billion (USD 2.9 billion) in 2013, an average annual growth of 40% over a decade. The major saleable products are apparel, shoes, backpacks, outdoor equipments and accessories. It involves approximately 900 brands, of which domestic and foreign brand are balanced (Chu, 2014).

[2] Currency converted on 30 April.2015 by using www.xe.com

1.4.3 The purchasing power trend

Higher incomes and government efforts boosted the consumption and will benefit all consumer-facing companies in China. The Chinese individuals are certainly getting richer very fast. The per capita disposable income of urban consumers will double between 2010 and 2020. This will be about the same level of current standard of living of South Korea, but still far from the developed countries like United States and Japan (Atsmon, Magni, Li, & Liao, Meet the 2020 Chinese Consumer, 2012).

Considering the household income in China, the per capita annual disposable income of urban households in China of 2013 amounted RMB 29,547 (USD 4,764)[3], which is almost doubled compare to 2008 with RMB 15,781 (USD 2,544) (Statista, 2015).

According to the McKinsey´s research, the vast difference in income levels of individuals will still persists, but the numbers of people in each income level is going to shift dramatically. Large percentage of the population who currently has income level of $6.000 to $16.000 is moving towards an income level of $16.000 to $34.000, and they are becoming the mainstream of the consumers. By 2020, 51 percent of households will become the main mainstream which will compromise 167 million households or close to 400 million people (Atsmon, Magni, Li, & Liao, Meet the 2020 Chinese Consumer, 2012). The 6 percent of the affluent households will still remain an elite minority in the highest earner level. (See Figure 2, Number of urban households by annual househeold income).

[3] Currency converted on 30 April.2015 by using www.xe.com

Figure 2. Number of Urban Households by Income

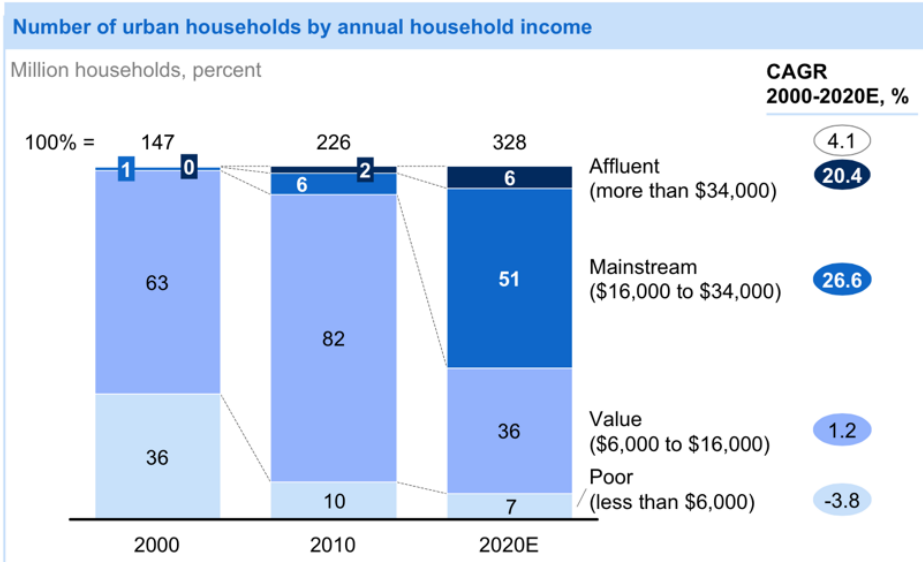

Figure 2. *Number of urban households by annual househeold income in millions. Adapted from "McKinsey Consumer & Shopper Insights: Meet the 2020 Chinese Consumer" by Atsmon, Magni, Li, and Liao, March 2011, McKinsey Insights China. Copyright 2011 by McKinsey Insights China.*

As for the expenditure on clothing of urban and rural households in China from 2009 to 2013, the annual expenditure on clothing increases steadily, which is also in line with China´s GDP and disposable income. For urban households approximately 10.55% of their annual income is spend on clothing and 7.17 % for rural households (Fung Business Intelligence Centre, 2014). Consumers have purchasing power for more expensive products.

As China is not a single market, it is very important that the marketers understand the differences in purchasing power by city tiers. The tiers of cities in China are defined by their economic development, provincial GDP, advanced level of transportation and infrastructure, as well as historical and cultural significance. There are six tiers of cities in China. According to the newest listing of tier cities in China from Sohu news, the first tier cities refers to the "Big 4": Beijing, Shanghai, Guangzhou, and Shenzhen. Tianjin had recently reached the criteria to be newly joined to 1st tier city list ([Sohu] 搜狐, 2014). The second tier cities include capital cities of each province, for example Hangzhou, Nanjin, Jinan, Chongqing, Qingdao, Dalian, Ningbo, Xiamen, Chendu, Wuhan, Harbin, Shengyan, Xian, Changchun, Changsha, Fuzhou, Zhengjiang and etc. The third tier cities refers to medium sized cities of each province. The economic growth and development of these cities are not as rapid as the higher tier cities, however many of them are still considered to be very significant economically and historically. The fourth and fifth tier cities have the majority of China´s urban population, but consumers there have much lower incomes and less purchasing power for expensive or luxury goods. The sixth tier cities are considerd to be underdeveloped cities ([Sohu] 搜狐, 2014).

A study was conducted by Roland Berger strategy consultants in 2012 about Chinese consumers, the study concluded the ongoing trends in China´s consumer market (Roland Berger Strategy Consultants, 2012):

- Most active consumer group is aged between 25 to 34. This age bracket are consumers who were born in 1980 to 1990, a time of unprecedented prosperity in modernday China.
- Consumers aged between 17-24 are second most active buyers, for example in clothing, skin care products and mobile phones. Within this age bracket, the consumers have not yet developed their consciousness about their preference, they pay more attention to the visual appearance of the products and are usually very impulsive purchasers. Therefore consumers within this age bracket can be easily and significantly influenced by distribution channels.
- Consumers from first tier cities have more brand awareness and knowledge of various brand stories, and they favor branded products.
- Consumers from second tier cities are active purchasers for luxury goods and automobiles.
- Consumers from lower tier cities are more active in the purchase of daily necessities but they still remain cautious when buying expensive items. Consumers from lower tier cities have lower level of product preference, however they are more willing to pay for partial functionality of products.
- Consumers from fourth tier cities favor also branded products but it is for different reasons, they are usually swayed by popularity of the brands.

- Families with monthly household income of above 7,000 yuan (USD 1,128)[4] are more active in the purchase of clothing, skin care products, mobile phones, automobiles and luxury goods. But they usually have strong product preference. They are more active in acquiring brand and product information.
- Higher income households are quite active in online shopping for daily necessities and luxury goods. But middle and lower income households are more active in online shopping for all kind of products.
- Online shopping is a trend for both higher and lower tier cities, but it is more important for lower tier cities, because higher tier cities have diverse shopping channels and retail formats.

Concerning the consumer confidence by citier tiers, an American global information and measurement company Nielsen Holding indicated its findings in the 2013 China consumer confidence report. The result shows that choosing the first tier cities are not always better. Indeed second and third tier city consumers reported healthier boost in their willingness to spend, in which second tier city consumers has 50% higher confidence level in spending than the third tier city consumers. Personal finance and job prospects was also in an upward trend of the second and third tier city consumers. So the growth, optimism and buying power of second and third tier cities are accelerating the premiumization trend into a scale that had never seen before in China (Nielsen Holding N.V., 2014). Figure 3 below shown the comparison of consumer confidence in tier cities in four different quarter of year 2013.

[4] Currency converted on 30 April.2015 by using www.xe.com

Figure 3. Confidence Soars in Tier 2 and 3 Cities

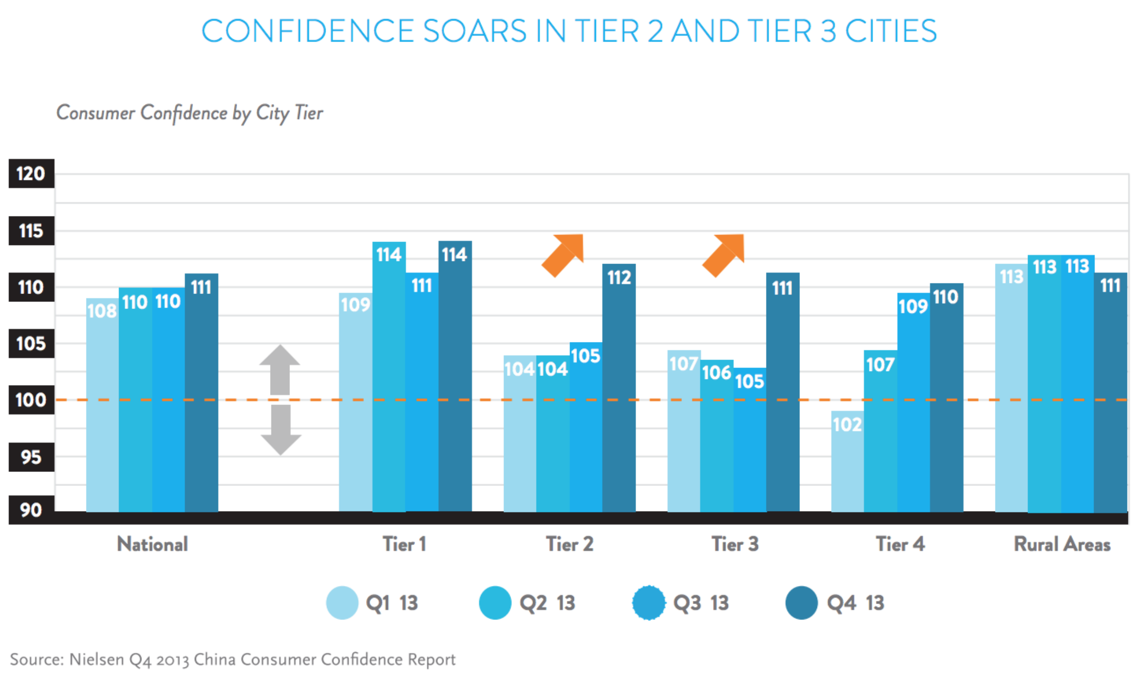

Figure 3. Confidence soars in Tier 2 and Tier 3 cities. Adapted from "A new era in consumption" by Nielsen Holding N.V., 2014, Nielsen Holding N.V. Copyright 2014 by Nielsen Holding N.V.

Despite the fact that the confidence level of spending had increased, but expectations of consumer rised at the same time. Factors such as durability, design and comfort matter far more than they do in more developed markets like United States, United Kingdom and France, but without a change in price level (Atsmon, Magni, Liu, & Li, 2011). Figure 4 shows the rising expectations of consumer but not in higher price level, figure shows the percentage of respondents who considered the following attributes to be an important buying factor.

Figure 4. Rising expectations

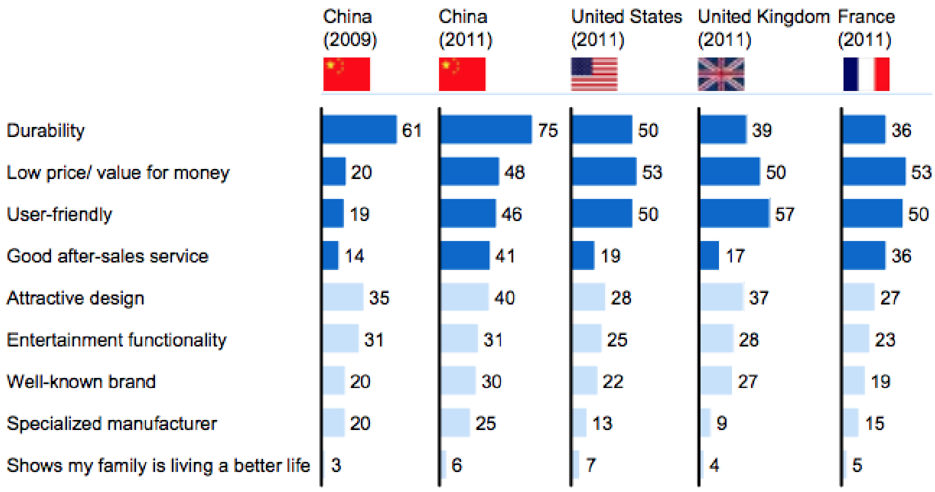

Figure 4. Rising expectations but not at a higher price. Adapted from "McKinsey Consumer & Shopper Insights: The New Frontiers of Growth" by Atsmon, Magni, Liu, and Li, October 2011, McKinsey Insights China. Copyright 2011 by McKinsey Insights China.

1.4.4 Consumer behaviour

There is a consumer survey conducted by Cotton Council International & Cotton Incorporated´s Chinese Consumer Survey, the result shows that the consumers in Northern China are scrutinize and environmentally conscious, consumers in Western China are aspirational, consumers in Southern China are pragmatic, and consumers in Eastern China are more brand conscious. More than 71% of Eastern consumers say brand name is important in their apparel purchase. And they are more brand loyalty than any other region of the world. For Estern region, consumers access the internet and spend more time online, and they are more likely to get their trend ideas online and be influenced by internet advertisements (Cotten Council International and Cotton Incorporated, 2012).

However, the Chinese consumption focus is shifting from being brand chasing, materialism and status symbol to personal style and leisure experience (Chu, 2014). The lifestyle of the Chinese consumers is improving, they tend to appreciate life and derive leisure experience. Engaing in outdoor activities and short trips is becoming popular in recent years in China. With the booming of social media usage, we often see outdoor activity pictures posted by social media users, which enrich the discussion on the subject. Travel and outdoor related clubs with websites are extremely active, these directly stimulated the rapid growth of outdoor market in China (Chu, 2014).

Today, consumers in China are also concerned about the professional fashion sense that brands can provide to the customers, as well as the variety of specialised services such as outdoor activity trips or professional guidance provided. The outdoor stores and brands not only provide their customers wide product selection, but they also proactively organise fan clubs with variety of outdoor activities. These value added service are very customerized in China, outdoor apparel industry and it enhances the popularity of outdoor activities and products. Therefore the multinational companies wishing to enter the Chinese outdoor apparel market should consider consumer attitude towards the product in order to set foot in the niche, high-end market segments (Chu, 2014).

The online shopping trend is growing rapidly, it provides brands with a lucrative opportunity to build their online customer base. According to the Global Lifestyle Monitor survey, 77% of consumers go online to shop for clothes, followed on other product categories like electronics and costmetics. Today, more than 72% of Chinese consumers start shopping clothes through e-commerce websites like Taobao.com, vip.com, tmall.com and etc. this trend is significant higher than in Europe (18%) or Japan (24%). Brand official websites are also very popular when it comes to online purchasing. For example, popular outdoor apparel brand like The North Face, Jack Wolfskin,Toread all have their own official website that allows customers to order online, and they provide variety of useful information and outdoor activity plans to attract more customers. Further research shows that 59% of Chinese shoppers read customer reviews and compare prices online (Cotten Council International and Cotton Incorporated, 2012).

Consumer behaviour also varies between tier cities in China. Details about tier cities were mentioned in chapter 1.4.3. Tier one city consumers´expectations go beyond having the basic functions satisfied. According to Roland Berger experts, first and second tier city consumers pay more attention to “passion” and “service” values. Particularly first tier city consumers pursue “trendy” “innovative protech” and “personal efficiency” values therefore they have a higher spending intensity (Roland Berger Strategy Consultants, 2012). And brand loyalty is materializing at a markedly higher rate in Tier 1 cities than elsewhere (Atsmon, Magni, & Li, From mass to mainstream: Keeping pace with China´s rapidly changing consumers, 2012). Consumers from third and fourth tier cities have lower income, therefore consumers are more price sensitive, “value for money” is a more important key buying factor among them, so they lean more toward rational spending. Roland Berger experts also indicates that the lower the city tier is, the lower the consumer´s purchasing preference is before they go into stores (Roland Berger Strategy Consultants, 2012). Another research was done by Bain & Company about China shopper behavior, the research was based on a database of 40,000 households in different city tiers in China, and the findings are very much alike Roland Berger and Atsmon a.et´s consumer researches (Bain & Company, Inc., 2012).

1.4.5 Competitive Rivalry

In year 2007, there were 377 outdoor apparel brands in China, but soon the number doubled by year 2011. As of end of 2013, there were 891 outdoor brands existing in the Chinese market, of which 458 were Chinese local ones. However, foreign brands hold about 70% of China´s outdoor gear market (He, Ling, & Li, 2013).

Five existing and succesfull outdoor apparel brand were selected for this study, those brands are: The North Face, Columbia, Toread, Jack Wolfskin and Mexican. The brand Toread is domestic and rest of the brands are all foreign brands. Table 2 shows the market share of selected outdoor brands in China from 2010 to 2013 in percentages and market share of the top four outdoor brands in China. The Chinese based brand Toread is currently the market leader in the outdoor brands and it is growing much faster than the foreign brands. See table here below for market share (Fung Business Intelligence Centre, 2014).

Table 2. Market Share of Selected Outdoor Brands

	2010	2011	2012	2013
TOREAD	0.5	0.9	1.3	2.1
Columbia	0.5	0.8	1.0	1.2
THE NORTH FACE	0.5	0.6	0.9	1.1
Jack Wolfskin	0.2	0.3	0.6	0.8

Table 2. Market share of selected outdoor brands in China, 2010-2013 (%). Adapted from "China´s Apparel Market" by Fung Business Intelligence Centre, Desember 2014, Fung Business Intelligence Centre. Copyright 2014 by Fung Business Intelligence Centre.

1.4.5.1 The North Face

The North Face, Inc., is an American owned outdoor brand, It is a designer / manufacturer and distributor of high-grade equipment and apparel used in mountaineering, skiing, and backpacking. It is owned by VF Corp. VF is a global company who owns over 30 dynamic lifestyle brands and has approximately 57.000 associates working in locations across the globe (We Fit Your Life, 2015). For The brand North Face, China is the second largest market in the world, after the United States. The brand entered China in 2000 under a licensing model, which means the brand did not open a store; instead they collaborated with its partners in China. In 2007, VF took over the business and started direct operation in Chinese market. In the same year, the brand received a remarkable sales growth of 150 percent since the takeover (Gan, 2013).

1.4.5.2 Jack Wolfskin

Jack Wolfskin is a German-based company and one of the leading providers of functional outdoor clothing, footwear and equipment in Europe and the largest franchisor in the German specialist sports retail market. The brand entered China in the year 2007 and extented their contract in 2011 with their Chinese distributor Tristate Holdings Limited for another five years. In 2013, Jack Wolfskin´s sales continued to grow with an increased rate of 45% in UK, and 25% increase in sales in China. The sale continues to grow in 2014, the brand saw a great opportunity for further growth in the Chinese market and decided to turn its attention to focus on China. According to the news in January 2015, Jack Wolfskin has announced that they are going to terminate their earlier agreement with their Chinese distributor, and establish a wholly owned subsidiary in China ([Winshang]赢商网, 2015).

1.4.5.3 Toread

Beijing Toread Outdoor Products Co., Ltd. is currently a market leader in outdoor apparel market. The company was founded in 1999 and is based in Beijing, China. They are engaged in research, development, design, outsourcing, and distribution of outdoor products in China and internationally. They offer outdoor clothing, outdoor shoes, and outdoor equipment under the TOREAD brand name. The company's products includes charge clothes, quick-drying clothes, ski jackets, hiking shoes, mountaineering shoes, tents, backpacks, sleeping bags, hammocks mats, glasses, canteens, mountaineering poles, folding series products, outdoor cooking equipment, and others. It is also operating a chain of shops offering outdoor products (Bloomberg L. P., 2015). Toread is a Chinese self-owned brand, with "Build excellent brand, share sunshine life" as its mission. The products cover all the fields of outdoor life, which not only meet the demand of extreme fans to mountain expedition but also advocate the active and healthy outdoor casual life. In 2007, Toread was qualified as the "Well-known Trademark of China" and became the "Licensed Manufacturer of Beijing 2008 Olympic Games". In 2009 Toread started cooperating with CHINARE and supplied the outdoor gears for China Antarctic Research Team exclusively. This cooperation virtually represents level of quality and comprehensive power. Since then

Toread got high affirmation from China scientific field (Beijing Toread Outdoor Products Co., Ltd., 2013). Toread management team pay more attention on the culture construction, establish the unique allocation system of employee benefits and shared the idea of “Growth Together, Share Together” with its partners, stakeholders, even the society.

1.4.5.4 Columbia

Columbia Sportswear is an American-based company with 70 years experience in the business. Its mission is to design and deliver authentic, outdoor, high-value products. Columbia also owns Sorel, prAna and Mountain Hardwear. Columbia entered China in 2004; the brand keeps exploring and innovating its technologies to produce professional and functional products to its customers ([The home of wind breaker]冲锋衣之家, 2014).

Technology is Columbia´s core-competitiveness in outdoor gear industry. In recent years, Columbia has been researching and developing production lines such as Omni-Wick, Omni-Freeze, Omni-Wind, Omni-Dry, Omni-Heat, Omni-Shield and Omni-Grip (Columbia Sportswear Company, 2015). The brand is currently ranking third market leader in China. The brand announced in January 2014 about its joint venture with Swire Resources Ltd. The new name is Columbia Sportswear Commercial (Shanghai) Company, and has its headquarters in Shanghai. Swire Resources had been Columbia's exclusive distributor in China since 2004, this network consists of 51 wholesale dealers that operated approximately 660 Columbia Sportswear retail locations and 47 Mountain Hardwear retail locations in 180 cities. In addition, the joint venture directly operates approximately 70 Columbia branded retail locations in 7 cities (Columbia Sportswear Company, 2014).

1.4.5.5 Mexican

Mexican is a brand created by an Mexican painter Frida Kahlo. The brand started its operation in Mexico in 1981 with leather products. In 1988, Mexican started co-operating with Chinese suppliers for leather products and enterted the China market in 2002. In 2008, Mexican started its operation in outdoor apparel, children´s wear and footwear. Mexican is already a well-known leather product brand in China. recently getting more popular with their outdoor appareal (Mexican, 2010).

1.4.5.6 Standardization and adaptation of Competitors in Product

The North Face had both standardized and adapted their products to the Chinese market. Some of their product categories have standardized designs across the globe. But for China market, they have more variety of products to meet the customer preference. According to Neville Lin, The North Face´s Asia Pacific marketing director, they were going to introduce so-called “Asian fit” in year 2014 (Doland, 2014). Toread is China based company, so their products are localized for the Chinese consumers. Mexican has outdoor apparel production and sales only in China, so their products are also adapted for the Chinese consumers. But competitors such as Columbia and Jack Wolfskin are using standardization strategy for their products.

1.4.5.7 Standardization and adaptation of Competitors in Price

When a company tries to set a price for its product, the customer preferences and the competitive situation are two main factors that drives the price differentiation (Keegan & Schlegelmilch, Global marketing management – A European Perspective, 2001). According to the ATKearney 2013 report, foreign brands like The North Face, Columbia, and Jack Wolfskin have been competing in similar price ranges with the Chinese brand Toread over the past decade (He, Ling, & Li, 2013). So the price is more likely to be adapted against the competition in China.

1.4.5.8 Standardization and adaptation of Competitors in Place

For a vast market like China, choosing sales channels can be very challenging for brands. In the outdoor apparel industry, department stores and specialty stores still remained the main channels for apparel distribution in 2013, accounting for 36.3% and 29.7% of market share. In China, department stores are the main channel for mid-to high-end apparel distribution, but recently some department stores have restructured their merchandise and reduced their dependency on apparel sales. The purpose of being in department stores is to strengthen the brand image, and to more directly cater the outdoor enthusiasts' demand for professional supplies, and to provide more professional sales services to the customers (Fung Business Intelligence Centre, 2014).

According to Euromonitor, there are also a large number of specialty stores opening and are increasingly preferred by brand owners. The advantage of being in those specialty stores is that they are more professional, they provide outdoor activity information on the spot, which effectively arose the consumer´s desire to buy outdoor products (Fung Business Intelligence Centre, 2014). Table 3 shows the market share of apparel by retail format in 2013.

Table 3. Market Share of Apparel by Retail Format in 2013

Retail format	Shares
Department stores	36.3%
Apparel specialist retailers	29.7%
Grocery retailers	5.6%
Leisure and personal goods specialist retailers	12.0%
Non-store retailing	11.0%
Other non-grocery retailers	5.4%

Table 3. Market share of apparel by retail format in 2013. Adapted from "China´s Apparel Market" by Fung Business Intelligence Centre, 2014, Fung Business Intelligence Centre. Copyright 2014 by Fung Business Intelligence Centre.

On the other hand, online retailing is also growing very rapidly. Research has shown that online retailing is the fastest growing retail channel for apparel in China. A graph from China e-Business Research Center shown that the total online apparel transaction value in China grew by 42.6% in 2013 and the trend is increasing for 2014. See figure 5. Many consumers are shifting their spending offline to online. “Show rooming” is a popular phenomenon in China (Fung Business Intelligence Centre, 2014). Many customers go to department stores to try on products and compare quality and prices before they finally purchase online. See Figure 5.

Figure 5. Online Apparel Sales, 2010-2014

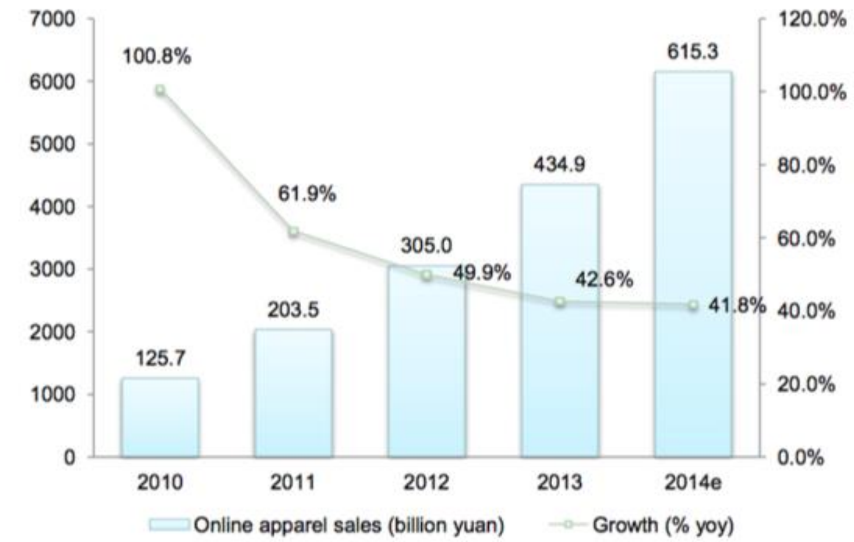

Figure 5. Online apparel sales, 2010 – 2014. Adapted from “China's Apparel Market” by Fung Business Intelligence Centre, 2014, Fung Business Intelligence Centre. Copyright 2014 by Fung Business Intelligence Centre.

Consumers in China usually purchase apparel through B2C[5] segment online stores such as Tmall.com, JD.com and VIP.com. Given the increasing popularity of online shopping, many foreign brands have already opened up online stores under these third-party e-commerce platforms such as Tmall.com. The advantage of doing so is to gain brand awareness and distribute the products more efficiently. Research has shown that Tmall remains an absolute market leader in B2C segment for apparel retailing with market share of 73%, and followed by JD.com and VIP.com with a market share of 5.5% and 5% (Fung Business Intelligence Centre, 2014). See Figure 6. Furthermore, some overseas brands

[5] B2C refers to business to consumers, it means selling products or service to end users.

explore new ways to enter the Chinese market by opening online stores via third party online platforms without setting up physical stores. Some even have started offering preorder to help easy manage their inventory overseas (Fung Business Intelligence Centre, 2014).

Figure 6. Market Share of B2C Apparel Market

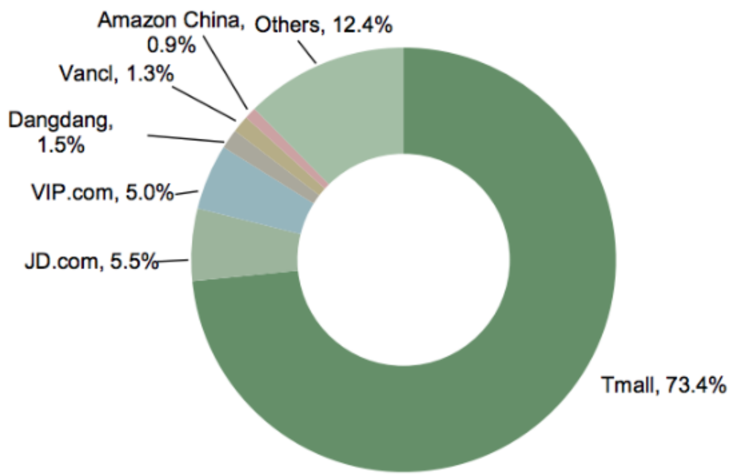

Figure 6. Market share of B2C apparel market, third quarter 20014. Adapted from "China's Apparel Market" by Fung Business Intelligence Centre, 2014, Fung Business Intelligence Centre. Copyright 2014 by Fung Business Intelligence Centre.

North Face currently has 841 stores in Mainland China and it is distributed in almost all big cities in each province. They are all actively expanding their sales networks. In 2012, Toread sales network covered more than 200 large and medium cities all over China and had about 1,200 stores while Columbia had about 600 stores. North Face is expanding their retail outlets from 500 stores to 1000 by 2015. However, the network size is still small for a vast market like China (He, Ling, & Li, 2013). In the last 4 years, Jack Wolfskin had expanded their stores from 100 to 700 (FashionMag, 2015). The brand Mexican has retail stores in department stores and also online stores in Tmall.

1.4.5.9 Standardization and adaptation of Competitors in Promotion

As the megacities in China are growing more crowed, fast-paced and polluted, lifestyle in the cities is very hectic and tense. The ongoing trend of “have some fresh air” is becoming popular and the idea of getting back to nature is catching on. When North Face saw China sales grow more than 20% between 2012 to 2013, they saw the opportunity and decided to co-operate with Factory Design Labs. Together they launched its biggest-ever integrated TV shows, print, digital and social campaign “The Next Explorer” in China. The winner of the campaign could win a trip to the United States.

The campaign ventured beyond The North Face’s traditional industry leading product communications and features North Face global Chinese athlete, Jimmy Chin. Jimmy Chin is one of the most sought after and recognized adventure sports photographer and filmmaker. He participates in and documents break through expeditions around the planet, such as climbing notable first ascents in the Karakoram and skiing first descents in the Himalayas. Jimmy has been a sponsored climber and skier for the North Face Athlete Team for over ten years. He is one of the few people to climb and ski Mount Everest from the summit and has been profiled in National Geographic Magazine, Outside Magazine, People Magazine, Men's Journal and others (Chin, 2015). The aim of this campaign was to help unleash the explorer in every Chinese person. The message aims to inspire the consumers that exploration is more than being out in the wild. It is about discovering and celebrating the unknown every day! It is the joy of living like a curious kid every day! It is a journey that never stops inspiring us every day (Marketing Interactive, 2013).

The campaign put people through physical trials at community festivals and ends with a rock concert and campout in the hills outside Beijing. The campaign buzzed about on social media and drew 216.000 new members to the brand´s online community (Doland, 2014). North Face is very enthusiastic about creating these types of campaigns to promote its brand. The most recent campaign will be held again in Haidian Beijing in Mai 9 to 10, 2015. It is called “Ultra Trail Challenge Beijing”.

To better promote themselves, the brand adapted their promotion according to the Chinese consumer preference, The North Face uses faces that Chinese consumers are familiar with, they are in co-operation with many Chinese athletes. The brand also has its own online community that organizes outdoor activities and shares adventures, experiences, stories, knowledge and latest news to their brand lovers. North Face is also in co-operation with many outdoor communities, travel agencies and airlines to actively provide customers with various outdoor activity packages (The North Face, n.d.). North Face even participated in the one of the most popular TV shows called "Come With Me Dad", it is a Tv Show about celebrity fathers taking their children to experience outdoor activities, enjoy the fatherhood and exploring a new way of parenting style. The show features a new generation of Chinese fathers, who as part of the country's burgeoning middle class, have faced more exposure to modern child-rearing techniques such as taking an active role with their children. The show is modern and funny, it draws millions of audience every day, and it is a good entertainment for both kids and adults (Wong, 2013). So as the brand Toread, it built expedition and exciting Outdoor Reality Show program " I Am Toread" with travel channels. (Beijing Toread Outdoor Products Co., Ltd., 2013).

To better obtain consumer´s attention, not only North Face has their own online community, Toread, Jack Wolfskin and Mexican all adapted to this concept and have their own online community under their Chinese website. Toread attented a series of commonweal activities, such as "Protection For Tibet Antelope", "I Want To Go To School", "Mother Water Cellar" and so on. In 2008, Toread sent two rescue teams to join in the rescue of WenChuan earthquake relief and donated 2.6 million RMB (0.42 million USD) including cash and materials. In 2010, Toread launched the activity "Looking For Toread Explorer" for Amazon riverboat expedition, which was dedicated to discovering an extraordinary journey of ordinary person and encouraged everyone to be brave.

So as Mexican, Mexican has their community website www.veryhike.com. In recent years, Mexican had gotten plenty of complains from their community users, the users complains about Mexican only contracting the groups to local travel agencies for cheap activity packages, and was not participating and fullfilling according to the trip description that was promised to the community users. Users thinks that this is a kind of fraud and the community users are using the social media power to warn other users to be careful. This has created bad reputations for the brand. This also indicates the importantce of what the social media can do to a brand´s reputation.

Unlike others, Columbia has a different promotional strategy, it does not invest heavily in advertising and campaigns. Instead they promote via social media tools such as blogs, Weibo, Sina and Wechat. They emphasize on proving to the customer the high technique and unique feature of their products. Columbia emphasizes on building their online reputation and accurately promotes to their targeting group and obtained more online users to become Columbia fans and participate in Columbia´s outdoor campaigns.

1.4.5.10 Competitors´ Market Position and Marketing Mix

Competition is intensive in outdoor apparel industry in China. All brands have different position the market. Figure 7 shows the positioning of the five competitor brands in China.

Figure 7. Positioning of Competitors in China

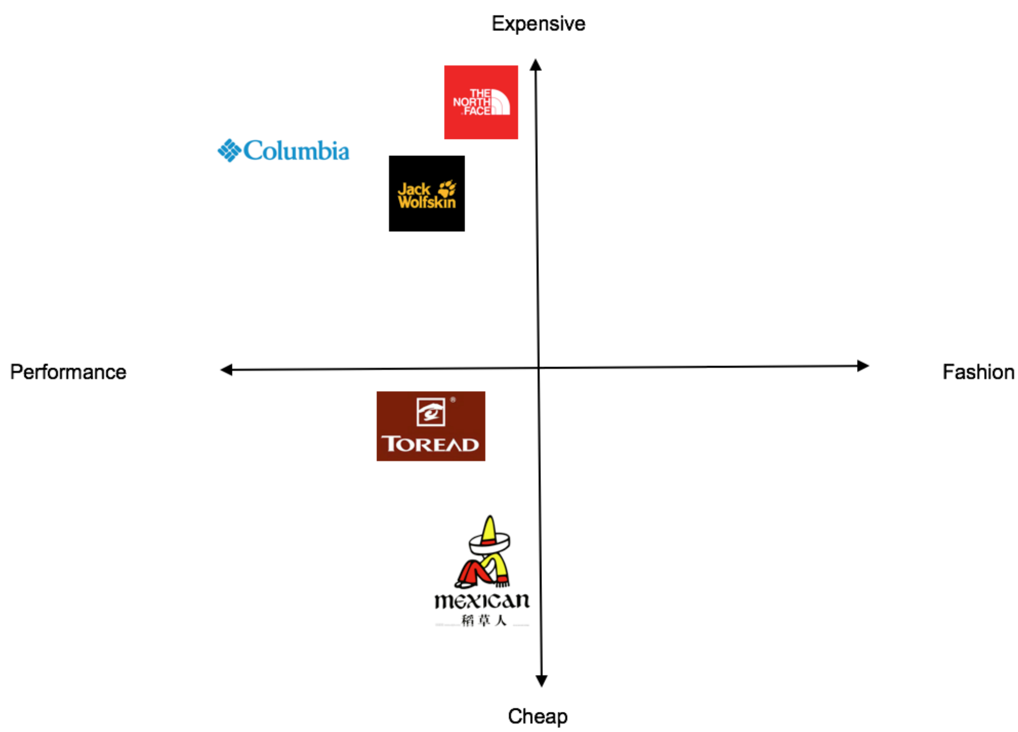

Figure 7. Positioning of the five competitor brands in China. Researcher´s own construction.

Table 4 gives a summary of comparison between Cintamani and the competitors in China in choosing standardization and adaptation strategy for their marketing mix. S indicates standardization, A indicates adaptation, S+A indicates both standardization and adaptation strategy is used.

Table 4. Marketing Mix Comparison

Attributes	Cintamani	The North Face	Jack Wolfskin	Toread	Columbia	Mexican
Product	S	S+A	S	A	S	A
Price	S	A	A	A	A	A
Place	S	A	A	A	A	A
Promotion	S	A	A	A	A	A

Table 4. Marketing mix comparison. Researcher´s own construction.

1.4.6 Political & legal

One of the most important issue facing multinational companies is the subject of taxes and duties imposed on goods imported into and exported out of China. Multinational companies in China should adapt their strategy to the local policy and regulations. In this case, we include only the import tax.

Similar to most countries, there are three types of taxes involved: Value-added tax (VAT), Consumption tax (CT) and Custom duties. Impoted goods to China are subject to VAT, and same applies to the goods sold within the domestic market. The VAT rate is between 13-17 percent. The VAT imposed on importing goods can be used to deduct the output VAT paid when the imported goods are sold in the domestic market.

Consumption tax applies to luxury products that are imported into the country. Customs duties for imported goods are categorized as most-favored-nation tariff (MFN) rates, Conventional tariff rates, Special preferential tariff rates, General tariff rates, Tariff rate quota (TRQ) duty rates and Temporary tariff rates (China Briefing, 2013).

MFN tariff rates are applied to imported goods originating from members of the World Trade Organization, and from countries or territories which have concluded a bilateral trade agreements and goods that originated from China. The MFN rates are the most commonly adopted import duty rates and they are much lower than the general rates compare to non-MFN nations (China Briefing, 2013).

Conventional tariff rates are applied to imported goods orgininating from countries or regions which has entered into a regional trade agreement with China that includes preferential duty clauses. Existing agreements such as The Asia-Pacific Trade Agreement (APTA) and the China-ASEAN Free Trade Area (CAFTA).

Special preferential tariff rates are applied to imported goods originating from countries or regions which have entered into a regional trade agreement with China that includes special preferential duty clauses. Special preferential tariff rates applied to Least Developed Countries are annually adjusted subject to trade or tariff agreements with various countries.

General tariff rate applies to countries that are not covered in any agreements or treaties with Chna.

Tariff rate quota duty rates is a quota for a volume of imports at a lower tariff rates. After the quota limitation, the higher tariff will be applied on the imported goods.
Temporary duty rates are special tariff rates that is implemented within a temporary period of time.

When determining the place of origin of the goods, if the goods are produced in two or more countries or territories, then the country or territory where the goods undergo a final substantial change and completion is the place of origin of the goods. Import companies must register with the Ministy of Commerce (MOFCOM) or its authorized bodies before filling customs declarations. Declarations much be made at the port of entry 14 days before the goods arrive. Documents such as contract of import, invoice, bill of lading, authorization agreement if declared by agents, import approval documents, and processing trade handbook must be accompanied (International Trade Centre, 2012).

Concerning the packaging and labelling, according to the law, all the products sold in China must be labelled in Chinese. Although the information provided is in a foreign language, the details must correspond to the information provided in Chinese. Imported textiles and clothing for domestic sales must conform to the mandatory standards on identification as well as instructions for use written in Chinese, and the identification must also agree with the characteristics of the commodity. The effective regulations on instruction include: GB5296.4-1998[6], and GB/T8685-88[7]. Other standards and technical requirements are such as WTO TBT[8] notifications, National general safety technical code GB18401, National standard of China GB1103, Announcement No.177 of 2005 made by the Administration of Quality Supervision (AQSIQ), specific ethical trading requirements and etc (International Trade Centre, 2012).

2 Literature review

In this chapter, the importance of culture and its difference between countries are presented. The conceptual frameworks that are considered to be relevant to the study are presented in the second part of the chapter. Standardization and adaptation strategy are also discussed for each of the marketing mix in the chapter.

2.1 Cultural diversities

A good start to prepare a multinational organization before it enters into a foreign market is to understand the culture and identify the culture difference for the new market. To identify the cultural diversities one should start by defining culture. The famous cross-culture researcher Edward T. Hall defines culture as “the complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society” (Tylor, 1920). These complex components affect consumption behaviors and purchase patterns of the individual. Philip Kotler sees culture as “the most fundamental determinant of a person´s wants and behavior. Whereas lower creatures are largely governed by-instinct, human behavior is largely learned” (Kotler & Keller, 2011). Different culture groups share different values. By looking at the definitions,

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[6] GB5296.4-1998 is labelling requirement for apparel commodities in China. Its intention is to given instructions to the consumers, so the users can understand the quality of the products and wash the product properly.

[7] GB/T8685-88 is textile-care code and care label that intended to guide consumers on how to care their textile products.

[8] WTO TBT refers to Word Trade Organization´s agreement on technical barriers to trade.

it seems to be easy to identify the visible aspects of culture such as language, food, music, arts or greeting rituals and we can see the difference with our eyes. However, according to Edward T. Hall´s another approach that what we see is only a small piece of a much larger whole, just like an iceberg, the portion which is visible above water is only the surface. Deep below the “water line” are a culture´s core values. Core values are leaned ideas of what is considered to be good or bad, desirable or undesirable, acceptable or unacceptable. And this core value of a culture is passed on from generation to generation and cannot be changed quickly or easily (Hall, 1976). And Hall also suggests that the only way to learn the internal culture of others is to actively participate in their culture. Therefore, we cannot judge a new culture only based on what we see and think. We must take the time to get to know individuals from that culture and interact with them. So it can be difficult for marketers to find the real needs of consumers, they need to spend time to test the water and learn from their customers to target their fundamental needs.

2.2 Customer preference

To obtain market shares in any market it is all about attracting and maintaining customers. To be able to do this successfully, marketers need to understand their customers better. After having some basic understanding about the difference between Chinese and Icelandic culture, the marketers need to further discover and understand the consumer preference of the Chinese consumers.

Product attributes are one of the important measurements of consumer preference. Product features that exceed customers' expectations are classified as attractive attributes. These attributes have the greatest influence on customer satisfaction. Product attributes consists of design, quality, price, function, fissionability, comfort, color, care and etc.

Globalization is also one of the big factors that influences the consumers behavior and local culture. Today´s younger Chinese consumers are growing more individualistic than the older generation. They look for products that are fresh, unique, exciting and offer convenience for their busy lives. They are striving for a better quality of life and they enjoy the feeling of indulgence, mostly because the disposable income level has increased. Therefore, the Chinese consumers are upgrading (Nielsen Holding N.V., 2014).

Many inconsistent results about the important attributes of international consumers were found. A study by Dickson 2004 examined Chinese consumers and found that “price” and “quality” to be the essential attributes that influenced their purchasing decision on foreign apparel brands. Another approach by Delon et al. 2004 indicates that in Chinese consumers' evaluations of US brands, attributes such as design, innovation, workmanship, brand image, service, and display played an important role (Delong, Bao, Wu, Chao, & Li, 2004). Furthermore, another study shown that “price” is an important attribute for consumers (Forsythe, Kim, & Petee, 1999). And according to Zhang et al 2002, “quality” is the essential to customers (Zhang, Li, Gong, & Wu, 2002). These different results indicate that consumers' importance of attributes is not consistent and may change over time. Therefore a new customer research is vital before the decision making of marketing mix.

2.3 Standardization and Adaptation of the Marketing mix

Having the knowledge of customer preference helps to understand and anticipate customer expectations and needs, and then tailor the customer experience by designing the marketing mix strategy. Marketing mix often referred to as the four Ps: Product, Price, Place (distribution), and Promotion. It is a unique blend of product, price, place and promotion strategies designed to produce mutually satisfying exchanges with a target market. Each component can be controled by the marketing manager, but the strategies for all four components must be blended to achieve optimal results (McDaniel, Lamb, & Hair, 2006).

According to Keegan & Green 1999: “ the essence of global marketing is finding the balance between a standardized (extension) approach to the marketing mix and a localized (adaption) approach that is responsive to country or regional differences” (Keegan & Green, Global Marketing, 1999). Marketers and managers have to make decision of wether they should standardize or adapt their global marketing mix. Elements such as place, promotion and price are more adaptable than the product (Onkvisit & Shaw, 2004).

Levitt (1983) argues that companies that are managed well have moved away from customizing items to offering globally standardized products that are advanced, functional, reliable and low priced. According to him, companies can achieve long-term success by concentrating on what everyone wants rather than worrying about the particulars of what everyone thinks they might like (Levitt, 1983). The advantages of standardization are greater global sales volume, easier planning, time saving, lower production cost, greater profitability and integrated image around the world (Keegan & Schlegelmilch, Global marketing management – A European Perspective., 2001). However, the disadvantages also exist, choosing standardization, firms have limited flexibility, much more risky in new markets, and firms may create negative reaction from neglecting local needs. On the contrary, supporters of customization emphasized the importance of international adaptation approach. When a firm faces local competition and wants to be the leader of a market or reach out new segments of the market, adaptation is necessary. It is essential for a company to offer a product more beneficial for customers in order to create a competitive advantage and customer loyalty. Moreover, the product has to be compatible with the culture (local customs and habits) (Onkvisit & Shaw, 2004). The advantage of choosing adaptation are many, the firm respects local specifications and expectations so the firm receives excellent local image, customers keep their landmark and feel noticed. Disadvantages are higher cost, time consuming and difficult to find out what consumers really want.

2.3.1 Standardization and adaptation of product

Products can be defined as goods and services offered by company to the customers (Gwin, 2001). Or products include physical objects, services, persons, places, organizations, ideas or mixes of these entities (Kotler & Keller, 2011). A product is the heart of marketing mix and the starting point (Lamb, Hair, & McDaniel, 2011). It is essential for a company to offer a product more beneficial, attractive or appealing for customers in order to create a competitive advantage and customer loyalty. The client can be attracted not only by the physical tangible product by itself, but also by some of its intangible aspects as: quality, taste, smell, texture, options, physical design, physical features, labelling, service attributes, warranty offered, packaging or brand name (Doole, Grimes, & Demack, An exploration of the management practices and processes most closely associated with high levels of export capability in SMEs., 2006) (Pasqualotto & Ugalde, 2010) (Brei, D'Avila, Camargo, & Engels, 2011). Colour, size, shape, style, country of origin (Manu & V. , 1996), image, materials, durability and performance (Vrontis & P. , 2004), usage pattern (Boztepe, 2007), and weight (Pasqualotto & Ugalde, 2010) are other attributes of products. Companies need to define which product attribute should be standardized and which attribute should be adapted.

According to Onkvisit & Shaw (2004), product standardization is an approach where a firm is able to export their products to international markets without any essential changes thanks to the similarities in taste and needs in global market (Onkvisit & Shaw, 2004). Product standardization is more used for industrial goods products than customer products or service, because customer product or service has to be adapted to the local culture (Czinkota, Ronkanen, & Ronkanen, 1995). Furthermore, high-tech products are more likely to be associated with a standardized strategy than an adaptive one (Wang, 1996). Product adaptation is more used for consumer goods. Among consumer goods, non-durable goods are less able to be standardized than durable goods. Therefore, adaptive strategies are generally perceived to be more appropriate for non-durable goods (Chung, 2003).

2.3.2 Standardization and adaptation of price

Standardized price means the price is fixed for all international markets. Standardized in price is more used by companies in B2B market than in B2C market because B2B Market are less price-sensitive.

When a MNC tries to set a price for their products for a different market, the customer preferences and the competitive situation are the two main factors that drive the price differentiation. On the other hand, decreasing transportation costs and improved communication and information flow are the two main factors that drive the price standardization (Keegan & Schlegelmilch, Global marketing management – A European Perspective, 2001).

Figure 8. Factors Drives Standardization and Adaptation

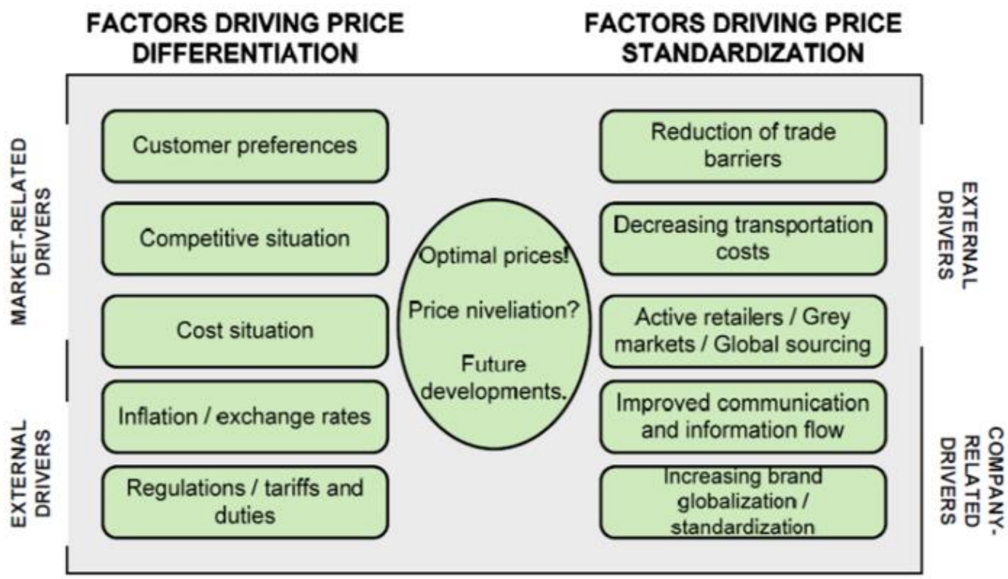

Figure 8. Factors Drives Standardization and Adaptation. Adapted from "Global marketing management – A European Perspective." by Keegan, J. K.; Schlegelmilch, B. B. , 2001, Ashford Colour Press Ltd., p. 408. Copyright 2001 by Ashford Colour Press Ltd..

2.3.3 Standardization and adaptation of place

Place indicates the channels of distribution, the distribution channels that make products available for customers (McDaniel, Lamb, & Hair, 2006).

Choosing a type of distribution channel is a major decision in the long-term development of marketing strategies. It is difficult to standardize the distribution because distributions vary in different markets. Distribution channels are developed through cultural influences; for example it can be shops and supermarkets of different size or different internet sales channels (Doole & Lowe, International marketing strategy: Analysis, development and implementation., 2001).

The MNCs have to understand all the aspect of the distribution channels in the particular market to be able to maximize the profit, and thus contribute to the success of the company.

2.3.4 Standardization and adaptation of promotion

Promotion inclues advertising, public relations, sales promotion and personal selling. Promotion´s role in the marketing mix is to bring about mutually satisfying exchanges with target markets by informing, educating, persuading, and reminding them of the benefits of an organization or a product (McDaniel, Lamb, & Hair, 2006).

MNCs also have to decide the degree of adaptation or standardization. When the company decides to standardize the promotion, the advertising message has to be universal and effective around the globe. According to Melewar and Vemmervik (2004), the main advantage of the standardization is the reduction of advertising costs and consistent brand image worldwide. Other benefits of standardization includes sharing experience, effective use of advertising budgets, consistency of communication less duplication of effort, and pre-selling of the company´s product. However, there are also arguments against standardization of promotion. The cost reduction does not automatically imply profit maximization as standardization may make the advertising unappealing or damaging the brand image to target segments and thereby loosing opportunities of sales. In other words, adapting the advertisement locally can gain maximum effectiveness in terms of response and sales. The visual and verbal parts of advertising are particularly sensitive to the local culture. Therefore, adaptation by using local language, models and scenery increases the effectiveness of the advertisement. (Melewar & Vemmervik, 2004)

Melewar and Vemmervik (2004) continued, the degree of standardization of advertising depends on the nature of the product. This may be the most important factor that determines the possibility to standardize the company’s advertising. The product categories are usually divided in to consumer durable, consumer non-durable and industrial goods. As mentioned earlier about product, industrial goods have the highest level of standardization, followed by consumer durables and consumer non- durables (Melewar & Vemmervik, 2004). Clothing is considered to be consumer non-durables, because it is immediately consumed by consumers and has an expected lifespan of three years or less.

2.4 Conceptual framework

Hofstede´s cultural framworks and Edward T. Hall´s high vs. low context culture are presented in this chapter. Various tools that helps to make decisions of how to choose between standardize or adapt the marketing mix are as well used in this chapter.

2.4.1 Cultural dimensions

Having identified what the culture is, one can now explore further for the culture influence in relation to international marketing. Culture involves different dimensions. One of the well-known and comprehensive cultural frameworks is Hofstede´s five cultural dimensions. Even though Hofsted´s approach has some pros and cons, the cultural dimensions can still provide marketers with basic knowledge about cultural diversities to help them realize better solutions for an organization when first entering an international market. The five cultural demensions consists of: Power Distance (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance (UAI) and Long-Term Orientation (LTO) (Hofstede, Cultures and Organizations: Software of the Mind, 2010).

2.4.1.1 Power Distance (PDI)

This dimension measures the extent to which the less powerful members of a society accept and expect that power is distributed unequally. The fundamental issue here is how a society handles inequalities among people. People in societies exhibiting a large degree of power distance and accept a hierarchical order in which everybody has a place and which needs no further justification. The power-distance index figure is lower in countries or organizations in which authority figures work closely with those not in authority. People strive to equalise the distribution of power and demand justification for inequalities of power (Hofstede, Dimensions, 2012).

2.4.1.2 Individualism versus Collectivism (IDV)

The high side of this dimension is individualism. It can be measured as the degree to which individuals are integrated into groups. Everyone is expected to look after themselves and their immediate family. It´s opposite, collectivism and represents a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty. (Hofstede, Dimensions, 2012).

2.4.1.3 Masculinity versus Femininity (MAS)

In the business context Masculinity versus Feminity is refered to as "tough versus gender" cultures. “The masculinity side of this dimension represents a preference in society for achievement, heroism, assertiveness and material rewards for success. Society at large is more competitive. It´s opposite, femininity, stands for a preference for co-operation, modesty, caring for the weak and quality of life. Society at large is more consensus-oriented.” (Hofstede, Dimensions, 2012).

2.4.1.4 Uncertainty Avoidance (UAI)

The uncertainty avoidance dimension expresses the degree of tolerance of feeling uncomfortable with uncertainty and ambiguity. The fundamental issue here is how a society deals with the fact that the future can never be known, so the question is should the future be controlled or just wait and see what happens. “Countries exhibiting strong UAI maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles” (Hofstede, Dimensions, 2012).

2.4.1.5 Long-Term Orientation (LTO)

Every society has to maintain some links with it´s tradition and obligations while dealing with the challenges of the present and the future. Societies act differently in prioritizing these two goals. “ Societies who score low on this dimension, for example, prefer to maintain time-honored traditions and norms while viewing societal change with suspicion.

Those with a culture that scores high, on the other hand, take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future" (Hofstede, Dimensions, 2012).

2.4.1.6 Iceland vs. China in cultural dimensions

To be able to have a better understanding of the cultural differences, the comparison of the five dimensions was conducted between Iceland and China. (See Figure 9)

Figure 9. Comparison of Culture Dimensions between Iceland and China

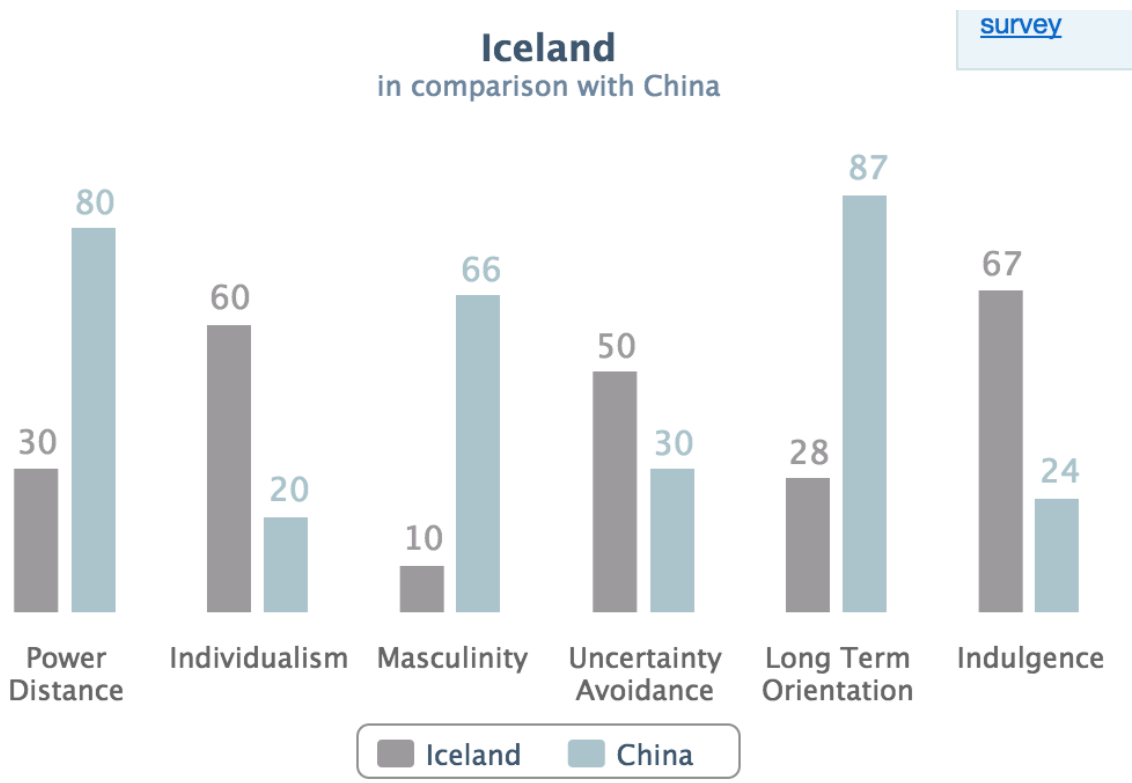

Figure 9. Comparison of Culture Dimensions between Iceland and China. Adapted from http://geert-hofstede.com/dimensions.html by Hofstede, Geert, 2012. The Hofstede Centre. Copyright 2012 by The Hofstede Centre.

Iceland has a very low score of 30 in Power Distance, where China scores at 80. This indicates that hierarchy is established for convenience, superiors are always accessible and managers rely on individual employees and teams for their expertise. Both managers and employees expect to be consulted and information is shared frequently. On the other hand, the subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors. Formal authority and sanctions influence individuals, they are in general optimistic about people's capacity for leadership and initiative.

For individualism, China has highly collectivist culture where people indeed act in the interest of the group, not interest of themself. In-group considerations affect hiring and promotions with closer in-groups (such as family) are getting preferential treatment. Personal relationships prevail over task and company. Iceland is different; people look after themselves and their immediate families in Iceland. In the Icelandic business world, employees are expected to be self-reliant and display initiative. Also, within the exchange-based world of work, promotion decisions are based on merit or evidence of what a person it had done or can do (Hofstede, Dimensions, 2012).

For masculinity, Iceland is considered a definitively feminine society. The focus here is on "working in order to live", people value equality, solidarity and quality in their working lives. Conflicts are usually resolved by negotiation and compromise. Free time and flexibility are favored by Icelanders. China is a masculine society, success oriented and driven by competition, achievement and success. The Chinese are so success driven, that in fact, many Chinese will sacrifice family and leisure priorities for work. For example, people in the service sector, often provide services until very late at night. Employees often need to worke outside of the working hours. Leisure time is not so important to the Chinese. The migrated farmer workers will leave their families behind in faraway places in order to obtain better work and pay in the cities (Hofstede, Dimensions, 2012).

For uncertainty avoidance, Iceland is a fairly pragmatic culture with a low score of 50. This means that both generalists and experts are needed in Iceland. There is a focus on planning and very often these plans can be altered at short notice and improvisations can take place. Icelandic people are fairly relaxed and not against taking risks. Therefore emotions are not shown much in Icelandic societies. Consequently, there is a larger degree of acceptance for new ideas, innovative products and a willingness to try new or different things, whether it relates to technology, business practices, or food. On the other hand, China has a low score on uncertainty avoidance. Laws and rules may be flexible to suit the actual situation and pragmatism is a fact of life. Chinese are comfortable with ambiguity, Chinese language is high context culture, it has full of ambiguous meanings that can be difficult for Western people to follow. Chinese are adaptable and entrepreneurial (Hofstede, Dimensions, 2012). Details about high context culture will be explained in the next chapter.

For long term orientation, China scores 87 in this dimension, which means that it is a very pragmatic culture, where Iceland has a normative culture. In societies with a pragmatic orientation, people believe that truth depends very much on a situation, context and time. Chinese show abilities for adapting traditions easily to changed conditions, a strong propensity on saving and investing. Chinese has strong consciousness on thriftiness, and perseverance in achieving results. Icelandic people have a strong concern with establishing the absolute Truth; they are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity for saving for the future, Icelanders are more keen to enjoy life styles. Moreover, Icelanders prefers achieving quick results (Hofstede, Dimensions, 2012).

2.4.2 High vs. Low context culture

Another approach by Edward T. Hall to help the marketers understand the different culture is the High versus Low context culture. Hall described cultural differences in the use of language and context in communication. He categorized the communication that occurs mostly through language as the low context (LC). And communication that occurs in ways other than though language as high context (HC).

A HC communication is when “most of the information is either in the physical context or initialized in the person, while very little is in the coded, explicit, transmitted part of the message”. In comparison to the meaning of low-context communication is “the mass of information is vested in the explicit code” (Hall, 1976).

So in a high context communication culture, it is important to combine messages portrayed by the speaker’s verbal communication and nonverbal behaviors to get the full meaning of the message. High-context communication tends to be more formal and indirect. Flowery language, humbleness, and elaborate apologies are common for high context communicators. In the high context culture, developing trust is important to business interactions. Face-to-face interactions are preferred so that nonverbal messages can be used to decipher the meanings. To the contrary, the meaning of messges is only in the words in low context communication. Direct communicaitons is preferred and respected. Decisions are made based on how it affects the task at hand and relationships are often not factored in. This is portrayed in the idea of “business isn’t personal” (Griffith, 2011). See Table 5, for General comparative characteristics of culture and example of countries.

Table 5. General Comparative Characteristics of Culture

Characteristic	**Low-context/individualistic** (e.g. western Europe, USA)	**High-context/ collectivistic** (e.g. Japan, China, Saudi Arabia)
Communication and language	Explicit, direct	Implicit, indirect
Sense of self and space	Informal handshakes	Formal hugs, bows, and handshakes
Dress and appearance	Dress for individual success, wide variety	Indication of position in society, religious rule
Food and eating habits	Eating is a necessity, fast food	Eating is social event
Time consciousness	Linear, exact, promptness is valued, time equals money	Elastic, relative, time spent on enjoyment, time equals relationship
Family and friends	Nuclear family, self-oriented, value youth	Extended family, other oriented, loyalty and responsibility, respect for old age
Values and norms	Independence, confrontation of conflict	Group conformity, harmony
Beliefs and attitudes	Egalitarian, challenge authority, individuals control destiny, gender equity	Hierarchical, respect for authority, individuals accept destiny, gender roles
Mental process and learning	Lateral, holistic, simultaneous, accepting life's difficulties	Linear, logical, sequential, problem solving
Business/ work habits	Deal oriented ("quickly getting down to business"), rewards based on achievement, work has value	Relationship oriented ("first you make a friend, then you make a deal"), rewards based on seniority, work is an necessity

Table 5 General comparative characteristics of culture. Adapted from "Essentials of global marketing." by Hollensen, S., 2008, Harlow: Prentice Hall, p. 151-153. Copyright 2008 by Harlow: Prentice Hall.

2.4.3 Standardization and adaptation of the marketing mix

When entering international markets, one of the most complicated issues that organizations have to manage is to explore the answer for the question whether the organization should apply domestic strategies to international markets (standardization approach), or whether marketing strategies should be designed to suit each individual market (adaptation approach), or whether the marketing strategy should be a combination of both approaches.

Figure 10. Standardization and Adaptation of the International Marketing Mix

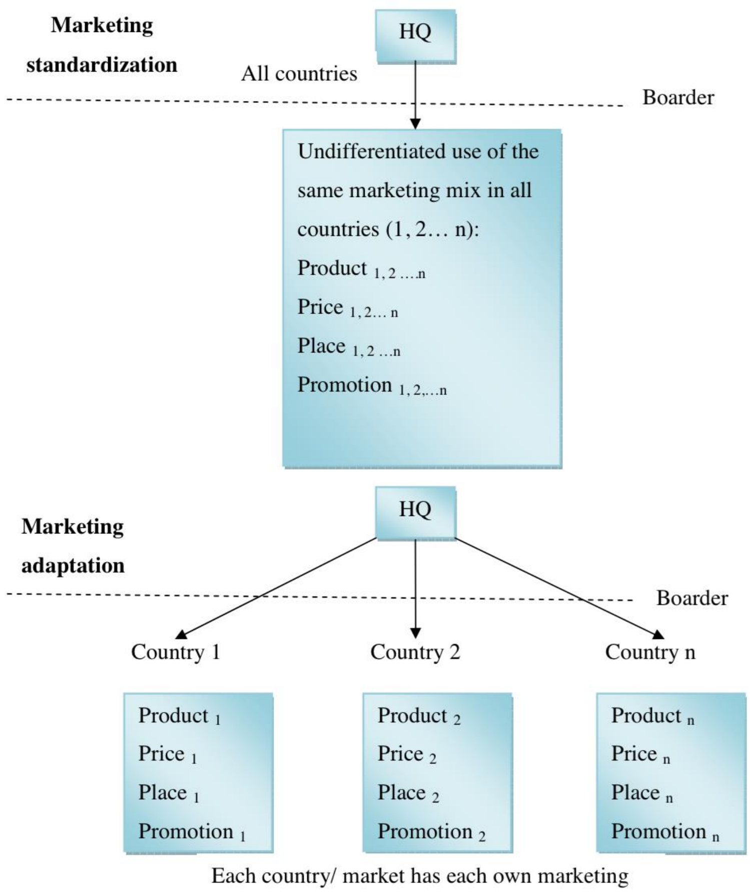

Figure 10. Standardization and Adaptation of The International Marketing Mix. Adapted from "Essentials of global marketing." by Hollensen, S., 2008, Harlow: Prentice Hall, p. 297. Copyright 2008 by Harlow: Prentice Hall.

Doole & Lowe (2001) suggested a continuum of standardization and adaptation for firms to decide the balance between standardization and adaptation for each element of marketing management (See Figure 11). In the continuum, they indicated that product and service image generally easier to standardize than promotion, distribution, and pricing.

Figure 11. Continuum of Standardization and Adaptation

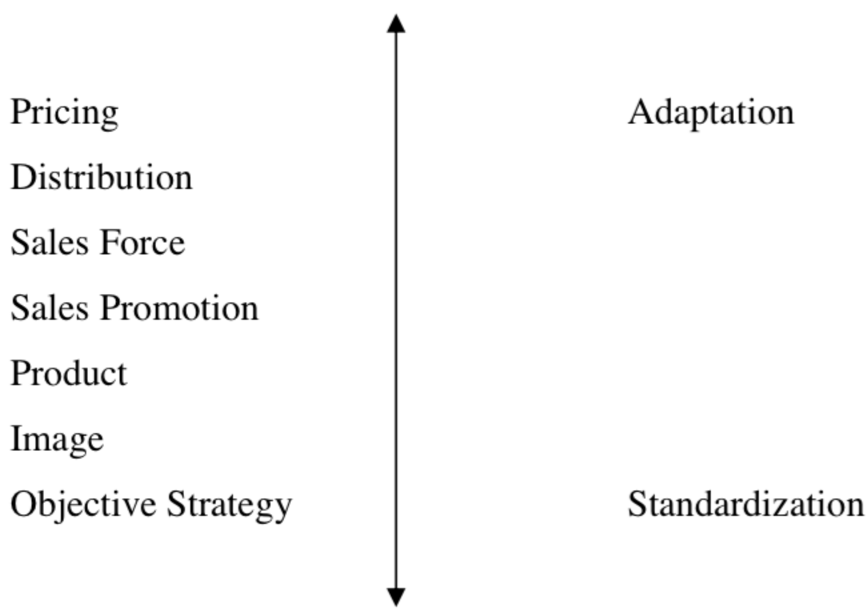

Figure 11. Continuum of Standardization and Adaptation. Adapted from "International marketing strategy: Analysis, development and implementation." by Doole, I.; Lowe, R., 2001, Thomson Learning, p. 225. Copyright 2001 by Thomson Learning.

However, Doole & Lowe (2001) also agreed that in reality, firms also adopt a combination of standardization and adaptation. In this regard, they manage the marketing programs and processes by globalizing some elements and localizing others (Doole & Lowe, International marketing strategy: Analysis, development and implementation., 2001). Table below shows the comparison of standardization and adaptation.

Table 6. Comparison of Standardization and Adaptation

	Standardization	**Adaptation**
Product	Industrial products for which technical specifications are important	Services and consumer products which are more susceptible to be influenced by individual tastes, favors adaptation
Costs	Lower costs as a result of economies of scale in production, marketing and R&D	Higher cost of implementation
Consumer needs	Similarity of customer tastes and consumption patterns across different markets that have analogous income levels and economic growth	Variations in consumer purchasing
Politics	Centralization of authority for establishing policies and allocating resources	Differences in government regulation, e.g. products' technical standards, local content laws and tax policies
Subsidiary	Strong linkage of the subsidiary and the headquarters	Independence and autonomy of national subsidiaries, which may develop their own products
Competitors	Standardization strategy followed by competitors	Adaptation strategy followed by competitors
Management orientation	Ethnocentric orientation	Polycentric orientation
Stages of development	Foreign and domestic markets for a product are in same stages of development	Foreign and domestic markets for a product are in different stages of development

Table 6. Comparison of Standardization and Adaptation. Adapted from "International marketing." by Czinkota, Michael R.; Ronkainen, Ilkka A., 2000, 10 Edition, Cengage Learning, p. 306-309. Copyright 2000 by Cengage Learning.

Furthermore, the success of a company is based on what marketing strategy the firm is going to use (adaptation or standardization). However, the decision to choose one or the other is also based on business objectives.

3 Methodology

This is a descriptive research. The aim of this research is to focus on investigating the customer preference and factors that influence the purchasing decision, and use the findings to assist in making decision of how Cintamani can standardize or adapt their marketing mix for China market. A customer survey will be conducted for data collection. Primary data will be collected from this survey. Secondary data will be searched and gathered in the first phase of the research. Some related internal information will be provided by the company Cintamani and will be used as assistance to the analysis.

3.1 Participants and Settings

Participants in this study were Chinese consumers from all areas in China. The sampling frame was made up of Chinese website users who voluntarily answered the questionnaire though Sojump, a Chinese online survey website. Overall, 572 participants participated in the survey, with 284 women (49.65%) and 288 men (50.35%), which is almost equally divided.

Table 7. Participants by Gender Groups

Gender	Total	Percentage
Male	288	50.35%
Female	284	49.65%
Total	572	100%

Most participants are aged between 26-35, born between 1980-1989, or 56.29%. Followed by is the age group of 36-45, born between 1970-1979, or 19.06 %, and the age group of under 25, born after 1990, or 18.53%. Last two age groups are at the age of 46-55 with 5.42% and above 56 with only 0.7%.

Table 8. Participants by Age Groups

Age	**Total**	**Percentage**
Born after 1950	4	0.70%
Born 1960-1969	31	5.42%
Born 1970-1979	109	19.06%
Born 1980-1989	322	56.29%
Born after 1990	106	18.53%
Total	**572**	**100%**

Most participants had education of collage level, or 82.87%, followed by education of master´s level, or 11.54%, high school level 4.55%, and 0.35% under high school level. Regarding the geographic region of the participants, the participants seem to be evenly distributed through the mainland, with highest participation from Shanghai and Guangzhou, or 12.76%. Followed by 11.54% participants from Beijing, or 11.54%, 7.34% participants from Fujian Province, 6.82% participants from Shandong and Jiansu Province, 5.94% participants from Zhejiang Province, 5.59% participants from Hebei Province, 3.15% participants from Liaoning Province, 2.8% participants from Sichuan Province and ect.

Regarding the geographic region of the participants, 37.6 percent of participants are from Tier 1 cities[9], 0.7 percent of participants are from overseas, and the rest of the participants are from Tier 2 cities[10].

3.2 Research and Questionnaire Design

This analysis is based on descriptive and survey research method. The main focus in this survey is to find out the customer preference and factors that influence the consumer purchasing decision. The first two questions are about the current competitors in Chinese outdoor apparel market and whether consumers are loyal to any of the mentioned brands. And then 9 questions regarding the marketing mix are utilized for analysis. Those questions were created based on the four components of the marketing mix: product, price, place and promotion. Questions 3 and 5 are about product. Questions 4 and 11 are about price. Question 6 is about place. And questions 6 and 10 are about promotion. The style of the questionnaires consist of single-choice, multiple-choices questions and ranking questions. There are 4 background questions about Gender, Age, Education and Geographic region in the end of the survey. See questions in Appendix A.

The questionnaire was designed both in Chinese and English, the Chinese version of questionnaire was posted for consumers to participate. The tools used to create the questionnaires and run the survey were Sojump, a Chinese online survey software. Sojump was used to create and host the survey. Social media tools that used to reach the participants were Wechat and QQ zone. Online survey websites such as Taidu8, 1diaocha, and outdoor activity club websites such as Outdoors and lvye were all used as well to reach more participants. To be able to get as broad group of participants as possible, the link of the questionnaire was shared with friends and family members on Wechat and QQzone, the

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[9] Tier 1 Cities are Shanghai, Beijing, Shenzhen, and Guangzhou. These cities had been important political, cultural, industrial and financial centers in China as well as key hubs for the greater East-Asia region.

[10] The markets in Tier 2 cities are a lot less competitive and the labor costs are substantially cheaper compared to Tier 1 cities. A rapid increase in consumer spending in second tier cities is creating more demand for foreign brands. Tianjin and Chengdu are examples of cities that fall within the second tier high category. These two cities are considered rapidly developing economic centers.

link was also shared on online survey websites and user website of outdoor activity clubs (Ivye and Outdoors).

3.3 Independent and dependent variables

The independent variables in this research were the background questions regarding gender, age, education (questions 12-14). The dependent variables are product attributes (question 5): Technical performance, color/Pattern, quality, fashion trend, style/design, unique features, warranty, durability, brand and price. And influential of the purchasing decision (question 7): advertising, friends/family review, product reviews, and in-store displays.

3.4 Procedure

As mentioned in previous chapter, the participants are Wechat, QQzone users, outdoor activity members and online survey voluntaries. When the survey was published to the participants, the participants were informed that the survey was anonymous and the answers could not be traced back to participants. The survey was published on various places on 1st of March 2015, and was online for three weeks. Data collection was carried out after reaching 572 participants. Data analysis is conducted by using SPSS and Excel, tables and graphs used in Result section were all created in SPSS and Excel. Questions 5 and 7 are ranking questions. Question 5 consists of ranking from 1 to 10, 1 being the most important and 10 being the least important. Question 7 consists of ranking from 1 to 4, 1 being the most influential factor and 4 being the least influential factor. To be able to analyze those two questions, the data of these questions were recoded into scales of likert scale. Given 10 score for the most important and most influential factor. And 1 score for the least important and least influential factor.

4 Results

In this chapter the main findings of this research will be presented and displayed by using both tables and graphs.

4.1 Customer preference of product attributes

A sample T-test was done to analysis the level of importance of the product attributes (Question 5). To be able to perform T-test for ranking questions, the data was recoded as explained in chapter 5.3. According to the results, quality has the highest mean of all attributes (($M= 8{,}27$, $SD=2{,}157$); $t(548)= 89.869$, $p<0{,}05$).

Table 9. Descriptive Statistics, Mean and the Std. Deviation of Customer preference

Attributes	N	Mean	Std. Deviation	Std. Error Mean
Technical performance	518	6.12	2.965	.130
Colour/Pattern	507	5.50	2.949	.131
Quality	549	8.27	2.157	.092
Fashion trend	527	6.60	2.669	.116
Style/Design	507	5.74	2.559	.114
Unique Features	501	5.56	2.472	.110
Warranty	495	4.33	2.483	.112
Durability	514	5.77	2.517	.111
Brand	508	4.83	2.747	.122
Price	507	4.33	2.840	.126

Independent samples T-test was done also to examine whether there were statistically significant difference in the mean for gender groups. The significance level of all attributes for Levene´s test were all larger than the cut-off of .05. This means that the assumption of equal variances has not been violated. Analyze furthure to find out whether there is a significant difference between the gender groups, the value in Sig. (2-tailed) column is all above .05, that indicates that there are no significant difference between the two groups. Except Color has a value of .008, which is less than .05, therefore, there is a significant difference in the mean scores on Color for gender groups.

4.2 Influential factors of purchsing decision

A sample T-test was done to analysis the factor that most influence the customer´s purchasing decision (Question 7). To be able to perform T-test for ranking questions, the data was recoded as explained in chapter 5.3. According to the results, Friend review has the highest mean of all attributes ((M= 3,11, SD=1.017); t(545)= 71.471, p<0,05).

Table 10. Descriptive Statistics, Mean and the Std. Deviation for Influential Factors

Attributes	N	Mean	Std. Deviation	Std. Error Mean
Advertising	533	1.79	1.011	.044
Friend Review	546	3.11	1.017	.044
Product Review	535	2.58	.930	.040
In-store Display	537	2.74	1.037	.045

Independent samples T-test was done also to examine whether there were statistically significant difference in the mean for gender groups. The significance level for Levene´s test were all larger than the cut-off of .05. This means that the assumption of equal variances has not been violated. Except the significance level of In-store display is less than p=.05, therefore it violate the assumption of equal variance.

Analyze furthure to find out whether there is a significant difference between the gender groups, the value in Sig. (2-tailed) column is all above .05, that indicates that there are no significant difference between the two groups.

4.3 ANOVA

ANOVA was conducted for both Question 5 and 7 to examine whether there were any statistically significant differences between the age groups.

4.3.1 The customer preference of product attributes

A one-way analysis of variance (ANOVA) was conducted for analysis of independent variable “Age” to investigate the effect it had on the dependent variable “The customer preference” on products. Participants were divided into five groups according to their age (Group 1: Born 1950-1959, Group 2: Born 1960-1969, Group 3: Born 1970-1979, Group 4: Born 1980-1989 and Group 5: Born after 1990). Due to the low number of responses in the age groups 1 this age group was omitted from the analysis.

There was a statistically significant difference for Fashion and Warrenty at the $p<0{,}05$ level in Life Orientation Test (LOT) for the age groups: $F(3, 519) = 2.928$, $p=.033$ and $F(3, 487) = 3.981$, $p=.008$. Despite reaching statistical significance, the actual difference in mean scores between the groups was small. The effect size, calculated using eta squared, was both .02.

Post-hoc comparisons using the Tukey HSD test indicated that for fashion, the mean score for Group 3 ($M = 7.1$, $SD = 2.637$) was significantly different from Group 4 ($M = 6.4$, $SD =2.666$). For Warranty, the mean score for Group 2 ($M = 3.25$, $SD = 2.413$), was significantly different from Group 4 ($M = 4.63$, $SD = 2.48$)

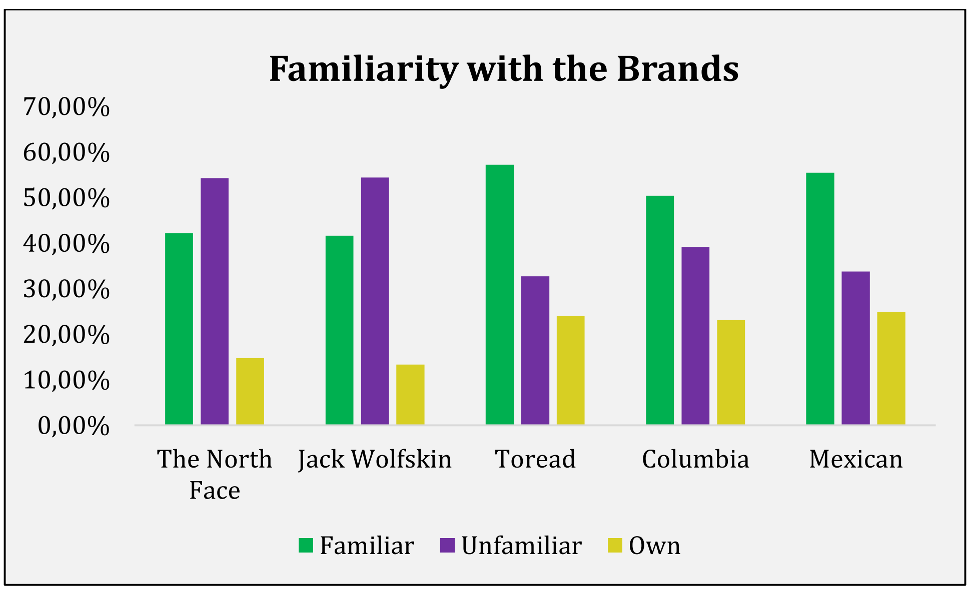
4.3.2 Influential factor of purchasing desicion

A one-way analysis of variance (ANOVA) was conducted to examine whether there were any statistically significant differences between the age groups when it comes to influential factor of purchasing desicion. Due to the low number of responses in the age groups 1 this age group was omitted from the analysis. There was not a statistically significant difference between the age groups.

4.4 Brand Familiarity

The results from question 1 “The familiarity and ownership with the following brands” are presented in Figure 12 . The figure shows the overall familiarity and ownership of the five famous brands by the Chinese consumers.

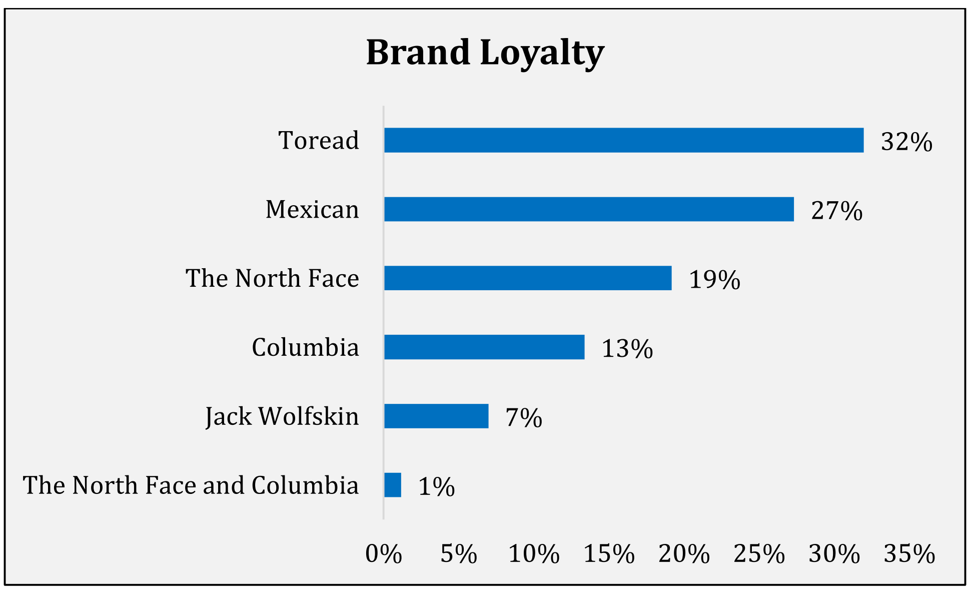
Figure 12. Familiarity with the Brands



4.5 Brand Loyalty

The results from question 2 “Do you consider yourself to be loyal to any particular brand” are presented in Figure 13 . This is a single choice question asking participant whether they are brand loyal to any of given brands. If the participant is brand loyal to any brand, he or she is asked to write down the brand name. For this question, 395 participants stated that they are not brand loyal to any of the five brands, where 177 participants are brand loyal to some brands. Within the 177 participants, 5 participants gave invalid answer, it has been excluded from the figure below. The figure shows the overall brand loyal towards the brand users. Furthermore, there are 2 participants (1%) who is brand loyal to both The North Face and Columbia.

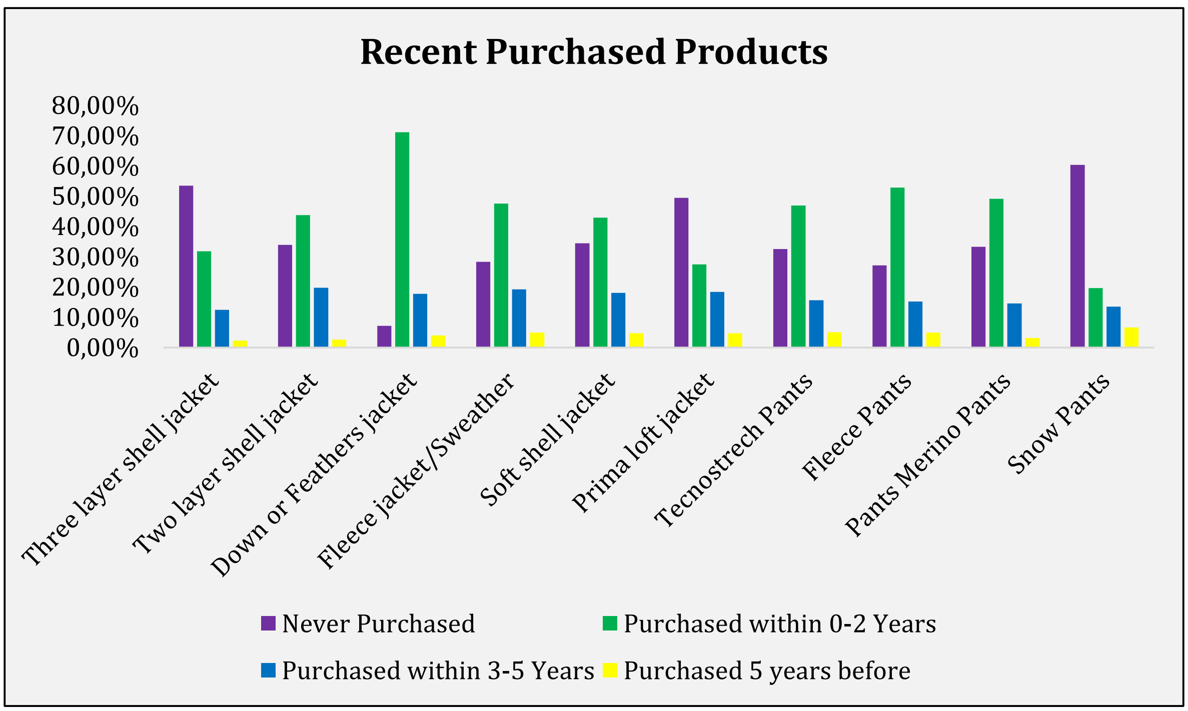
Figure 13. Brand Loyalty



4.6 Most Recent Purchase Product

The results from the question 3 “The most recent purchase of outdoor apparel” are presented in Figure 14. The ourdoor apparel includes: three layer shell jacket, two layer shell jacket, down or feathers jacket, fleece jacket/sweater, soft shell jacket, Prima loft jacket, tecnostrech pants, fleece pants, Merino pants and snow pants. Figure here below shows the overall recent purchase of the chosen apparel products.

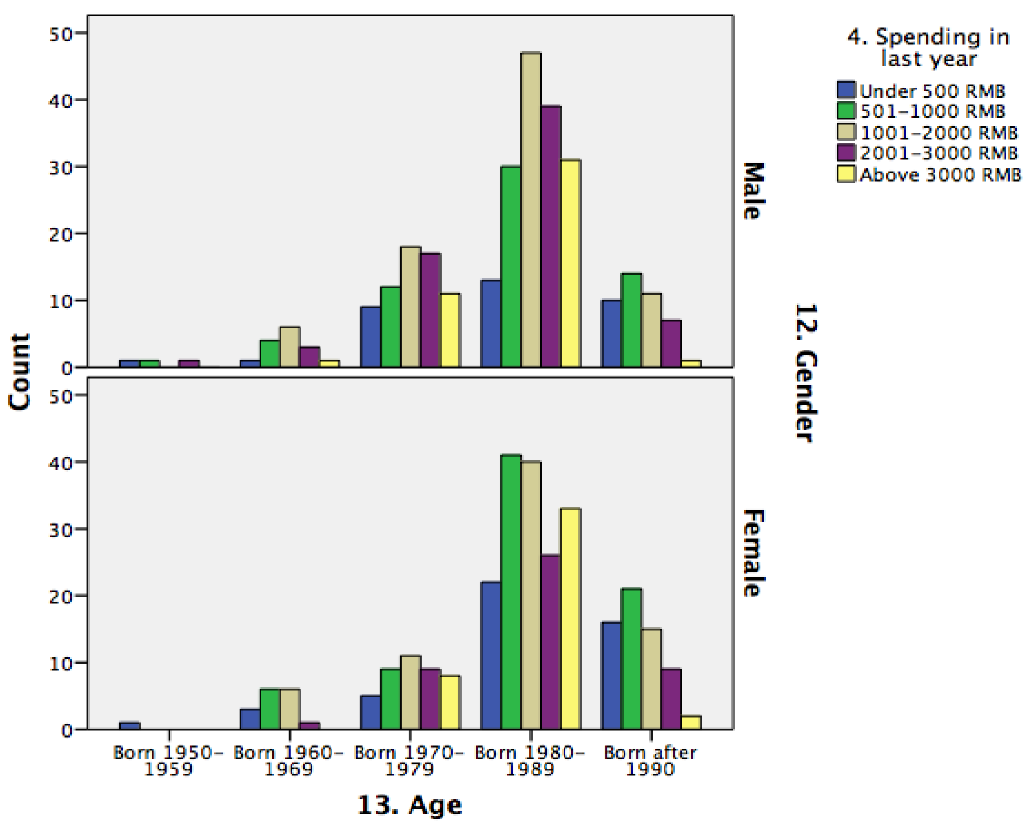
Figure 14. Recent Purchased Products



4.7 Spending in last year

The results from question 4 “In the last year, how much have you spend on outdoor apparel?” are presented in Figure 15. The amount is categorized into five groups in the Chinese currency RMB. Group 1 under 500 RMB is equivalent to 80 USD. Group 2 501 – 1000 RMB is equivalent to 81 – 161 USD. Group 3 1001-2000 RMB is equivalent to 162 – 322 USD. Group 4 2001-3000 RMB is equivalent to 333 – 484 USD. Group 5 above 3000 RMB is equivalent to above 484 USD. Figure here below shows the overall spending in last year defined by independent variables gender and age.

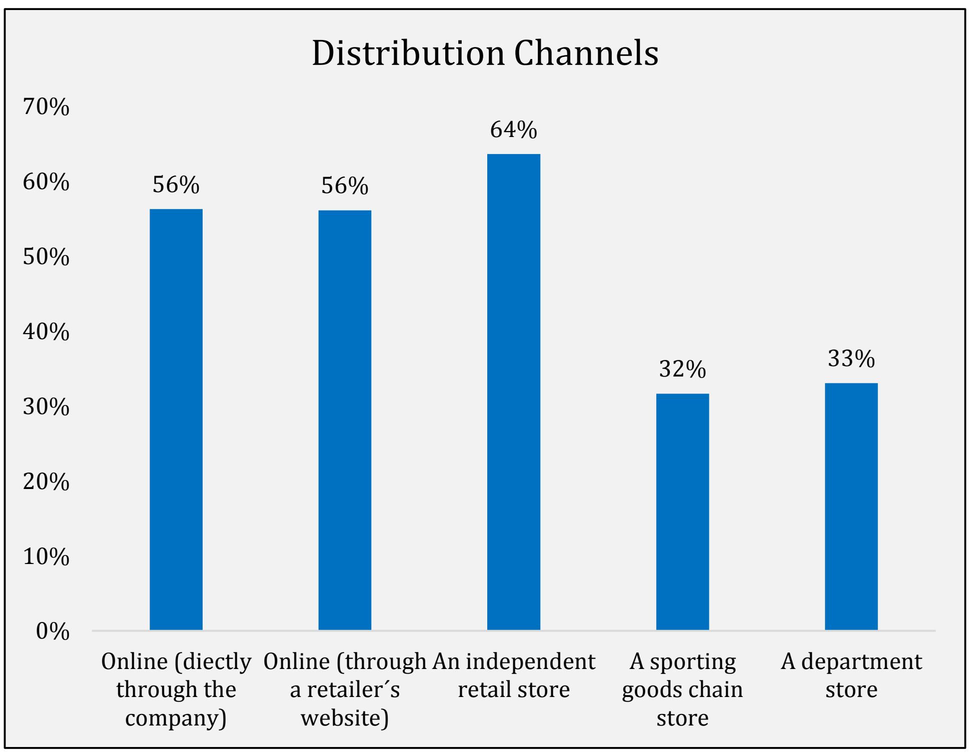
Figure 15. Spending in last year by Gender



4.8 Distribution Channel

Question 6 “Where do you make the majority of your purchases of outdoor apparel?” are presented in figure 16. The figures show the overall customer preference of each distribution channel for outdoor apparel defined by independent variables gender and age. Results show the most popular distribution channels for outdoor apparel is the independent retail store. Online stores are also very popular, whether it is directly through the company or through a retailer´s website.

Figure 16. Distribution Channels



5 Discussion

There is a need for research that leads to a better understanding of consumer preference in China and the factors that influence the consumer´s purchasing decision. And how to use the information to help making desion of whether to standardize or adapt Cintamani´s marketing mix. These research questions will be discussed here below, and a managerial implication will be recommended as well.

5.1 Relation to the literature

According to the comparison of Hofstede´s culture dimensions between Iceland and China, see Figure 9 in literature review chapter. China has an score of 87 which is highest with in the six dimensions, which means China is a very pragmatic culture, Chinese consumers believe that truth depends very much on situation, context and time. Chinese consumers can adapt traditions easily to changed conditions. Therefore, consumer preference is very important to research and adapt for Chinese market.

The continuum of adaptation and standardization can be used to help making decision of whether to adapt or strandardize Cintamani´s marketing mix in China market. Comepare the continuum to Cintamani´s current situation, Cintamani´s product meets the Chinese consumer preference at the moment, therefore it can be standardized. The other three elements of marketing mix should be adapted for the Chinese market.

China is a high context culture, Edward T. Hall´s apprach on High vs. Low context culture can be used to assist in decision making of whether to adapt or standardize the promotion.

5.2 Review of empirical findings

The research questions will be answered here, as well as analysis of other findings from the research.

5.2.1 What is the most important product attribute for Chinese consumers when selecting outdoor apparel?

Looking into the level of importance of the attributes when selecting outdoor apparel, most important attribute ranked by participants is quality, followed by fashion trend, technical performance, durability, style/design, unique features, color/pattern, brand, price and the least important attribute is warranty.

In relation to the literature, the findings of quality being the most important attribute is in line with the findings from various researchers (Zhang, Li, Gong, & Wu, 2002) (Dickson, Lennon, Montalto, Shen, & Zhang, 2004). However, not all the findings are in line with the previous researches. For example, price results to be the not so important attributes. According to (Mittal & Katrichis, 2000), the importance of the product attributes may change over time, it is so dynamic. Now price is not as important to Chinese customers as in the last decade, one of the reasons is probably the increased level of income level.

Linking the findings to Cintamani, quality is also considered to be the most important attribute which matches up to Chinese consumer preference. Fashion, performance and design are also considered by Cintamani. Therefore, we can conclude that Cintamani´s products match the Chinese consumer´s preference, the market prospect can be good for Cintamani ´s product.

The research also tested whether there are differences between the gender and age groups. The results indicated that the importance of color does differ from gender groups, females see color/pattern as more important attribute than males when it comes to selecting outdoor apparel.

Regarding the difference between age groups, the results indicated that opinion of age group 4 (Born 1980-1989) is different than the age group 3 (Born 1970-1979) when it comes to the importance of fashion trend. Age group 4 thinks fashion trend is a more important attribute than age group 3. The results also indicates that age group 2 (Born 1960-1969) thinks warrenty is a more important attribute than age group 4 (Born 1980-1989).

5.2.2 What factors influence the most on consumer´s purchasing decision?

Looking into the factors that influence the participants' purchasing decision, friends/family reviews is most influential to purchasing decision according to the survey. Second most influential factor is in-store displays, third most influential is product reviews, and the least influential is advertising. The results implicate that investing in advertisment is not the most effective way for promition. Building a good reputation and trust in customer´s mind is more improtant.

According to the comparison of the high and low context culture (Hall, 1976) in chapter 2.3, China is a high context culture. The findings from the survey have also proved to be in line with the theory. Because most participants think that friends/family reviews is most influential on purchasing decision, and friends/family reviews is an implicit and indirect way of communication between the brand and its end customer. Therefore, communicating with the customers is crucial when it comes to promotion.

Chins has the world´s biggest internet user base and most active enviroment for social media. A survey done by McKinsey indicates that 91 percent of Internet users in Tier 1 to Tier 3 cities use social media[11]. Social media techniqic is so advanced in China, many tools are even more advanced than those in the West. Chinese users were able to embed multimedia content in social meidia more than 18 months before Twitter users could do so in the US (McKinsey, 2012). The use of mobile technology to access social media is increasing with a forecast growth of 30 percent annually[12]. Therefore, effective use of social media is a key for promotion in China. However, China´s social media sector is very fragmented and local, the competition in social media space can also be fierce. Marketers should be aware and avoid the negative posts from artificial blog writers. These artificial writers can be emploied by competitors to seed positive content about their own brand and attack competitors with negative contents. Therefore, a local marketing team is needed for social media promotion in China.

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[11] Tier 1 cities are: Beijing, Shanghai, Guangzhou and Shenzhen. Tier 2 comprises about 40 cites. Tier 3 comprises about 170 cites.

[12] By year 2010, there were more than 100 million mobile social users (McKinsey, 2012).

5.2.3 How should Cintamani standardize and adapt their marketing mix for China market?

The decision making regarding the standardization or adaptiation of a company´s marketing mix is a very important and can have enormous impact on a company´s future growth in the market. As mentioned in Chapter 2.5.2, standardization strategy has a lot of advantages: lower production costs, less time consuming, greater sales volume, greater profitability, easier control over production and inventory. However, using standardizing strategy for all marketing mix can be impossible for a market like China. In other words, adaptation is more suitable for Chinese market.

Compare the survey findings to the measurement of standardization and adaptaion Table 7, it also indicates that adaptation strategy is more crucial than the standardization starategy in marketing mix for outdoor apparels in China. Most importantly, the competitors in the Chinese market are adapting their marketing mix to the local preference.

For products, according to the continuum of adaptation and standardization (Figure 10), products occurs to be the most difficult element of marketing mix to adapt. Due to the fact that Cinatmani´s products consists of high quality, fashionable design and high functionality, standardizing the product for Chinese market is feasible for a short term. However, Cintamani should bear in mind that the Chinese are much smaller in size than the Western. And color preference in China is different than the Western. Research shown that Chinese prefer warm colors more than achromatic colors when selecting garments (Grossman & Wisenblit, 1999). Therefore, the demand of smaller size and warm colors can be bigger for production. For long term, Cintamani can consider to use both standardization and adaptation strategy for the products. Adapting the products for the Chinese market will definitly be more expensive, but on the other hand it can attract new customers to Cintamani.

For price, Cintamani can use three criterias to help in decision making. First of all, the purchasing power and potential growth. China has good purchsing power and the potential growth for outdoor apparel industry is increasing. Second criteria is the competitive situation. According to the this survey, price seems to be the least important attribute to today´s Chinese consumers, but indeed, Chinese consumers are still price sensitive, they liks to compare prices between similar brands. Cintamani should look into the price level of the competitors when setting the final price. Third criteria should be Cintamani´s cost situation, Cintamani can be more profitable and flexible in adjusting price levels if it´s costs are lower. Cost control is also one of the most important project for management. Since Cintamani already has part of it´s products manufacturing in China, in order to contribute more to the cost structure, Cintamani can consider completing the whole manufacturing in China to reduce the whole production cost. By doing this the transport costs will also be deducted from the cost structure. Futhermore, by having the whole production in China for the local market, Cintmani can also benefit from having shorter delivery time, flexibility of order quantity, larger production capacity and better control on after-sales service. Additionally, Cintamani can also utilize advantage such as market proximity and trade preferences that China has with Less Developed Countries (LDCs). To conclude, Cintamani should use adaptation strategy for pricing in the Chinese market.

For distribution, Cintamani can keep using the standardization strategy for Chinese market. Just like in other international markets, Cintamani can start with co-operating with Chinese distributors to test the water. There are both advantage and disadvantages for doing this. Advantages are for example the avoidance of trade barrier and language barrier, avoidance of red tape and bureaucratic complexities, share local market knowledge, use of distributor´s existing channels, use of the local partner´s network to build good relationships, use of the local partner´s existing workforce and facilities. The disavantages are less profits, risks with technology transfer and intellectual property management, lack of practical experience in local market, risk of dispute and difficult to control. Therefore, for the long term, it is more beneficial for Cintamani to run direct operation in China. Thus using the adaptation strategy for distribution. Distribution channels should definately include online sales through official website or retailer´s wesite, as well as independent retail stores.

For promotion, no doubt is that Cintamani should use adaptation strategy for Chinese market. Culture has strong influence on this decision making. As China is a high context culture like mentioned earlier. It is very important that all the advertising materials are produced in Chinese and in the way that Chinese consumers accept. The image and reputation of the brand is more important to the Chinese than the verbal message.

Cintamani should definitly use social media as a promitional tool to increase its brand awareness and create customer community for furthur use in customer relationship managment. Internet and especially mobile internet is important for marketing because it could provide more effective extended channels. Additional service such as organizing outdoor activities or outbound travels can also help to boost the positive image of the brand.

5.2.4 Further findings

Regarding the overall familiarity with the five competitor brands in China. Within the five brands, Toread has the highest familiarity compare to other brands, followed by Mexican, Columbia, The North Face and Jack Wolfskin. The result also indicates that the most owned brand is Mexican, Toread and Columbia. Which is quite in line with the previous market research by Euromonitor International (Fung Business Intelligence Centre, 2014).

Regarding the brand royalty, 69% of the participants are not loyal to any outdoor brands. However, within the rest of the participants, 32% is brand loyal to Toread, followed by Mexican, The North Face, Columbia and Jack Wolfskin.

The most recently purchased product by participants within the past 2 years is down or feathers jacket. Consumers also had purchased fleece pants, fleece jacket, Merino pants and two layer shell jacket within the past 2 years. Three layer shell jacket, Prima loft jacket and snow pants are least purchased products within the past 2 years.

Regarding the amount of spending in previous year, there is difference between genders in spending (See Figure 14). Overall, males spent more than females in outdoor apparel in the last year. More males than females spent within the limit of 1001-2000 RMB (162 – 322 USD). last year in outdoor apparel purchasing. The results also indicates that 51% of the participants spent within the limit of 500-2000 RMB for outdoor apparel in the last year, almost 20% of the participants spent within the limit of 2001-3000 RMB, and 15% spend above 3001 RMB for outdoor apparel in the last year.

The results of consumers' opinion towards the distribution channels for outdoor apparel, the results shown that consumers buy outdoor apparel from all of the distribution channels, but mostly from independent retail store and online (both directly through the company and through retailer´s website). There is no significant difference between age and gender groups.

The question whether participants subscribe to any outdoor lifestyle magazines, only 7.52% of the participants stated that they do subscribe to outdoor lifestyle magazines. The list of the magazines subscribed by participants can be found in Appendix B.

Regarding the participation in outdoor activities, the results indicates that all participants participate in outdoor activities, in which 34.27% participate in outdoor activity weekly, 24.65% participate monthly, 22.2% participate bi-monthly, 11.01% participate half yearly and 7.87% participate yearly. The most popular outdoor activity is hiking, followed by running, mountaineering, biking, fishing, camping, skiing/Snowboarding, Rock climbing, surfing and wilderness survival had the least participation.

6 Conclusion and Recommendation

It is very important to learn the culture difference before a foreign company starts its operation in China. To effectively market products in this diverse market, it is crucial to study the consumer behavior and understand the customer preference. The purpose of this research has been to investigate the Chinese consumer preference on product attribute of outdoor apparel and the factor that most influence the purchasing decision. The research shows that quality, fashion trend and technical performance are the most important product attributes to outdoor apparels. Friend/family reviews results to be the most influening factor to the purchasing decision.

According to the informations from the personal interview with Cintamani (presented in chapter 1.3), an summarty of Cintamani´s current marketing mix strategy will be presented here to give a comparison with conclusions.

Cintamani´s collections are designed on international bases, same products are sold in all international markets. No product adaptation were made for foreign markets. Cintamani uses strandardization strategy for promotion and distribution in all international markets. As well as for price. However, Cintamani does keep track on the price level of its competitors, in case there is a need for a price adaptation. Table below gives a summary of Cintamani´s current marketing mix on international markets.

Table 11. Cintamani´s Marketing mix on International Markets

Attributes	Standardization	Adaptation
Product	×	
Price	×	
Place	×	
Promotion	×	

Table 11. Cintamani´s marketing mix on international markets. Researcher´s own construction.

The company Cintamani has managed to standardized its marketing mix for European and Canadian markets, but due to the different situation in China, Cintamani should making changes to its marketing mix strategy for Chinese market. Price and promotion are the first two key components to make changes for, because of the intensive competition and impact of difference in culture.

It is recommended that Cintamani enters China through a local distributor in the beginning. Product and place can therefore be standardized for the beginning. But in the long run, it is more beneficial for Cintamani to operate by its own for more flexibility and higher profits. Therefore adaptation of product and place should be applied to Cintamani´s marketing mix for the long run. Table 12 gives a summary of Cintamani´s marketing mix for both short term and long term operation in Chinese market.

Table 12. Cintamani´s Marketing Mix for China Market in Short term and Long term

Cintamani´s marketing mix for China market in short term

	Standardization	Adaptation
Product	×	
Price		×
Place	×	
Promotion		×

Cintamani´s marketing mix for China market in long term

	Standardization	Adaptation
Product	×	×
Price		×
Place		×
Promotion		×

Table 12. Cintamani´s marketing mix for China market in short term and long term. Researcher´s own construction.

The marketers should also have in mind that consumer preference may change over time, so it is important to keep track on the market situation and competitor´s actions even though cooperating with the local distributors. An effective execution at retail level is the most important achievement for all multinational companies in China, without it the investment a company makes in its brands may be wasted. In order to create a strong tailed brand in China, Cintamani needs to build good relationship with its distributers and set requirements on product displays and promotional strategy. Ensure the products are attractively displayed in stores and make sure that local distributor delivers the right brand image to the end customers. Cintamani should use the strength of its brand preference as a guide to determine the focus of its marketing promotion. When marketing in higher tier cities, where consumers have strong brand and product preference prior to purchasing, it is important that Cintamani highlight the unique value of the brand in order to strengthen the consumers' brand identification. When marketing in lower tier cities, consumers have fixed brand awareness and relatively rational purchasing values. Therefore, Cintamani needs to quickly build their brand awareness and highlight the value-for-money feature of the brand and products.

Concerning the city selection for Cintamani, it is highly recommended that Cintamani puts its focus first on first and second tier cities, and then slowly expand into third tier cities. Consumers in first and second tier cities have higher understanding on quality, design and functionality of the products, and the purchasing power among them is good. With evidence shown that second tier city consumers have increasingly healthier boost in confidence level in purchasing than the first tier cities, it is not difficult to understand that there might be more opportunities for Cintamani in second tier cities than the first tier cities.

Target market segment for Cintamani should be the affluent households and the mainstream households who has annual income level of above $16.000 (details about the households were presented in chapter 1.4.3). These groups of consumers are able to afford quality and luxury items. And as well focus on the yonger generation aged from 17-34 (born after 1980), because younger consumers are becoming the future purrchasing power of China, they are striving for a better quality of life and they enjoy the feeling of indulgence, mostly because the disposable income level has increased. They look for products that are fresh, unique, exciting and offer convenience for their busy lives. These groups of consumers are active on the internet. Therefore, e-commerce and mobile social media is the key to effective marketing in today´s China market.

To achieve sucess in China takes time. There is no absolute way to eliminate problems and barriers in doing business in China, but the risks can surely be minimized with good management and execution. The key words for minimizing the risks while doing business in China are “take smaller steps” and “think globally act locally”.

6.1 Limitations

Few limitations occurred during the research study. First of all, the sample size is still not big enough compared to the huge population in China. Second, the possibility of other potential participants that have not seen the survey is a restriction to the sample size in this study. Third, limited time for data collection also restricted the sample size for this study. A larger sample size ensures a representative distribution of the population and to be considered as representative of groups of consumers, therefore results will be more accurate. Furthermore, lack of prior research studies on Chinese customer preference of outdoor apparel is also a restriction to the study, because previous research helps to understand the research purpose and current problem of the international companies in outdoor apparel industry.

6.2 Future Research

This research is limited by using single period cross-sectional customer data. Another extension to this research is to conduct multiple period data to examine the outcome of the survey.

Customer preference of product attribute can change over time. Therefore, future research can use multiple time periods to measure the evolutionary changes in customer preference. A research can also be done in the future for more focused customer group such as outdoor enthuasiats or high and middle class consumers, or focused age groups. The reason for this is to better examine and learn the customer preference for each target segment.

Furthermore, behaviors of customers from different geograhic region can as well vary much, further research can focus on different tier cities to investigate the similarity of consumer preference in tier stage.

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8 Appendices

8.1 Appendix A

Outdoor Apparel Survey

Hallo, this is a survey about the outdoor apparel industry in China. You will be asked to complete this survey that will asses your views of the outdoor apparel industry in China. It will only take a few minutes to complete the questionnaire. Thank you very much for your time and support.

1. Please mark the appropriate box to indicate your familiarity with the following brands. Also, be sure to indicate if you own any of the brands. [Multiple-choice] [Required]

	Familiar	Unfamiliar	Own
The North Face	☐	☐	☐
Jack Wolfskin	☐	☐	☐
Toread	☐	☐	☐
Columbia	☐	☐	☐
Mexican	☐	☐	☐

2. Of the brands noted above, do you consider yourself to be loyal to any particular brand? [Single-choice] [Required]

○ Yes. If your answer is yes, which brand? ______________________

○ No.

3. Please mark the appropriate box to indicate your most recent purchases of the following items. [Multiple-choice] [Required]

	Never Purchased	Purchased within 0-2 Years	Purchased within 3-5 Years	Purchased 5 years before
Three layer shell jacket	○	○	○	○
Two layer shell jacket	○	○	○	○
Down or Feathers jacket	○	○	○	○
Fleece jacket/Sweather	○	○	○	○
Soft shell jacket	○	○	○	○
Prima loft jacket	○	○	○	○
Tecnostrech Pants	○	○	○	○
Fleece Pants	○	○	○	○
Merino Pants	○	○	○	○
Snow Pants	○	○	○	○

4. In the last year, how much have you spent on outdoor apparel? [Single-choice] [Required]

○ Under 500 RMB

○ 501-1000 RMB

○ 1001 - 2000 RMB

○ 2001 - 3000 RMB

○ Above 3000 RMB

5. Please indicate the level of importance of the following attributes when selecting outdoor apparel. Please rank them in orders with the most important on the tc of the list. [Ranking] [Required]

[ ] Technical Performance
[ ] Color/Pattern
[ ] Quality
[ ] Fashion trend
[ ] Style/design
[ ] Unique Features
[ ] Warranty
[ ] Durability
[ ] Brand
[ ] Price

6. Where do you make the majority of your purchases of outdoor apparel? [Multiple-choice] [Required]

☐ Online (directly through the company)
☐ Online (through a retailer's website)
☐ An independent retail store
☐ A sporting goods chain store
☐ A department store

7. In general, which factor would you consider to be the most influential in your purchases of outdoor apparel? Please rank them in orders with the most influential on the top of the list. [Ranking] [Required]

[ ] Advertising
[ ] Friends/Family review
[ ] Product Reviews
[ ] In-Store Displays

8. On average, how often do you participate in outdoor activities? [Single-choice] [Required]

- ○ Weekly
- ○ Bi-Monthly
- ○ Monthly
- ○ Half yearly
- ○ Yearly

9. Which of the following outdoor activities do you participate in? Please choose all that apply. [Multiple-choice] [Required]

- ☐ Hiking
- ☐ Rock Climbing
- ☐ Mountaineering
- ☐ Skiing/Snowboarding
- ☐ Surfing
- ☐ Biking
- ☐ Fishing
- ☐ Camping
- ☐ Running
- ☐ Wilderness Survival

10. Do you subscribe to ANY outdoor lifestyle magazines? [Single-choice] [Required]

- ○ Yes. If your answer is yes, which magazine? ______________________
- ○ No

11. What is the most you would be willing to pay for a high performance fleece jacket? [Single-choice] [Required]

- Under 300 RMB
- 301-500 RMB
- 501-800 RMB
- 801-1000 RMB
- Above 1000 RMB

---

12. Gender [Single-choice] [Required]

- Male
- Female

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13. Age [Single-choice] [Required]

- Born 1950-1959
- Born 1960-1969
- Born 1970-1979
- Born 1980-1989
- Born after 1990

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14. Education [Single-choice] [Required]

- Under high school
- High school
- Collage
- Masters degree
- Doctoral degree and above

15. In what geographic region do you currently live in? [Single-choice] [Required]

○ Anhui	○ Beijing	○ Chongqing	○ Fujian	○ Gansu	○ Guangdong	○ Guanxi	○ Guizhou
○ Hainan	○ Hebei	○ Heilongjiang	○ Henan	○ Hong Kong	○ Hebei	○ Henan	○ Jiangsu
○ Jiangxi	○ Jilin	○ Liaoning	○ Macau	○ Inner Monggol	○ Ningxia	○ Qinghai	○ Shangdong
○ Shanghai	○ jiangxi	○ Shaanxi	○ Sichuan	○ Taiwan	○ Tianjing	○ Xinjiang Uyghur	○ Tibet
○ Yunnan	○ Zhejiang	○ Oversea Region					

户外服饰市场调查

您好，这是个关于户外服饰的一个市场调查，调查大概花费 5-10 分钟，您的回答将给我们带来非常宝贵的意见。非常感谢。

1. 请问您熟悉以下这些户外服饰品牌吗？如果您曾经购买过以下某品牌也请打勾。 [矩阵多选题] [必答题]

	熟悉	不熟悉	买过
北面 The North Face	☐	☐	☐
狼爪 Jack Wolfskin	☐	☐	☐
探路者 Toread	☐	☐	☐
哥伦比亚 Columbia	☐	☐	☐
稻草人 Mexican	☐	☐	☐

2. 请问您认为您是以上列表中某个品牌的忠诚客户吗？ [单选题] [必答题]

○ 是，请问哪个品牌？ ____________________

○ 不是

3. 请根据您的实际购买情况对以下款式做答。 [矩阵单选题] [必答题]

	从没买过	过去的 2 年里买过	3-5 年里买过	5 年前买过
冲锋衣（三层）	○	○	○	○
冲锋衣（双层）	○	○	○	○
羽绒服	○	○	○	○
抓绒夹克	○	○	○	○
软壳外套	○	○	○	○
保暖中空纖維外套	○	○	○	○
高弹力运动裤	○	○	○	○
加绒运动裤	○	○	○	○
羊毛保暖打底裤	○	○	○	○
滑雪裤	○	○	○	○

4. 在过去的一年里，您所购买的户外服饰总花销为多少？ [单选题] [必答题]

- ○ 500 人民币以下
- ○ 501-1000 人民币
- ○ 1001-2000 人民币
- ○ 2001-3000 人民币
- ○ 3001 人民币以上

5. 当您选购户外服装时，您觉得哪项对您来说最重要，请按照重要度排列以下各项 。最重要的排在最上方。 [排序题，请在中括号内依次填入数字] [必答题]

[ ]技术性能

[ ]颜色 / 图案

[ ]质量

[ ]时尚款式

[ ]独特的设计

[ ]独特的性能

[ ]保修与维护性能

[ ]耐用度

[ ]品牌

[ ]价格

6. 请问您一般在哪购买户外服饰？ [多选题] [必答题]

- ☐ 品牌官方商城
- ☐ 大型网上商城
- ☐ 品牌专卖店
- ☐ 体育用品店
- ☐ 购物中心

7. 以下各项对您的购买决定产生影响吗？请按照影响度排列以下各项 。最能影响到您的排在最上方。 [排序题，请在中括号内依次填入数字] [必答题]

[ ]广告

[ ]亲朋好友对产品的评价

[ ]产品介绍

[ ]实体展示

8. 您平常多久参与一次户外活动？ [单选题] [必答题]

- ○ 每星期
- ○ 每 2 个月
- ○ 每月
- ○ 每半年
- ○ 每年

9. 您都参与哪些户外活动？ [多选题] [必答题]

- ☐ 徒步
- ☐ 攀岩
- ☐ 登山
- ☐ 滑雪
- ☐ 潜水
- ☐ 骑行
- ☐ 垂钓
- ☐ 露营
- ☐ 跑步
- ☐ 荒野求生

10. 您订阅户外杂志吗？ [单选题] [必答题]

- ○ 有，请问哪个杂志 ________________________________
- ○ 没有

11. 请问对于一件高性能高品质的加绒夹克您认为什么价位您会愿意购买？ [单选题] [必答题]

○ 300 元以下

○ 301-500 元

○ 501-800 元

○ 801-1000 元

○ 1000 元以上

12. 您的性别： [单选题] [必答题]

○ 男 ○ 女

13. 您的年龄段： [单选题] [必答题]

○ 50 后 ○ 60 后 ○ 70 后 ○ 80 后 ○ 90 后

14. 您的学历： [单选题] [必答题]

○ 小学

○ 中学

○ 大专 / 大学

○ 硕士

○ 博士以上学历

15. 您所在的省份： [单选题] [必答题]

○ 安徽 ○ 北京 ○ 重庆 ○ 福建 ○ 甘肃 ○ 广东 ○ 广西 ○ 贵州

○ 海南 ○ 河北 ○ 黑龙江 ○ 河南 ○ 香港 ○ 湖北 ○ 湖南 ○ 江苏

○ 江西 ○ 吉林 ○ 辽宁 ○ 澳门 ○ 内蒙古 ○ 宁夏 ○ 青海 ○ 山东

○ 上海 ○ 山西 ○ 陕西 ○ 四川 ○ 台湾 ○ 天津 ○ 新疆 ○ 西藏

○ 云南 ○ 浙江 ○ 海外

8.2 Appendix B

ID	Lifestyle Magazine	English Translation
73	KUIN	KUIN
96	户外探险	Outdoor Exploration
128	房车俱乐部	Recreational Vehicle Club
134	地理杂志	Geography
144	户外outside	Outside
175	旅游之家	Home of Travel
194	旅行者	Traveller
199	家庭医生报	Family Doctor
208	中国国家自然地理	Chinese National Geography
218	远足	Hiking
252	Outside	Outside
277	南方周末	The Southern Weekend
282	户外	Outdoor
294	户外	Outdoor
300	户外探险	Outdoor Exploration
318	户外	Outdoor
325	亚洲户外，山野	Outdoor Asia, Montains and Plains
340	时尚街	Fashion Street
348	户外探险	Outdoor Exploration
372	山野	Montains and Plains
380	时代周刊	Time Weekly Magazine
389	山野	Montains and Plains
391	女人志	Women
405	旅行者	Traveller
419	户外	Outdoor
456	车友会	Car Club
464	时尚	Fashion
502	国家地理	National Geography
506	户外	Outdoor
511	驴友	Travel Mates
525	山野	Montains and Plains
530	求生	Survival
551	男人邦	Men
561	国家地理	National Geography