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THE MARKETING STRATEGY OF
WATSONS YOUR PERSONAL STORE
CHAIN IN CHINA

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ABSTRACT

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The aim of this research was to verify whether the marketing strategies of Watsons Your Personal Store Chain satisfy the needs of the customers. The research problems of the study were to map out the marketing strategies of Watsons Your Personal Store Chain and discover whether customers of Watsons Your Personal Store Chain were satisfied with the company's marketing activities.

In the theoretical part of the study, a brief introduction to consumer behavior, marketing strategy, market segmentation, product positioning, promotion strategy, and store-related strategy which the research is based on are studied.

Both quantitative and qualitative methods were used in this study. An internet interview with one sales agent of Watsons Your Personal Store was held to get to know more about the company's marketing strategies. An electronic questionnaire was designed via E-lomake and 100 responses were collected. The aim of the questionnaire was to discover whether customers of Watsons Your Personal Store Chain satisfied with the company's marketing activities.

Empirical findings show that the respondents are satisfied with most of the marketing activities of Watsons Your Personal Store Chain, like shopping circumstance, store layout, store location, variety of goods, service attitude, and sales promotion. However, some respondents hope that the prices of Watsons Your Personal Store Chain could be lower, and there could be more sales promotion.

Keywords Consumer Behavior, Marketing Strategy, Retailer

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Tämän tutkimuksen tarkoitus on tarkistaa täyttääkö Watsons Your Personal Storen markkinointi strategiat asiakkaiden tarpeet. Tutkimuksen aiheita ovat löytää Watsons Your Personal Storen markkinointi strategiat ja selvittää ovatko Watsons Your Personal Storen asiakkaat tyytyväisiä yrityksen markkinointiin.

Teoria osiossa, tekijä antaa lyhyen johdannon kuluttaja käyttäytymiseen, markkinointi strategiaan, markkinoiden jakautumiseen, tuote sijoitteluun, myyntinedistämis ja mainos strategiaan, ja myymälä strategiaan, johon tämä tutkimus perustuu.

Sekä määrällistä että laadullista menetelmää käytetään tässä tutkielmassa. Tekijä suoritti internet haastattelun yhden Watsons Your Personal Storen myyntiedustajan kanssa saadakseen tietää hieman lisää markkinointi strategioista. Sähkönen kyselylomake suunniteltiin E-lomakkeella ja sata vastausta kerättiin. Kyselylomakkeen tarkoitus on löytää ovatko Watsons Your Personal Storen asiakkaat tyytyväisiä yrityksen markkinointi toimiin.

Empiiriset havainnot osoittavat että vastaajat ovat tyytyväisiä suurimpaan osaan Watsons Your Personal Storen markkinointi toimista, kuten ostos olosuhteisiin, myymälän tuote asetteluun, myymälän sijaintiin, tuotteiden valikoimaan, palvelu asenteeseen ja myynnin mainostukseen. Kuitenkin, muutamat vastaajista toivoivat että Watsons Your Personal Storen hinnat voisivat olla alhasempia, ja mainontaa voisi olla enemmän.

CONTENTS

1	INTRODUCTION	7
1.1	Background of the Study	7
1.2	Research Problem and Objectives	7
1.3	Limitations of the Research	8
1.4	Research Methodology	8
1.5	Structure of the Research	8
2	OVERVIEW OF WATSONS YOUR PERSONAL STORE.....	10
3	THEORETICAL FRAMEWORK.....	12
3.1	Consumer Behavior	12
3.2	Marketing Strategy.....	14
3.3	Market Segmentation	15
3.3.1	Geographic segmentation.....	16
3.3.2	Demographic segmentation.....	16
3.3.3	Psychographic segmentation.....	17
3.3.4	Behavior segmentation.....	18
3.4	Product Positioning.....	18
3.5	Promotion Strategy	20
3.5.1	Advertising.....	20
3.5.2	Sales promotions	21
3.5.3	Personal selling	23
3.5.4	Publicity	25
3.6	Store-Related Strategy	25
3.6.1	Store image.....	26
3.6.2	Store atmosphere.....	26
3.6.3	Store location	27
3.6.4	Store layout	28
4	EMPIRICAL STUDY	31
4.1	Research Methodology	31
4.1.1	Research method chosen.....	31
4.1.2	Sample and data collection.....	32

4.2	Conducting the Research	33
4.3	Results of the Research	35
4.3.1	Results of the questionnaire	35
4.3.2	Results of the interview	52
4.4	Analysis of the Answers	54
4.5	Reliability and Validity	55
5	CONCLUSIONS AND SUGGESTIONS	57
5.1	Summary of the findings.....	57
5.2	Suggestions for further research	58
	REFERENCES.....	59
	APPENDICES	

LIST OF FIGURES

Figure 1. Factors influence consumer behaviour	13
Figure 2. Groups Interested in Consumer Behavior	14
Figure 3. Segmentation, Targeting, and Positioning	15
Figure 4. Positioning map for breakfast	19
Figure 5. Comparison of the effects of major media	21
Figure 6. Example of a grid layout	29
Figure 7. Example of free-form layout	30
Figure 8. Gender of respondents	35
Figure 9. Age of respondents	36
Figure 10. Monthly income of respondents	36
Figure 11. Frequency of respondents going to Watsons Your Personal Store ...	37
Figure 12. Frequency of respondents going to Watsons Your Personal Store by gender	38
Figure 13. The main channel that respondents acquaint themselves with Watsons Your Personal Store	39
Figure 14. The main reasons why respondents choose Watsons Your Personal Store	40
Figure 15. Types of goods respondents usually buy in Watsons Your Personal Store	41
Figure 16. Sales promotion of Watsons Your Personal Store the respondents like the best	42
Figure 17. Whether sales promotions of Watsons Your Personal Store increase respondents' desire to buy	43
Figure 18. Respondents' perception of prices of Watsons Your Personal Stores.	44
Figure 19. Respondents' perception of variety of goods of Watsons Your Personal Store	45
Figure 20. Respondents' perception of benefits offered for the members of Watsons Your Personal Store	46
Figure 21. Respondents' perception of sales promotion of Watsons Your Personal Store	47
Figure 22. Respondents' perception of service attitude of Watsons Your Personal Store	48
Figure 23. Respondents' perception of shopping circumstance of Watsons Your Personal Store	49
Figure 24. Respondents' perception of store layout of Watsons Your Personal Store	50
Figure 25. Respondents' perception of store location of Watsons Your Personal Store	51

1 INTRODUCTION

1.1 Background of the Study

Watsons Your Personal Store is Asia's leading health & beauty retail chain owned by Hutchison Whampoa Limited, A.S. Watson Group. Now there operate more than 2,200 Watsons Your Personal Stores, and also more than 900 pharmacies in the different Asian markets, including Mainland China, Hong Kong, Taiwan, Macau, Singapore, Thailand, Malaysia, the Philippines, South Korea and Indonesia among others. (Wikipedia 2011)

Watsons Your Personal Store is currently the largest health and beauty retail chain in China, which has over 700 stores and 11,000 employees in more than 100 cities. Over the years, Watsons Your Personal Store Chain not only established a considerable reputation in quality and innovation, but also won the trust of the consumers. Watsons Your Personal Store now owns more than 10 million members in China. (Watsons China 2010)

So why is Watsons Your Personal Store so successful? What are the unique marketing strategies which make Watsons Your Personal Store successful?

1.2 Research Problem and Objectives

The purpose of this research is to verify whether the marketing strategies of Watsons Your Personal Store Chain satisfy the needs of customers. The research problems of the study are to find out what the marketing strategies of Watsons Your Personal Store Chain are and to discover whether customers of Watsons Your Personal Store Chain are satisfied with the company's marketing activities.

In order to solve the problem, the author has read some relevant books, searches on the Internet in order to find some relevant information on the topic, asked help from a sales agent of Watsons Your Personal Store Chain, and is designing a questionnaire for the customers of Watsons Your Personal Store Chain.

1.3 Limitations of the Research

Marketing strategies involve market segmentation, product positioning, promotion strategy, product strategy, pricing strategy, and channel strategy among others. In this study, the focus is mainly on market segmentation, product positioning, promotion strategy, and store-related strategy of Watsons Your Personal Store Chain in the Chinese market. Therefore there is only a little consideration to other matters.

1.4 Research Methodology

Both quantitative and qualitative methods are going to be used in this thesis.

In the quantitative method, a questionnaire is designed to study customers' perception of Watsons Your Personal Store Chain's marketing in order to find out whether the customers of Watsons Your Personal Store Chain are satisfied with the company's marketing activities. When using the qualitative method, an interview is held with one sales agent of Watsons Your Personal Store Chain in order to get to know some marketing strategies. At last, whether the strategies of Watsons Your Personal Store Chain satisfy the needs of customers is verified.

1.5 Structure of the Research

The thesis is divided into five sections. The first one is introduction. It introduces the background of the study, research problem and objectives, limitations of the research, research methodology, and structure of the research.

The second section is an overview of Watsons Your Personal Store, which offers readers more information about Watsons Your Personal Store Chain.

The third section is theoretical section of the study and it presents the theories on which the research is based. It involves consumer behaviour, marketing strategy, market segmentation, product positioning, promotion strategy, and store-related strategy.

The fourth section is the empirical study, which presents the research study, and also, the gathered data is presented and analyzed. The chapter also explains which research methods were used, and shows how the study was conducted, the results are and how they analyzed. The reliability and validity of the thesis are discussed at the end of the chapter.

The fifth section includes the conclusion of the thesis. The conclusion summarizes the findings, after which some suggestions for the future study are given.

At the end of thesis, there is a list of references and appendices. Appendices include the source questionnaire and the interview questions in English, and the target questionnaire and interview in Chinese.

2 OVERVIEW OF WATSONS YOUR PERSONAL STORE

Watsons Your Personal Store is Asia's leading health & beauty retail chain owned by Hutchison Whampoa Limited, A.S. Watson Group. Now there operate more than 2,200 Watsons Your Personal Stores, and more than 900 pharmacies in the different Asian markets, including Mainland China, Hong Kong, Taiwan, Macau, Singapore, Thailand, Malaysia, the Philippines, South Korea and Indonesia among others. (Wikipedia 2011)

Watsons was first founded in Canton, China in 1828 to provide free medical aid to the poor. Now it is Asia's leading health & beauty chain, and each week millions of customers in thirteen markets shop at Watsons Your Personal Store. (A.S. Watson 2011)

Building on its long-standing reputation for quality and innovation, Watsons Your Personal Store Chain offers more than 25,000 products in over 2,000 stores. Products range from medicines, cosmetics and skin care products to fashion items, candy, cards, and toys. (A.S. Watson 2011)

Watsons Your Personal Store Chain has adapted quickly to the varied and rapidly changing tastes within each market, proving its ability to cross cultural and geographic boundaries. Expansion has been rapid since the early 1980s when Watsons had just nine stores in Hong Kong. Currently, Watsons operates in Hong Kong, Mainland China, Taiwan, Singapore, Malaysia, Thailand, Indonesia, Macau, Korea, the Philippines, Ukraine and Turkey. (A.S. Watson 2011)

Watsons' mission is to help people enjoy their life more by making a bigger positive difference to their health, looks and the way they feel. In recent years, the Watsons brand has reinvented itself in line with the proposition of helping customers "Look Good, Feel Great, Have Fun"! Watsons Your Personal Store has introduced a new bright, contemporary feel to its stores, as well as providing unique programs of personalized advice and counselling in beauty, health and baby-care. (Watsons Singapore 2007, A.S. Watson 2011)

Watsons' continued success across Asia has established it not only as the top beauty and personal care retailer, but also as Asia's leading pharmacy chain providing health care products and advice to local communities. (A.S. Watson 2011)

In July 2010, Watsons Your Personal Store was No. 1 in "Asia's Top 1,000 Brands Survey 2010" for the second year in the "Retail – Pharmacy / Drugstore" category. (Media/TNS Asia's Top 1,000 Brands Survey 2010 of over 3,000 Asian respondents) In "Hong Kong's Top 20 Brands" from the same survey, Watsons Hong Kong ranked 11th as the highest ranked Pharmacy/Drugstore in Hong Kong. (A.S. Watson 2011)

Watsons Your Personal Store is currently the largest health and beauty retail chain in China, which has over 700 stores and 11,000 employees in more than 100 cities. Over the years, Watson has not only established a considerable reputation in quality and innovation, but also won the trust of the consumers. Watsons Your Personal Store now has more than 10 million members in China. (Watsons China 2010)

3 THEORETICAL FRAMEWORK

3.1 Consumer Behavior

The American Marketing Association defines consumer behavior as “the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives.” In other words, consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things influencing these thoughts, feelings, and actions, like comments from other consumers, advertisements, price, packaging, product appearance, and website for example. (Bennett 1995, 59)

The study of consumer behavior helps people to understand how consumers think, feel, and select between different alternatives (like brands, products, retailers), how the consumer is influenced by his or her environment (like culture, family, media), and how marketers can improve their marketing campaigns and marketing strategies more effectively. (Perner 2010)

The consumer behavior faces numerous sources of influence. Figure 1 shows the numerous factors which may influence consumer behavior. Cultural factors influence consumer behavior. An American will usually not bargain with a store owner. This, however, is a common practice in much of the world. Finns are more likely to have pizzas for lunch than to have rice, which is preferred in many Asian countries. Subculture also influences consumer behavior. For example, rap music often appeals to a segment within the population that seeks to distinguish itself from the mainstream population. Social factors also influence what the consumers buy. Consumers often seek to imitate others whom they admire, and may buy the same brands. In a family, children are more likely to choose the same brand as their parents do. Personal factors also influence consumer behavior. Seniors may not as easily accept new products or new brands as young people do. At last, consumer behavior is influenced by psychological factors. Once you try a new flavor pizza

and learn that it satisfies your hunger and tastes good, and the next time when you are hungry, you may consider the new pizza. (Perner 2008)

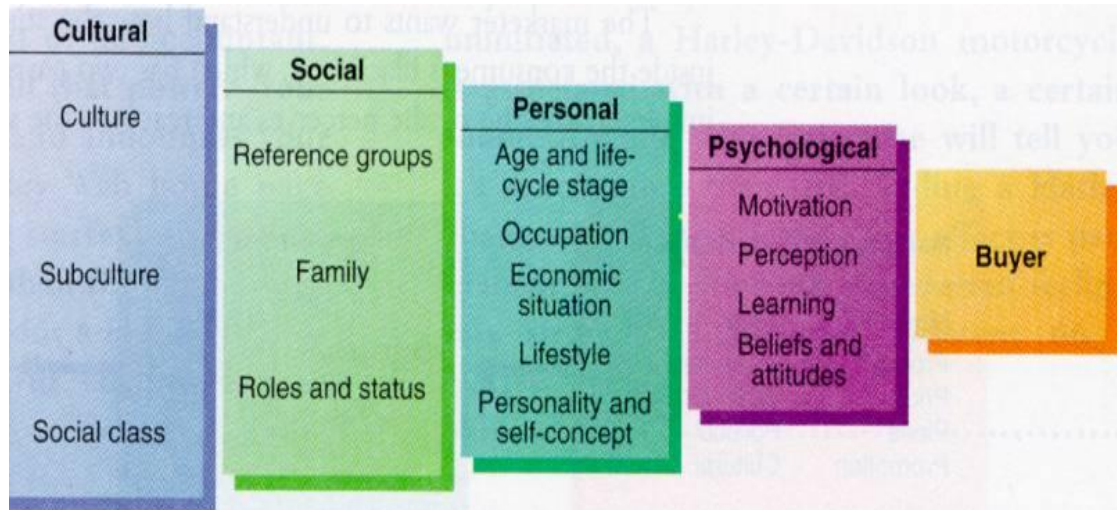


Figure 1. Factors influence consumer behavior (Sharp Business Development 2010)

Figure 2 shows three groups-marketing organizations, government and political organizations, and consumers-which use knowledge about consumer behavior. The first group is marketing organizations. Marketing organizations include not only businesses that sell products, but also hospitals, parks, universities, and other organizations that seek exchange with consumers. The second group is government and political organizations. The major concern of government organizations is monitoring and regulating exchanges between marketing organizations and consumers by the development of public policies that affect marketing organizations and consumers. Political organizations exert pressure on marketing organizations and consumers to behave in certain ways. Consumers are also interested in consumer behavior in order to achieve their goals and understand their own behavior. (Olson and Peter 2010)



Figure 2. Groups Interested in Consumer Behavior (Olson and Peter 2010)

3.2 Marketing Strategy

As Olson and Peter (2010, 12) said, marketing strategy is the design, implementation, and control of a plan to influence exchanges to achieve organizational objectives. Marketing strategies are often used to increase consumer's favorable thoughts and feelings about certain products, services, and brands in order to purchase them repeatedly. Marketing strategy include, for example, products, brands, packaging, advertisements, coupons, stores, member cards, price tags, salespeople's communications, music, and smells.

Understanding consumer behavior is a critical element in developing successful marketing strategies. Some marketing strategy questions which consumer behavior research can help answer, are, for example, which kinds of consumers are more likely to buy this product, how are they different from consumers who will not buy, and how do we reach them. Marketing strategies not only adapt to consumer needs and wants but also change what consumers think and feel about themselves. (Olson and Peter 2010)

Marketing strategies are not only designed to influence consumers, but also to be influenced by them. For example, if research shows that consumers want to get information from a company's website and none exists, the company may want to create one. If research shows that consumers in the target market do not shop in

stores where a company's product is featured, the distribution strategy may have to be changed. Thus, marketing strategies should be developed, implemented, and changed based on consumer behavior. (Olson and Peter 2010)

Marketing strategies involve, for example, market segmentation, product positioning, promotion strategy, product strategy, pricing strategy, and channel strategy. In this study, the focus is mainly on market segmentation, product positioning, promotion strategy, and store-related strategy.

3.3 Market Segmentation

Market segmentation is the process of dividing a market into groups of similar consumers and selecting the most appropriate group to serve. We first decide what kinds of customer exist, then select which ones are suitable to serve, finally choose the image of products or services and appeal that the selected groups. (see Figure 3) (Olson and Peter 2010)

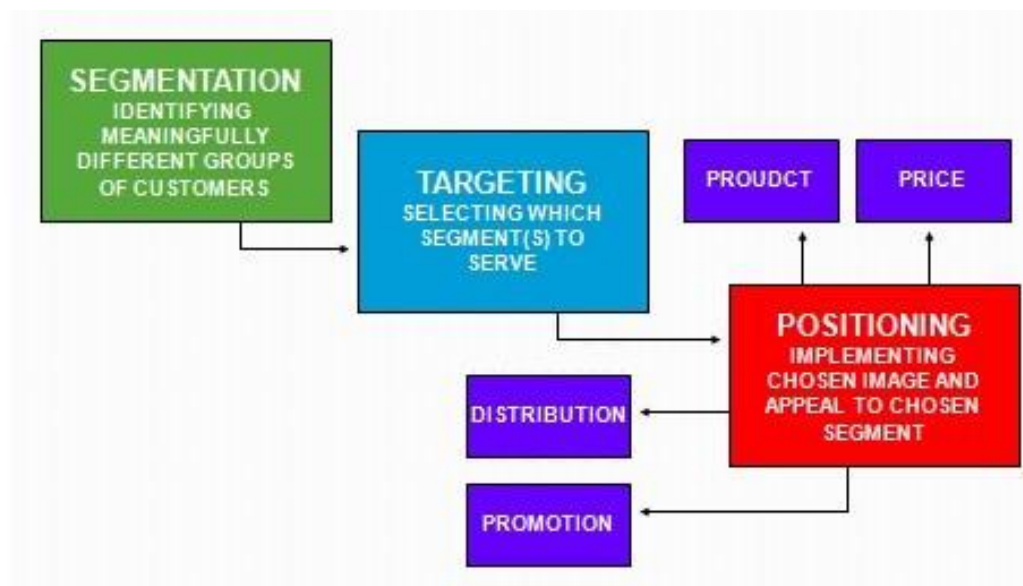


Figure 3. Segmentation, Targeting, and Positioning (Perner 2010)

Segmentation involves finding out what kinds of consumers with different needs exist. Segmentation allows the firm to better satisfy the needs of its potential customers. For example, in the real estate market, some consumers demand good lo-

cation, while others are much more concerned about the size of the house. (Net-MBA 2010, Perner 2010)

There are a number of bases for segmenting consumer markets. Four specific types of segmentation are discussed next: geographic, demographic, psychographic, and behavior segmentation.

3.3.1 Geographic segmentation

Geographic segmentation divides the market into different geographical units on the basis of language, climate, and lifestyle. Geographical segmentation is most commonly used by multi-national and global businesses, who may change their marketing strategy based on the different needs of consumers in each geographic segment they operate within. (Examstutor 2010)

Geographic segmentation tries to divide markets into different geographical units. These units include:

- Continents: e.g. Africa, Asia, Europe, North America, South America
- Countries: e.g. China, Finland, France, United States, Canada
- City size: e.g. under 5000 people; 5000-19999; 20000-49999
- Population density: e.g. urban, suburban, rural
- Climate: e.g. tropical, temperate, cold

(Tutor2u 2010, Olson and Peter 2010)

3.3.2 Demographic segmentation

Demographic segmentation is dividing the market by taking various demographic factors, such as age, gender, social class etc. into consideration. This helps the organization to divide the market into several groups, each having a common variable, and target each of these groups to enhance the performance of the organization. Demographic segmentation variables are amongst the most popular bases for segmenting customer groups. This is partly because customer needs are closely linked to variables such as income and age. Also, for practical reasons, there is

often much more data available to help with the demographic segmentation process. (Buzzle 2011, Tutor2u 2010)

Some demographic segmentation variables include age, gender, family size, family life cycle, income, occupation, education, nationality, religion, and social class.

The main demographic segmentation variables are explained below:

- **Age:** Consumer needs change with age although they may still wish to consumer the same types of product. So marketers design, package and promote products differently to meet the needs of different age groups, like marketing of toys.
- **Gender:** Gender segmentation is widely used in consumer marketing. Examples include clothing, hairdressing, magazines and cosmetics.
- **Income:** Income is another popular basis for segmentation. Many companies target rich consumers with luxury goods and convenience services. By contrast, many companies focus on marketing products that appeal directly to consumers with relatively low incomes.
- **Social class:** Many marketers believe that consumers' social class influences their preferences for cars, clothes, home furnishings, leisure activities and other products or services. Social class segmentation has a clear link with income-based segmentation.

(NetMBA 2010, Tutor2u 2010)

3.3.3 Psychographic segmentation

Psychographic segmentation divides markets on differences in consumer lifestyles. That is, consumers are first asked a variety of questions about their lifestyles and are then grouped on the basis of the similarity of their responses. Lifestyles are measured by asking consumers about their activities (work, hobbies), interests, and opinions (about social issues, politics, business). This is the so-called AIO (activity, interest, opinion) survey. (Olson and Peter 2010)

3.3.4 Behavior segmentation

Behavior segmentation is based on actual customer behavior toward products. For example, some consumers are brand loyal, and they tend to stick with their preferred brands even when a competing one is on sale. (NetMBA 2010)

Some behavior segmentation variables include:

- Media usage: Newspaper; magazine; TV; internet
- Brand loyalty: None; some; total
- Payment method: Cash; Visa; Mastercard
- User status: Potential; first time; regular
- Usage rate: Light; medium; heavy

(Olson and Peter 2010)

3.4 Product Positioning

After the firm selects which market segmentation will serve, the next step is product positioning, which means implementing the chosen image and appeal to the chosen segment. According to Russell Tronstad (1995), product positioning refers to what the consumer thinks of the product when they purchase.

Generally, there are five approaches to positioning strategy:

- Positioning by attribute: This is the most frequently used positioning strategy. For example, Siwa stresses convenient to reach, and Lidl emphasizes low price.
- Positioning by use or application: Apple Inc. can serve as an example, the users of Apple computers can design and use graphics more easily than with Windows. Apple positions its computers based on how the computer will be used.
- Positioning by product user: Facebook is a social networking site used mainly by college students. Comparing to MySpace, Facebook serves a smaller but more focused group of people.

- Positioning by product class: Margarine is positioned with respect to butter. Margarine is positioned as a lower cost and healthier alternative to butter, while butter provides better taste and wholesome ingredients.
- Positioning by competitors: Often the major purpose of this type is to convince consumers that a brand is better than others. Positioning with respect to a competitor is commonly done in advertisements in which a competitor is named and compared. For example, both Pepsi and Coke have run comparative ads claiming their brand tastes better than the other.

(Olson and Peter 2010)

One way to investigate how to position a product is by using a positioning map. According to Olson and Peter (2010), a positioning map is a visual way of consumers' perceptions competitive products or brands. Below is an easy example to see how positioning map works. Bacon and eggs are expensive and slow, pancakes and hot cereal are inexpensive but slow, cold cereal is quick but expensive, instant breakfast is quick and also inexpensive.



Figure 4. Positioning map for breakfast (Realmagick 2010)

3.5 Promotion Strategy

According to Maureen H. McDonough and Gary A. Ackert (2002), promotion is the activities people use to communicate with others about their product or service and to convince them to use it. The primary objective of a sales promotion is to improve a company's sales by predicting and modifying your target customer's purchasing behavior and patterns. Sales promotion is very important as it not only helps to increase sales but it also helps a business to draw new customers while at the same time retaining older ones. (SmallBusinessBible 2008)

There are four major types of promotion: advertising, sales promotions, personal selling, and publicity. (Olson and Peter 2010)

3.5.1 Advertising

Advertising is one of the most important means of promotion. It can increase brand awareness and build up brand image and reputation within a short time. It can also reinforce consumers' memory of the brand and guide their demand and consumption. According to Olson and Peter (2010), advertising is any nonpersonal paid presentation of information about a product, brand, company, or store by an identified sponsor. Advertising is intended to influence consumers' feelings, evaluations, attitudes, and images concerning products and brands, and then the ultimate goal is to influence consumers' purchase behaviour. (HKTDC 2005)

There are many different types of advertising media, like the Internet, TV, radio, print (newspapers, magazines), signs, means of transport, direct mailing, and T-shirt imprints, each with its own effects. Companies should choose their advertising media according to their own needs. Different media have different characteristics. For example, TV advertising, combining sound with image, is the most influential of all media. However, since TV commercials cannot be preserved and are complicated and costly to produce, they are more suitable for large enterprises. By comparison, advertising on means of transport is more suitable for SMEs as it has a wide coverage and is simple and inexpensive to produce. As for direct mailing, care must be taken not to make excessive use of this media as it can easily

arouse customers' resentment and affect the brand image. Below, in Figure 5 there is a comparison of the effects of major media:

Item	Newspaper	Magazine	TV	Broadcasting	Outdoor
Delivery to targets	✓	✓✓✓	✓✓✓	✓✓✓	✓
Emotional Appeal	✓	✓✓	✓✓✓	✓	
Visual effects	✓	✓✓	✓✓✓		✓✓
Market elasticity	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓
Seasonal elasticity	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓

Note: Blank denotes "not applicable", ✓ denotes "effective", ✓✓ denotes "very effective", ✓✓✓ denotes "extremely effective"

Figure 5. Comparison of the effects of major media (HKTDC 2005)

The advantages of advertising are advertising is very public and visible, and it is more persuasive because of repetition. However, the disadvantage is that advertising is one-way communication. Although a consumer is exposed to hundreds of ads daily, the majority of these messages receive low levels of attention. So, the major challenge for marketers is to select the most suitable media that consumers are exposed to, and which captures their attention. (McDonough and Ackert 2002, Olson and Peter 2010)

3.5.2 Sales promotions

Despite advertising, sales promotion is another important feature used to promote the sale of a product. We can say that sales promotions are short-term incentives to encourage the purchase or sale of a product or service. Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. This work emphasizes more on consumer sales promotions. (Daharwal, Saudagar, Jadwani 2006, Wikipedia 2011)

There are many types of sales promotions, like temporary price reductions through coupons, rebates, and multipack sales; contests and sweepstakes; trading stamps; trade shows and exhibitions; free samples; and premiums and gifts.

- **Coupons:** A coupon is a certificate that entitles the consumer to a specified saving on the purchase of a specified product. We often see coupons in newspapers, magazines, and leaflets.
- **Price off or temporary price reduction:** This involves an offer to a consumer, a certain amount of money off over the regular price of a product. Buyers learn about price discounts either at the point of sale or through advertising. At the point of sale, price reductions may be posted on the package or signs near the product or in storefront windows. Advertisements that notify consumers of upcoming discounts include fliers, newspaper and television advertisements, and other media. Price discounts are especially common in the food industry, where local supermarkets run weekly specials. Existing customers perceive discounts as rewards and often then buy in larger quantities. Price discounts alone, however, usually do not induce first time buyers.
- **Refunds and rebates:** A refund or rebate promotion is an offer by a marketer to return a certain amount of money when the product is purchased alone or in combination with other products. Refunds aim to increase the quantity or frequency of purchase.
- **Price pack deals:** A price pack deal may be either a bonus pack or a banded pack. When a bonus pack is offered, an extra amount of the product is free when the product is bought at the regular price. This is often used for cleaning products, food, and health and beauty aids to introduce a new or larger size. When two or more units of a product are sold at a reduction of the regular single-unit price, a banded pack offer is being made. Sometimes the products are physically banded together, such as in toothbrush and toothpaste offers.

- Contests or sweepstakes: This is an opportunity given to consumer to contest with a chance to win a cash price, or some certain kinds of goods.
- Trading stamps: Trading stamps are issued to customers through retailers in proportion to the amount of purchase. The customer goes on collecting the stamps on his purchase. Once he has collected the stamps of an adequate amount, he obtains a free product in exchange of his stamps.
- Premiums or gifts: The retailer offers a certain quantity of the product free of cost on the purchase of a specified quantity of the product.

(Olson and Peter 2010, Daharwal et al. 2006, Burnett 2011)

Most sales promotions are oriented at changing consumers' immediate purchase behaviors because the sales promotion time is very limited and if the customer does not respond to it quickly, they may lose the offer. The objectives of sales promotion could be introduce new product, attract new customers, face the competition effectively, maintain old customers, improve public image, popularize the brand name of the product, and induce customer to purchase more items. (Olson and Peter 2010, Daharwal et al. 2006)

Sales promotions are generally designed to supplement advertising and facilitate personal selling. It performs the immediate task of increasing current sales. Sales promotion is a direct and almost open inducement to consumers to immediately try the product. The advantage of sales promotions is force people to buy now, and the disadvantage of sales promotions is consumers may doubt the quality of promotional products. (Daharwal et al. 2006, McDonough and Ackert 2002)

3.5.3 Personal selling

Personal selling is one of the most important methods to contact the potential buyer personally and to persuade him or her to buy the products. The objective is not only to sell the product to a buyer but to make him or her to become a permanent customer. This can be achieved by letting him or her become convinced that

the products being presented for sale can well satisfy his or her needs. (Business Study 2010)

Personal selling is oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to sell. Personal selling involves direct personal interactions between a potential buyer and a salesperson. Personal selling can be a powerful promotion method for at least two reasons. First, personal communication with the salesperson may increase consumers' involvement with the product and the decision process. Consumers may be more motivated to attend to the information that salesperson presents about the product. Second, personal selling allows salesperson fit the information needs for each potential buyer. (Tutor2u 2010, Olson and Peter 2010)

Personal selling is one of the oldest forms of promotion. Certain consumer products, such as life insurance, car, and houses, are traditionally promoted through personal selling. In retailing, personal selling has decreased as self-service has become more popular. (Tutor2u 2010, Olson and Peter 2010)

In comparison to other marketing communications tools such as advertising, personal selling tends to use fewer resources, and the price is often negotiated, the products tend to be fairly complex. Often there is some contact between buyer and seller after the sale so that an ongoing relationship is built. Clients need specific information, and the purchase tends to involve large sum of money. (Marketing Teacher 2011)

The advantages of personal selling are that personal selling is a face-to-face activity, consumers can obtain the information according to their own needs. Personal selling is two-way communication, which allows the sellers respond directly and promptly to customers' questions and concerns. Personal selling can provide an opportunity to build good long-term relationships. The main disadvantages of personal selling are that personal selling can be very expensive and time consuming. (Tutor2u 2010, McDonough and Ackert 2002)

3.5.4 Publicity

Publicity, also called public relations, is any unpaid form of communication about the company, products, or brands. For example, an article in a magazine comparing various brands of cosmetics provides useful product information to consumers but at no cost to the marketers of different brands of cosmetics. Also, descriptions of new products or brands, brand comparisons in newspapers, magazines, or discussions on radio or TV provide product information to consumers. (Olson and Peter 2010)

Publicity can be either positive or negative. Public relations involve developing positive relationships with the public. The art of good public relations is not only to obtain favourable publicity within the media, but it is also involves being able to handle successfully negative attention. (Olson and Peter 2010, Learn Marketing 2011)

The advantages of publicity are low cost and credibility. Publicity may be considered more credible because they are not presented by the marketing organization. Also, publicity is one of the most effective and least costly means of promotion. The disadvantage of publicity is that it is impersonal. Companies have less control over the content of the message. It may not tell the positive story that the company wants. (Hofstrand 2005, McDonough and Ackert 2002)

3.6 Store-Related Strategy

In retailing industry, store-related factors like store location, and store atmosphere always influence consumers' behavior. Store-related factors include store image, store atmosphere, store contact, store loyalty, store location, and store layout. In this chapter, the focus is on store image, store atmosphere, store location, and store layout.

3.6.1 Store image

We can say store image is what consumers think about a particular store. Store image is commonly assessed by asking consumers how good various aspects of a retail store's operation are. (Olson and Peter 2010)

Image can be described as the overall look of a store and the series of mental pictures and feelings it evokes within the consumers. For the retailer, developing a powerful image provides the opportunity to show a single message, stand out from the competition and be remembered. Image is the foundation of all retailing efforts. (Geary 2007)

Developing a consistent store image is a common goal of retailers. This involves adjusting the various aspects of store image to appeal to specific market segments. However, store image sometimes has to be changed to adapt to changes in consumers' shopping habits and in competitive position. (Olson and Peter 2010)

3.6.2 Store atmosphere

Store atmosphere is the physical characteristic and surrounding influence of a retail store that is used to create an image in order to attract customers. Store atmosphere has both affective and cognitive components. The affective components are pleasure, arousal, and dominance; the cognitive component is the information rate, like novelty, variety, density, or size of the store. Pleasure refers to the degree to which the consumer feels good, joyful, happy, or satisfied in the store. Arousal refers to the degree to which the consumer feels excited or active in the store. Dominance refers to the extent to which the consumer feels in control of or free to act in the store. (Waters 2011, Buckley 1987)

Pleasure and arousal were found to influence consumers' enjoyment of shopping in the store, time spent browsing and exploring the store's offerings, willingness to talk to sellers, tendency to spend more money, and likelihood of returning to the store. However, dominance was found to have little effect on consumer behaviors in the retail environment. (Olson and Peter 2010)

3.6.3 Store location

Store location is a critical aspect of channel strategy. Good locations allow easy access, can attract large numbers of consumers, and can change consumer shopping and purchasing patterns. As retail outlets have very similar product offerings, even slight differences in location can have a significant impact on market share and profitability. Also, store location decisions are long-term decisions, and it is difficult to change. (Olson and Peter 2010)

There are many factors retailers should consider before choosing a store location. From traffic analysis to zoning requirements, there is a lot of data to examine before deciding on the perfect spot. First, you should examine what kind of products you sell, as some goods will require certain types of locations. Would your store be considered a convenience store, a specialty shop or a shopping store? Convenience goods require easy access, allowing the customer to quickly make a purchase. A mall would not be a good location for convenience goods. This product type is lower priced and purchased by a wide range of customers. Specialty goods are more unique than most products and customers generally won't mind traveling out of the way to purchase this type of product. A shopping store usually sells items at a higher price which are bought infrequently by the customer. Furniture, cars and upscale clothing are examples of goods found at a shopping store. Because the prices of these items are higher, this type of customer will want to compare prices before making a purchase. Therefore, retailers of this kind should locate their store near like stores. (Waters 2011)

Retailers want to be located where there are many shoppers but only if that shopper meets the definition of their target market. When considering visibility, look at the location from the customer's view point. Can the store be seen from the main flow of traffic? Will your sign be easily seen? In many cases, the better visibility your retail store has, the less advertising needed. (Waters 2011)

3.6.4 Store layout

Store layout should facilitate the customers to move around the store and buy merchandise. It should provide a balance between providing adequate space to shop by creatively utilizing limited store space. (SMU 2011)

Store layout is a major aspect of retail store design and has a powerful influence on customer purchasing behaviour. At a basic level, the layout influences such factors as how long the consumer stays in the store, how many products the consumer comes into visual contact with, and what routes the consumers walk within the store. Such factors may affect what and how many purchases are made. A successful store layout guides customers through the store, giving him a chance of seeing and exploring the various types of merchandise offered in the store. (Olson and Peter 2010, SMU 2011)

There are many types of store layouts. The two basic types are grid layout and free-form layout.

- **Grid layout**

Grid layout is a linear design for a selling floor where fixtures are arranged to form vertical and horizontal aisles throughout the store. Supermarkets, discount stores, grocery, drug store and other convenience-oriented retailers, typically use it. This layout is mostly of the store's convenience and facilitates a lot of products out on display. Below is an example of a grid layout. (SMU 2011)

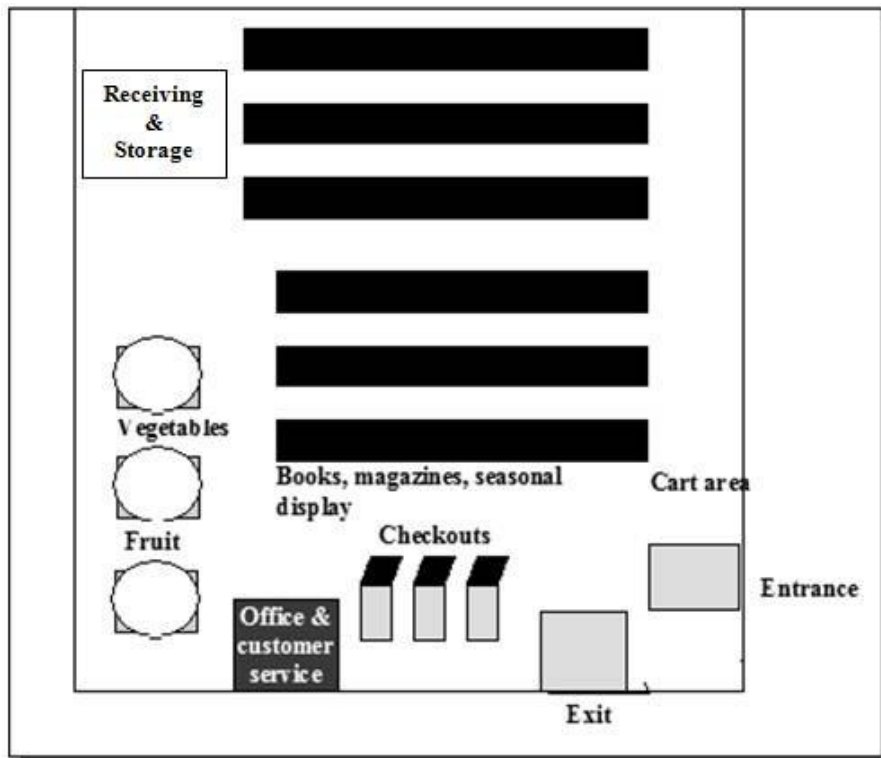


Figure 6. Example of a grid layout (SMU 2011)

In a supermarket, such a layout is designed to increase the number of products a consumer comes into visual contact with, thus increasing the probability of purchase. (Olson and Peter 2010)

The advantages of grid layout are it efficiently uses the store space, and allows orderly stocking. Cost of grid layout is low. It helps consumers to see a great number of items easily, and permits customers to shop in a quick and in a routine manner when in self-service format. Also, it simplifies the inventory maintenance and cleaning. The disadvantages of grid layout are it may reduce the time spend by customer in browsing and it is plain and uninteresting. It is a stimulator of rushed shopping behaviour. (Olson and Peter 2010, SMU 2011)

- Free-form layout

Free-form layout is an arrangement of merchandise that encourages an unstructured flow of customer traffic. Merchandise is divided on the basis of fixtures and signs, and customers can come into visual contact with all departments from any

point in the store. A free-form layout is often used in specialty stores and boutiques. This arrangement is particularly useful for encouraging relaxed shopping, and moving between several different types of merchandise. In Figure 7 there is an example of free-form layout. (Olson and Peter 2010, SMU 2011)

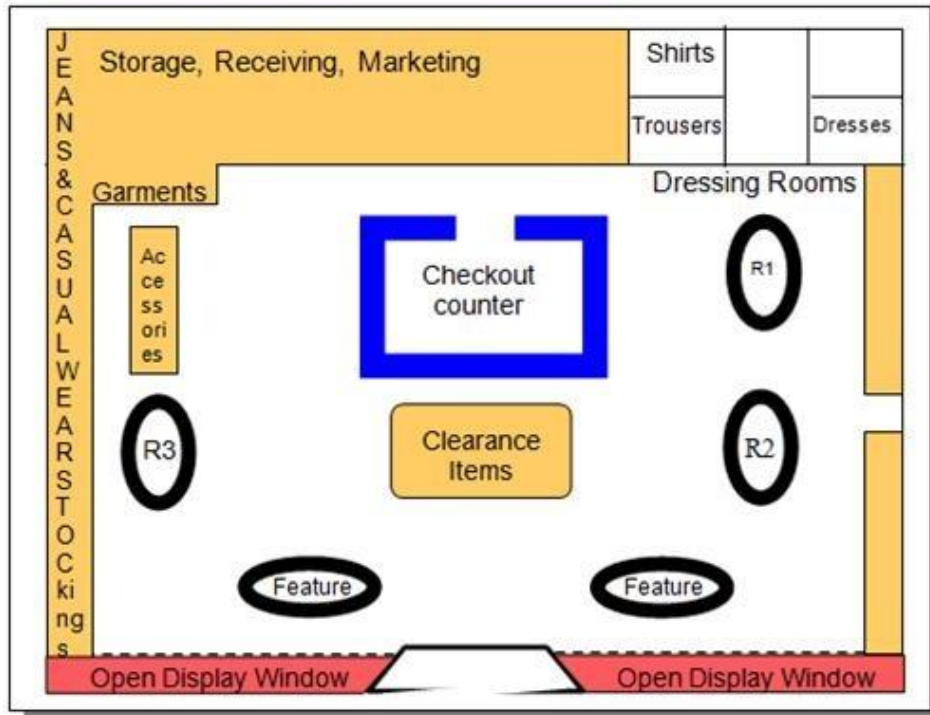


Figure 7. Example of free-form layout (SMU 2011)

The advantages of free-form layout are that it allows customers to brows and wander freely, and increases impulse purchases. It tends to provide a more relaxed atmosphere, and it is visual appeal to customers. The disadvantages of free-form layout are waste of floor space and high cost. Because free-form layout is unstructured, it can be confusing for customers. (Olson and Peter 2010, SMU 2011)

4 EMPIRICAL STUDY

This chapter presents how the research was carried out. First it is explained how the study is designed and carried out, after which the results of the study are presented. Reliability and validity of the research are discussed and assessed in this part of the thesis as well.

4.1 Research Methodology

4.1.1 Research method chosen

A research method can be either quantitative or qualitative. Quantitative research is a research methodology that seeks to quantify the data and, typically, applies some form of statistical analysis. Qualitative research is an unstructured methodology based on small samples, intended to provide insight and understanding. (Kumar 2000, Eriksson and Kovalainen 2008)

Qualitative research can tell more about things that cannot be directly measured and observed, like feelings, thoughts, attitudes, intentions and so on. It deals with understanding, whereas quantitative method deals with explanation, statistical analysis and so on. Quantitative research addresses who, what, when, and where of respondent behavior. However, qualitative research focuses on the why, the reasons behind the behavior. Qualitative methods are less structured and allow the respondents to express their views in their own ways. Quantitative methods are structured questionnaires, which give respondents very clear alternatives and leave very little to choice. Qualitative research relies on a small sample but has a longer relationship with the respondent. (Saunders, Lewis and Thornhill 2007, Eriksson and Kovalainen 2008)

The choice of the research method depends on the research purpose. If the researcher wants to know the insight of problem, qualitative methods would be preferred. If the researcher wants to quantify the data, quantitative methods would be preferred. Qualitative research can provide more detailed information, whereas quantitative research can provide a general overview. For example, X company

experienced a downturn in mobile market, and they want to find out the cause for this downturn. They should choose qualitative methods. Y company want to know which age group like their products best, and they should choose quantitative methods. (Kumar 2000, Saunders et al. 2007, Eriksson and Kovalainen 2008)

In this study, both quantitative and qualitative methods are used. In the quantitative method, the author designs a questionnaire for customers' perception of Watsons Your Personal Store's marketing to find out whether customers of Watsons Your Personal Store satisfied with the company's marketing activities. In the qualitative method, the author has an interview with one sales agent of Watsons Your Personal Store to get to know some marketing strategies. At last, the author verifies whether the strategies of Watsons Your Personal Store satisfy the needs of customers.

4.1.2 Sample and data collection

In most cases, it is impossible to collect data from an entire population, so you need to select a sample which represents the entire population. The sampling techniques can be divided into two types: probability sampling and non-probability sampling. Probability sampling means that each element of the population has an equal probability of selection. It consists of four types of sampling methods: simple random sampling, systematic sampling, stratified sampling, and cluster sampling. Non-probability sampling rely on the researchers personal judgment, does not use chance selection procedures. It also can be divided into four types: convenience sampling, judgmental sampling, quota sampling, and snowball sampling. (Saunders et al. 2007)

In probability sampling each case has a chance to be selected as a part of the sample and the probability of being selected is known. Usually the probability is the same for all cases. Probability sampling is mainly used in survey and experimental research strategies. (Saunders et al. 2007)

In non-probability sampling the probability for each case to be selected as a part of the sample is not known and it is impossible to make statistical interferences

about the characteristics of the population. Non-probability sampling is usually used in adopting a case study strategy. (Saunders et al. 2007)

Judgmental sampling is one type of non-probability sampling technique. It enables you to use your judgment to select cases that will best enable them to answer research questions and to meet your objectives. However, such samples cannot be considered to be statistically representative of the total population. (Saunders et al. 2007)

4.2 Conducting the Research

The aim of this research is to verify whether the strategies of Watsons Your Personal Store satisfy the needs of customers. Both quantitative and qualitative methods are used in this research. The author conducts an internet interview with one sales agent of Watsons Your Personal Store Chain to get to know some of the marketing strategies of the company. Also, a questionnaire is designed on customers' perception of Watsons Your Personal Store Chain's marketing to find out whether the customers of Watsons Your Personal Store Chain are satisfied with the company's marketing activities.

Judgmental sampling method was used to select a sample: a questionnaire was sent to those considered able to answer the research questions, as they are familiar with Watsons Your Personal Store Chain.

When the language of the study and the language of the respondents are not the same, the questionnaire must be translated in order to gain reliable answers. Since the study is about the Watsons Your Personal Store's marketing strategies in China, the respondents are all Chinese. Therefore, the language of the questionnaire must also be in Chinese to ensure that the respondents understand and are able to respond to the questions in a correct manner. The original questionnaire, which is the one made in English, is called the source questionnaire and the translated questionnaire that is in Chinese is the target questionnaire. (See Appendix 1 and 2) The target questionnaire was made into an e-form and the link to the questionnaire was sent to the respondents.

An anonymous questionnaire was developed with ten multiple choices and one open question that would take approximately three minutes for the respondents to answer. The questions were designed to be as short as possible in order to keep up the respondents' interest and ensure reliable answers and to save time in analyzing the results, but at the same time the questions aimed to be comprehensive and gather all necessary information.

The first section of the questionnaire is basic information on the respondents. It consists of questions about gender, age, and monthly income of the respondents. The second section focuses on consumer behavior towards Watsons Your Personal Store Chain. It consists of a series of questions concerning the consumers' perception of Watsons Your Personal Store Chain's marketing activities. Also, consumers' view of advertisement and sales promotion of Watsons Your Personal Store Chain are asked about. In addition, questions are asked to find out what the respondents think about prices, product qualities, services, sales promotion, store location and layout. At last, there is one open question about consumers' view of possible improvements of Watsons Your Personal Store Chain.

The quickest way to collect the results is to send the questionnaire in an electronic form. The questionnaire was translated into an e-form by using the software E-lomake which is easy for respondents to fill and save. The direct link <https://e-lomake.puv.fi/elomake/lomakkeet/1525/lomake.html> was activated from 19:00 14.05.2011 to 10:00 17.05.2011. In sum, 100 questionnaires were collected.

In this study, the Statistical Package for the Social Sciences was adopted as the tool to analyze the data. All the data was transported from E-lomake to SPSS. The output data is shown in pie charts and bar charts when necessary.

4.3 Results of the Research

4.3.1 Results of the questionnaire

The sample covers both genders, male and female. As Figure 8 shows, out of 100 people who answered the questionnaire, 81 were female and only 19 were male. It is quite obvious that most of the respondents were female, so we can say there are more female customers than male customers in Watsons Your Personal Store.

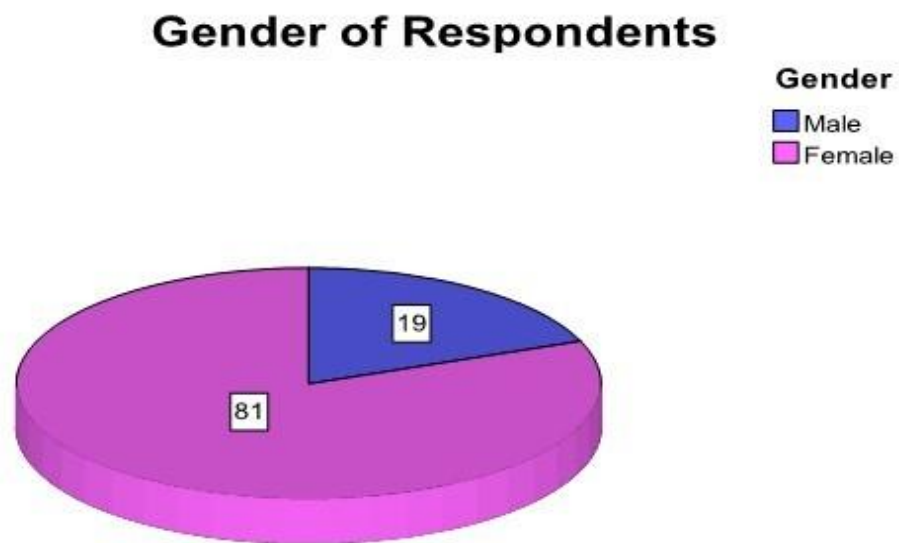


Figure 8. Gender of respondents

The sample covers all age groups. Among 100 respondents, 2 people are under 18, 91 are from 18 to 25, 6 people are from 26 to 33, and only 1 person is above 33. (See Figure 9)

Age of Respondents

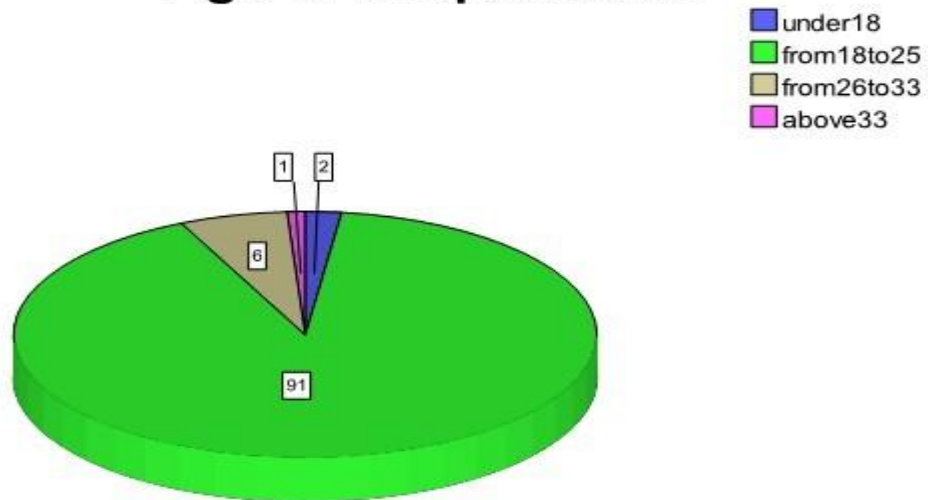


Figure 9. Age of respondents

As Figure 10 shows, among 100 respondents, 51 people's monthly income is under 1000 RMB, 11 people's monthly income is between 1000 RMB and 2000 RMB, 18 people's monthly income is between 2000 RMB and 3000 RMB, and 20 people's monthly income is above 3000 RMB.

Monthly Income of Respondents

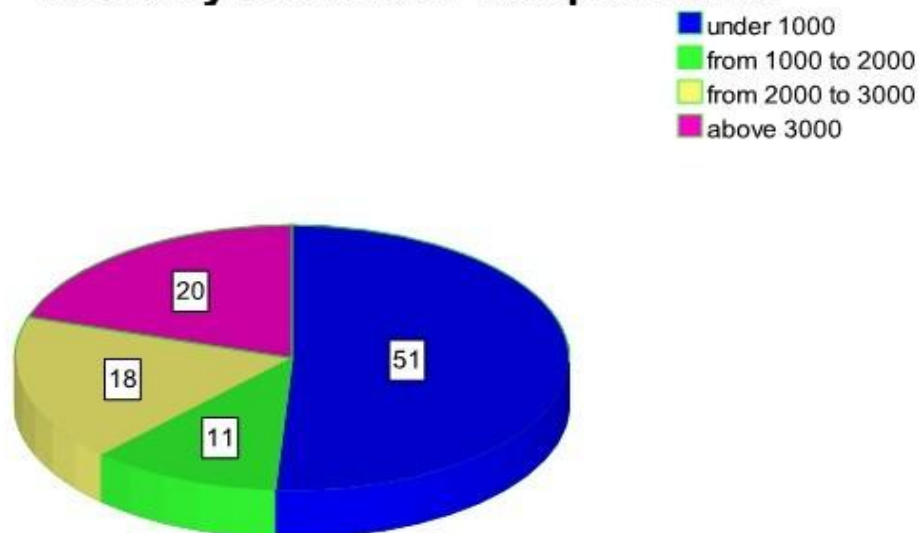


Figure 10. Monthly income of respondents

Figure 11 shows how often the respondents go to Watsons Your Personal Store. Out of 100 respondents, 4 people go to Watsons Your Personal Store once per week, 16 people go to Watsons Your Personal Store two or three times per month, 35 of them go to Watsons Your Personal Store once per month, 18 people go to Watsons Your Personal Store every six months, and 27 people go to Watsons Your Personal Store more seldom.

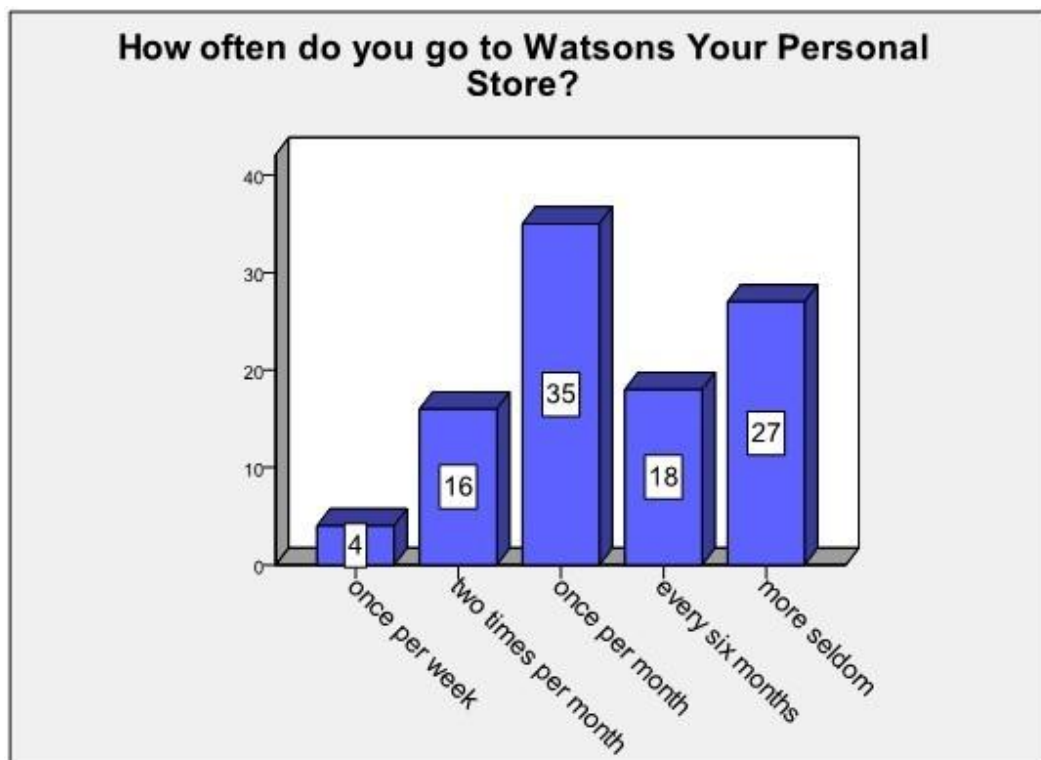


Figure 11. Frequency of respondents going to Watsons Your Personal Store

As mentioned above there are more female customers than male customers in Watsons Your Personal Store. Therefore, the author wants to find out whether there is a relationship between frequency of respondents going to Watsons Your Personal Store and genders. From Figure 12, it can be seen that most male respondents go to Watsons Your Personal Store more seldom than every six months, while most female respondents go to Watsons Your Personal Store once per month. Also, we can find out that all the respondents who go to Watsons Your Personal Store once per week are females. So, the conclusion is that not only are there more female customers than male customers in Watsons Your Personal

Store, but also female customers go to Watsons Your Personal Store more often than male customers.

Frequency of Respondents Going to Watsons Your Personal Store by Gender

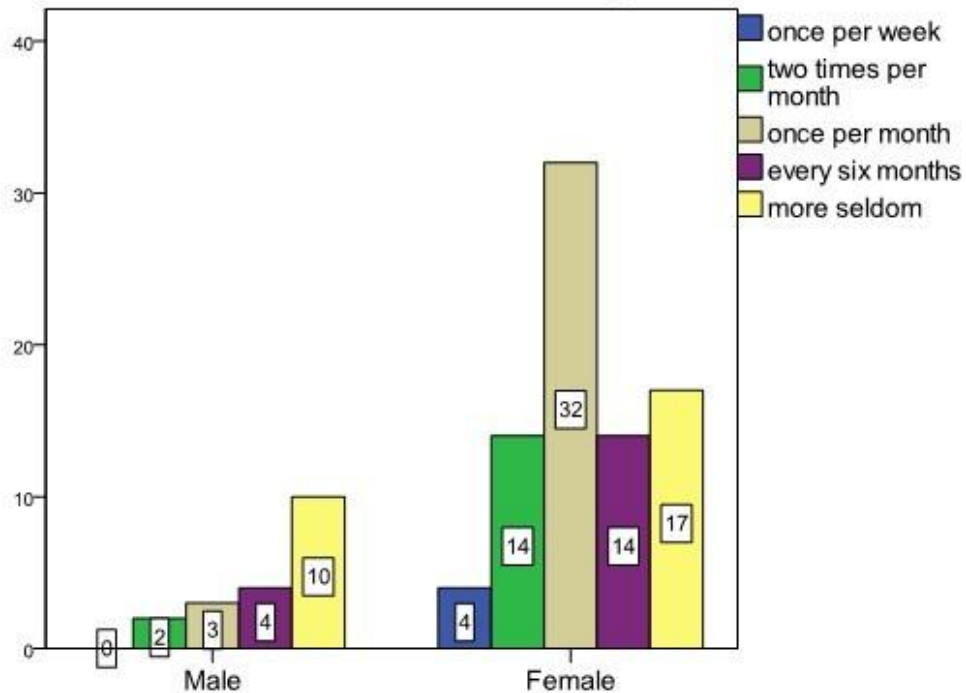


Figure 12. Frequency of respondents going to Watsons Your Personal Store by gender

Figure 13 shows the main channel that respondents acquaint themselves with Watsons Your Personal Store. The respondents can only choose one option. 45 respondents, almost half of all the respondents, have acquainted themselves with Watsons Your Personal Store by friends' recommendation. 17 respondents have acquainted themselves with Watsons Your Personal Store by outdoor advertising, 14 respondents have acquainted themselves with Watsons Your Personal Store by leaflet, 5 respondents have acquainted themselves with Watsons Your Personal Store by magazine, and only 1 respondent have acquainted himself with Watsons Your Personal Store through the internet. Also, 18 respondents have acquainted themselves with Watsons Your Personal Store by other channels. Some respon-

dents were attracted by the sales promotion or store atmosphere of Watsons Your Personal Store when they went shopping.

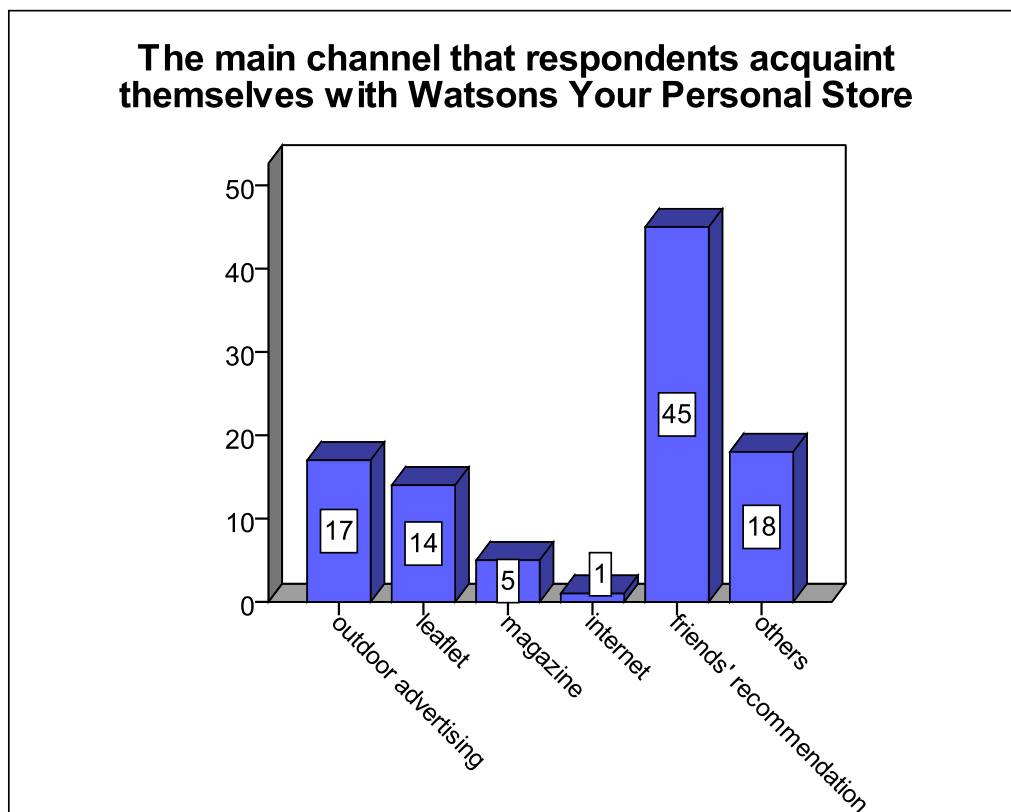


Figure 13. The main channel that respondents acquaint themselves with Watsons Your Personal Store

The respondents are given seven options to choose as the reasons why they do their shopping at Watsons Your Personal Store. The options were favorable price, good quality, wide variety of goods, convenient location, good service attitude, good shopping circumstance, and plenty of sales promotions. The respondents can choose several reasons if they want. As Figure 14 shows 57 respondents choose Watsons Your Personal Store because the wide variety of goods, 33 respondents choose Watsons Your Personal Store because of the convenient location, 29 respondents choose Watsons Your Personal Store because of the good quality of products, 27 respondents choose Watsons Your Personal Store because of good shopping circumstance, 25 respondents choose Watsons Your Personal Store be-

cause of plenty of sales promotion, 22 respondents choose Watsons Your Personal Store because of favourable price of products, and only two respondents choose Watsons Your Personal Store because of the good service attitude.



Figure 14. The main reasons why respondents choose Watsons Your Personal Store

Next, the aim is to find out what types of goods the respondents usually buy in Watsons Your Personal Store. The respondents are given five options to choose from: skin care products, cosmetics, daily necessities, foods, and health care medicines. The respondents can choose several reasons if they want. Figure 15 shows that 77 respondents usually buy skin care products in Watsons Your Personal Store, 35 respondents usually buy daily necessities in Watsons Your Personal Store, 21 respondents usually buy cosmetics in Watsons Your Personal Store, and 14 respondents usually buy foods in Watsons Your Personal Store. Only two respondents usually buy health care medicines in Watsons Your Personal Store. The

most popular goods in Watsons Your Personal Store are skin care products, then daily necessities, cosmetics, and food. Seldom have customers bought health care medicines in Watsons Your Personal Store.

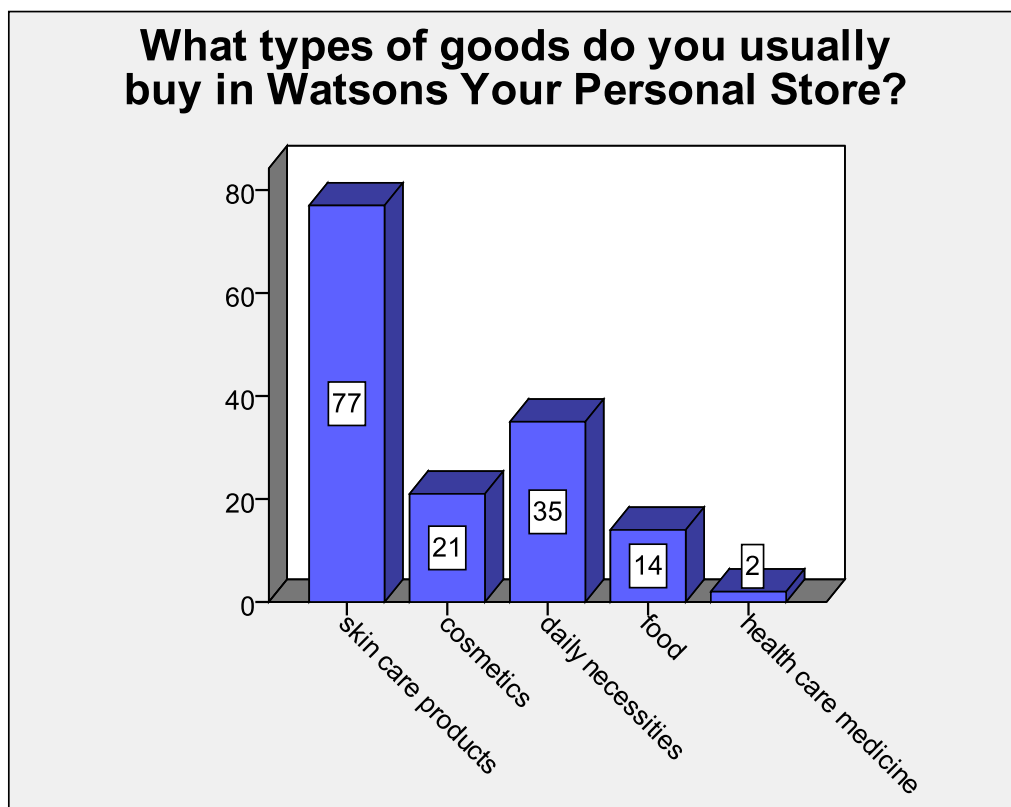


Figure 15. Types of goods respondents usually buy in Watsons Your Personal Store

Watsons Your Personal Store has plenty of sales promotion, and the aim is to find out what kind of sales promotion the consumers like best. The respondents are given four options to choose from: discounts, membership point, special price for members, add 1 ¥ for two. The respondents can choose only one of them. As Figure 16 shows 62 respondents, almost 2/3 of all respondents, prefer discounts to other sales promotion method, 26 respondents prefer the advertisement “add 1 ¥ for two” to other sales promotion methods, and 9 respondents prefer special price for members. Only 3 respondents prefer membership point to other sales promotion method.

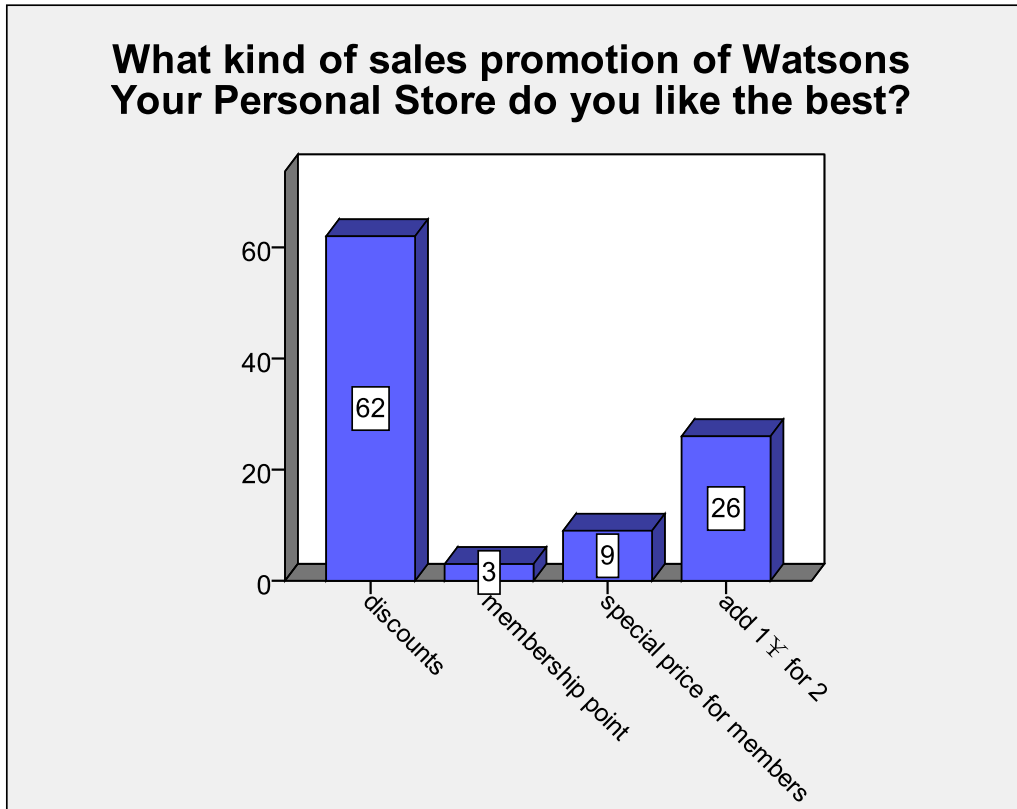


Figure 16. Sales promotion of Watsons Your Personal Store the respondents like the best

Figure 17 shows whether the sales promotion of Watsons Your Personal Store changes consumers' buying behavior. 25 respondents think that sales promotion of Watsons Your Personal Store is very attractive, and can increase their desire to buy its goods. 28 respondents seldom buy promotional goods, 40 respondents say that it depends on the current situation. If they really need that kind of products, they will buy them; otherwise this sales promotion is not attractive to them. Only 7 respondents think the sales promotion of Watsons Your Personal Store are not important at all.

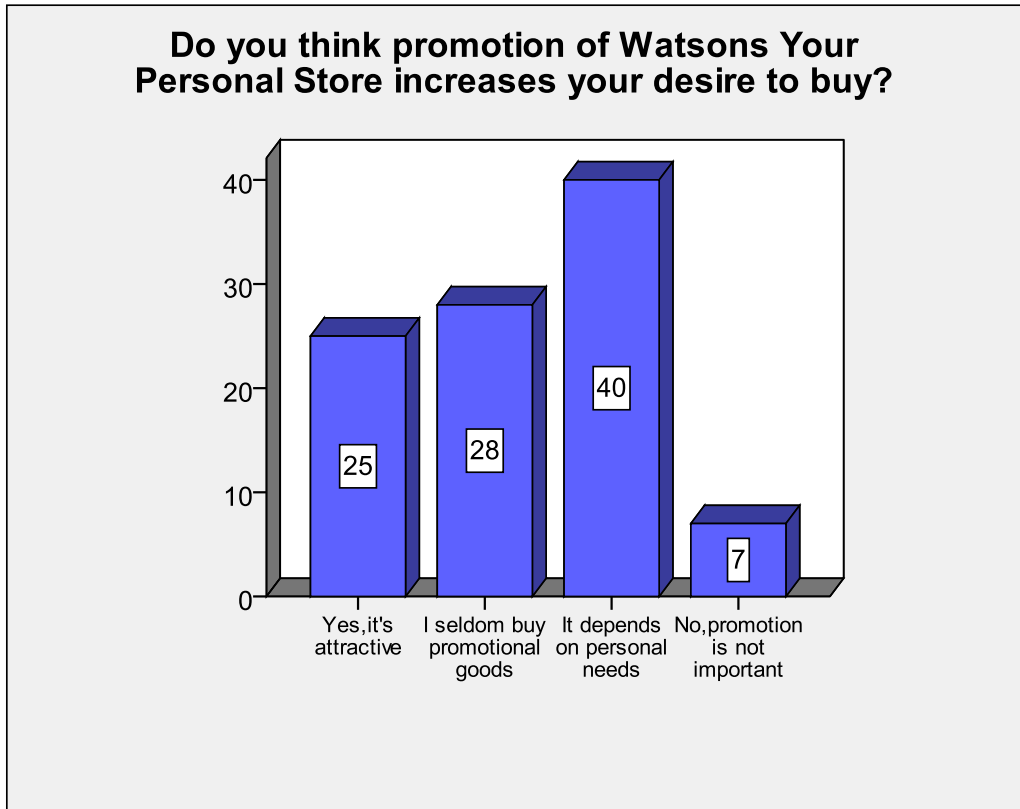


Figure 17. Whether sales promotion of Watsons Your Personal Store increases respondents' desire to buy

Next the consumers' perception of marketing activities is studied, including price, variety of goods, benefits of members, sales promotion, service attitude, shopping circumstance, store layout, and store location of Watsons Your Personal Store.

Figure 18 shows respondents' perception of prices of Watsons Your Personal Store Chain. One respondent is very satisfied with the prices of Watsons Your Personal Stores, 52 respondents are satisfied with the prices of Watsons Your Personal Stores, 24 respondents do not have any idea about prices of Watsons Your Personal Stores, 21 respondents are dissatisfied with the prices of Watsons Your Personal Stores, and two respondents are very dissatisfied with the prices of Watsons Your Personal Stores.



Figure 18. Respondents' perception of prices of Watsons Your Personal Stores

Figure 19 shows respondents' perception of variety of goods of Watsons Your Personal Store. Ten respondents are very satisfied with the variety of goods of Watsons Your Personal Stores, 66 respondents are satisfied with the variety of goods of Watsons Your Personal Stores, 16 respondents do not have any opinion about the variety of goods of Watsons Your Personal Stores, and only 8 respondents are dissatisfied with the variety of goods of Watsons Your Personal Stores. No respondent was very dissatisfied with the variety of goods of Watsons Your Personal Stores.

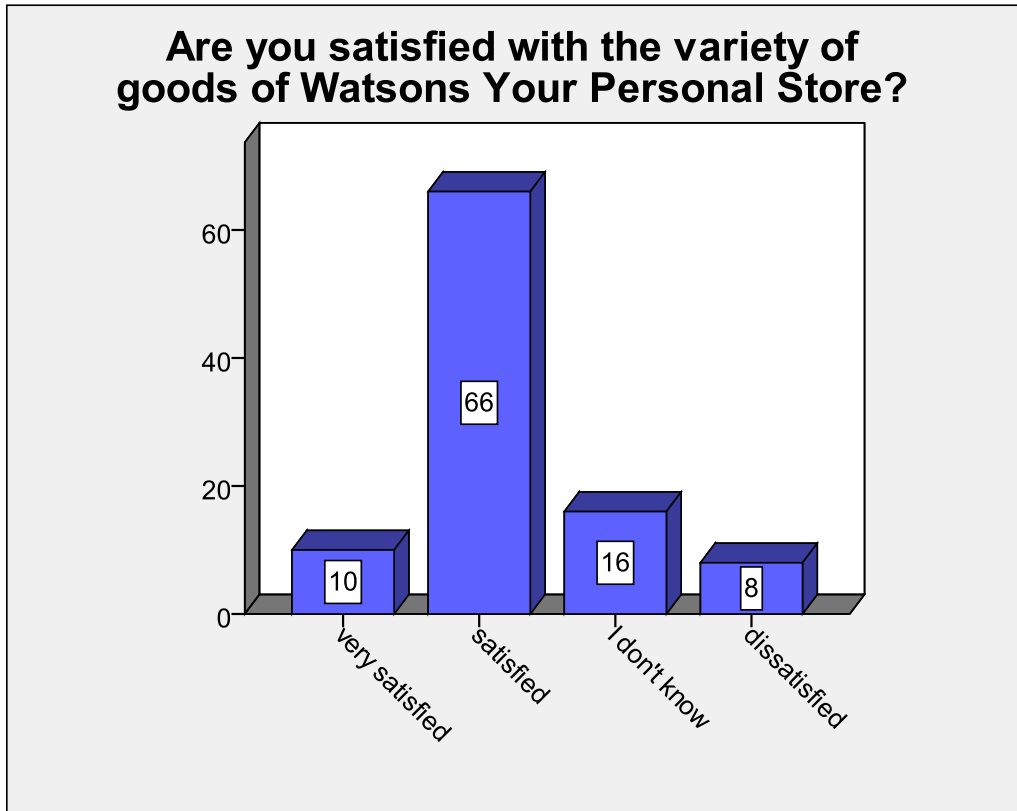


Figure 19. Respondents' perception of variety of goods of Watsons Your Personal Store

Figure 20 shows respondents' perception of the benefits offered to the members of Watsons Your Personal Store. Six respondents are very satisfied with the benefits of members of Watsons Your Personal Store, 34 respondents are satisfied with the benefits of members of Watsons Your Personal Store, 44 respondents do not have any opinion about the benefits of membership at Watsons Your Personal Store, 14 respondents are dissatisfied with the benefits of members of Watsons Your Personal Store, and two respondents are very dissatisfied with the benefits offered to the member of Watsons Your Personal Store.

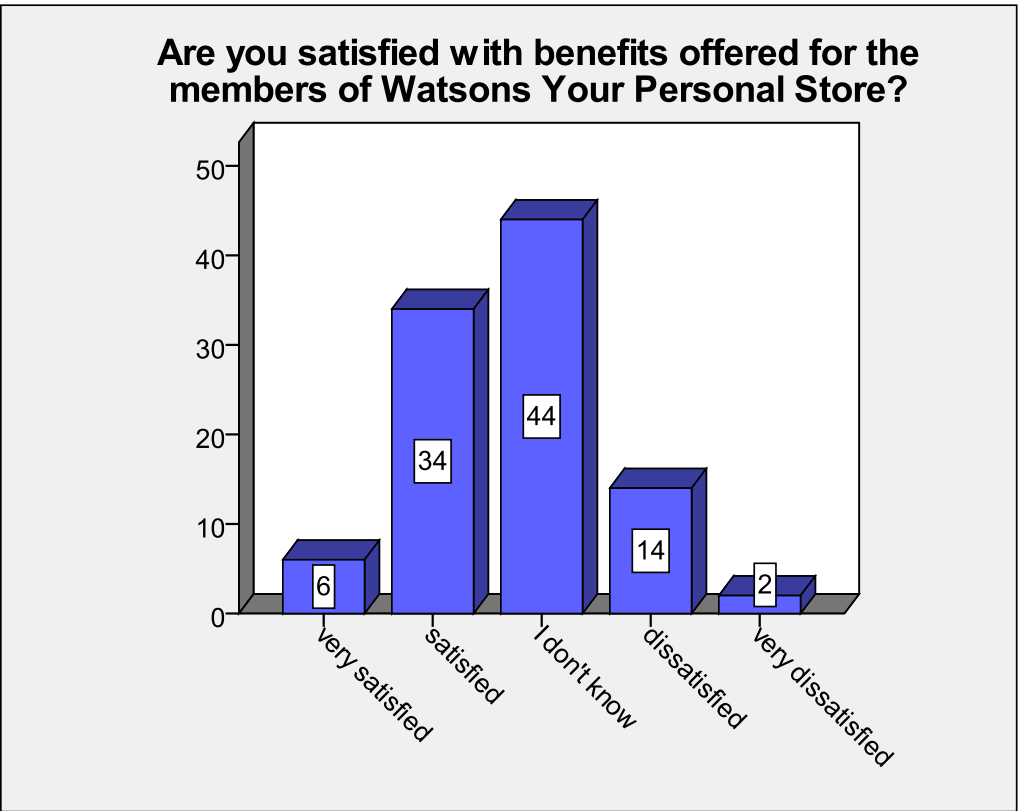


Figure 20. Respondents' perception of benefits offered for the members of Watsons Your Personal Store

Figure 21 shows respondents' perception of sales promotion of Watsons Your Personal Store. Ten respondents are very satisfied with sales promotion of Watsons Your Personal Store, 49 respondents are satisfied with the sales promotion of Watsons Your Personal Store, 29 respondents do not have any opinion about sales promotion of Watsons Your Personal Store, 11 respondents are dissatisfied with sales promotion of Watsons Your Personal Store, and only one respondent is very dissatisfied with the sales promotion of Watsons Your Personal Store.

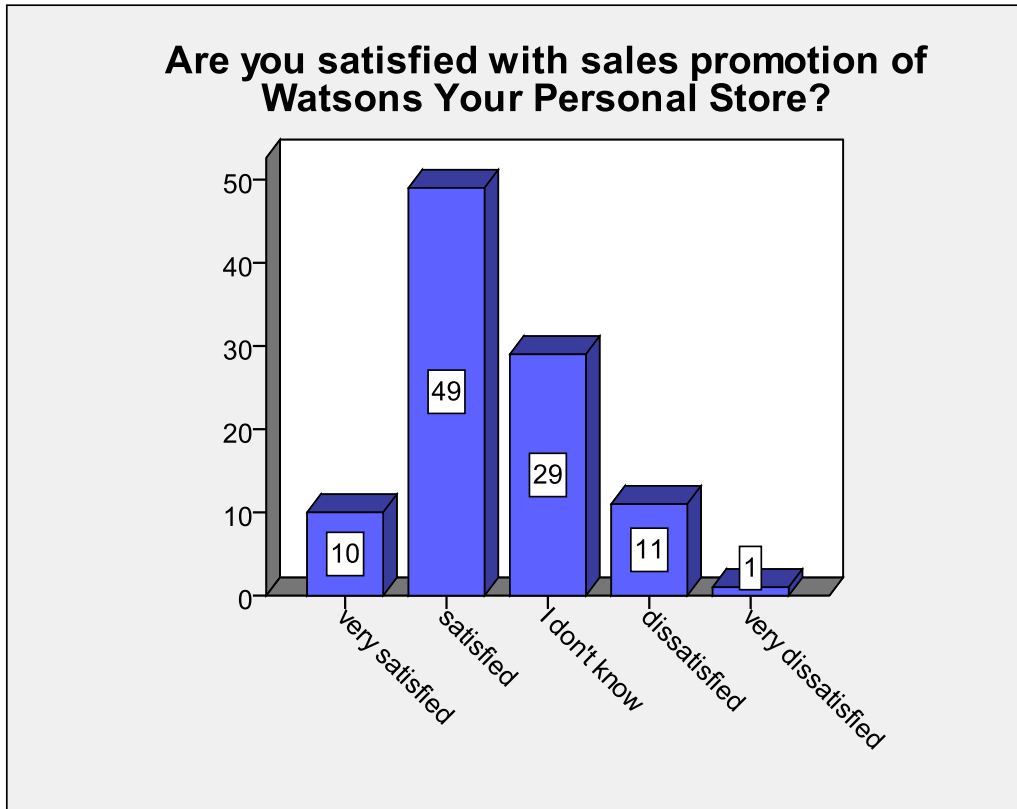


Figure 21. Respondents’ perception of sales promotion of Watsons Your Personal Store

Figure 22 shows respondents’ perception of service attitude of Watsons Your Personal Store. Seven respondents are very satisfied with service attitude of Watsons Your Personal Store, 67 respondents are satisfied with the service attitude of Watsons Your Personal Store, 17 respondents do not have any opinion about service attitude of Watsons Your Personal Store, eight respondents are dissatisfied with service attitude of Watsons Your Personal Store, and only one respondent is very dissatisfied with the service attitude of Watsons Your Personal Store.

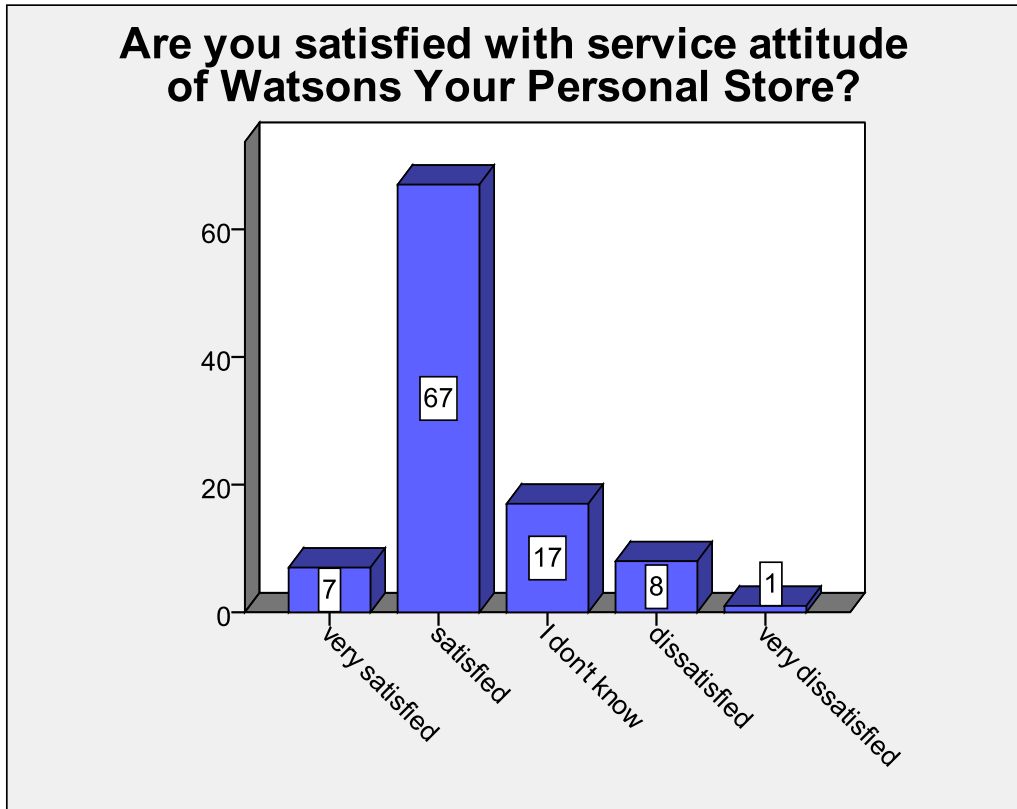


Figure 22. Respondents' perception of service attitude of Watsons Your Personal Store

Figure 23 shows respondents' perception of shopping circumstance of Watsons Your Personal Store. 10 respondents are very satisfied with the shopping circumstance of Watsons Your Personal Store, 70 respondents are satisfied with the shopping circumstance of Watsons Your Personal Store, 12 respondents do not have any opinion about shopping circumstance of Watsons Your Personal Store, and only eight respondents are dissatisfied with the shopping circumstance of Watsons Your Personal Store. We also can see that no respondent is very dissatisfied with shopping circumstance of Watsons Your Personal Store.

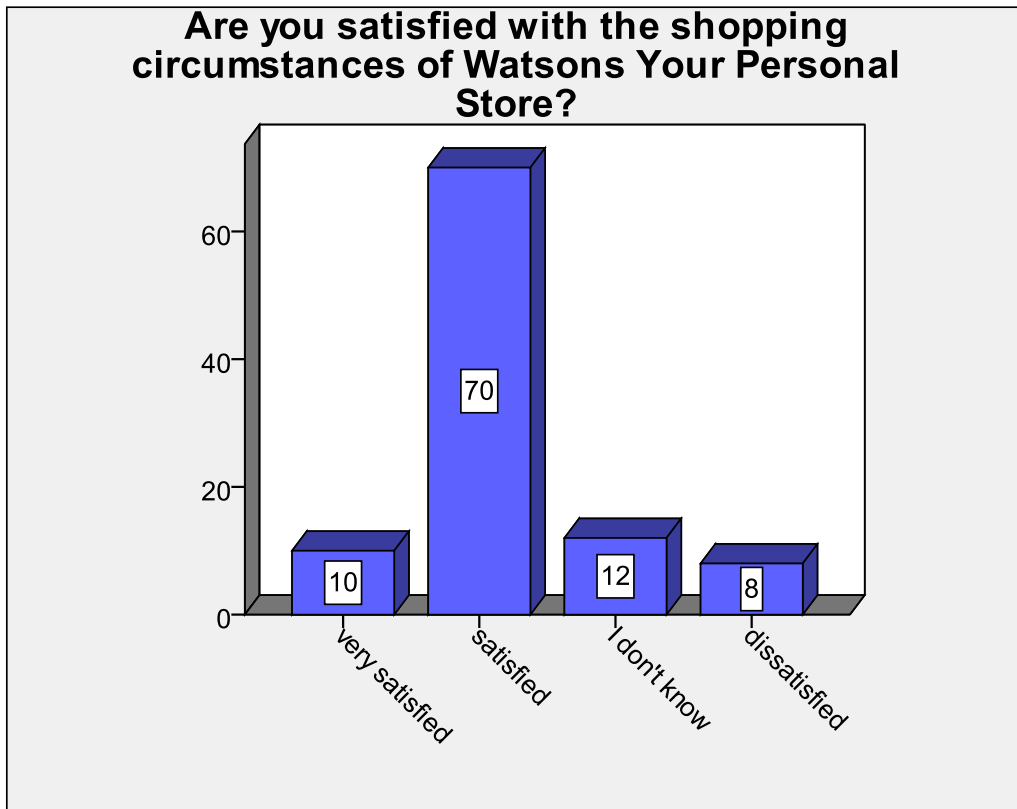


Figure 23. Respondents' perception of shopping circumstance of Watsons Your Personal Store

Figure 24 shows respondents' perception of store layout of Watsons Your Personal Store. 12 respondents are very satisfied with the store layout of Watsons Your Personal Store, 57 respondents are satisfied with the store layout of Watsons Your Personal Store, 17 respondents do not have any opinion about store layout of Watsons Your Personal Store, and 14 respondents are dissatisfied with the store layout of Watsons Your Personal Store. We also can see that no respondent is very dissatisfied with store layout of Watsons Your Personal Store.



Figure 24. Respondents' perception of store layout of Watsons Your Personal Store

The last one is respondents' perception of store location of Watsons Your Personal Store. As Figure 25 shows 17 respondents are very satisfied with the store location of Watsons Your Personal Store, 64 respondents are satisfied with the store location of Watsons Your Personal Store, 12 respondents do not have any opinion about store location of Watsons Your Personal Store, and 7 respondents are dissatisfied with store location of Watsons Your Personal Store. Also, there is no respondent is very dissatisfied with store location of Watsons Your Personal Store.



Figure 25. Respondents' perception of store location of Watsons Your Personal Store

The last question in questionnaire is an open question. The purpose is to ask respondents what kind of aspects Watsons Your Personal Store should improve from their points of view. Among 100 respondents, 44 of them answer this question. 18 respondents hope the price of Watsons Your Personal Store could be lower. 6 respondents hope that the products of Watsons Your Personal Store can be more various. 5 respondents hope there can be more sales promotions. 4 respondents hope the size of stores could be larger, because sometimes the store is crowded with customers. 3 respondents hope the sales person could be more professional. 2 respondents hope more special price for members. 2 respondents hope Watsons Your Personal Store can improve products' quality, store layout, and service attitude.

4.3.2 Results of the interview

The author held an internet interview with one sales agent of Watsons Your Personal Store Chain to get to know more about the marketing strategies at Watsons Your Personal Store Chain. The interview consists of four questions.

1. How does Watsons Your Personal Store segment its market, and what is the target group of Watsons Your Personal Store?

The sales agent tells me that they have found out that Asian women are willing to spend more time on shopping in order to find the cheaper or better products than European women in the company's marketing research. The target group of Watsons Your Personal Store in China are women aged between 18 and 40, especially the modern women aged between 18 and 35 who pursue fashion, are favourable to trying new items, have strong consuming ability, are not willing to shop in supermarkets, and seek convenience and comfortable shopping circumstances. The company found the income of this age group is increasing very quickly, and then the company narrowed the target group down as women of this age group whose monthly income is over 2500 RMB.

2. How does Watsons Your Personal Store position itself?

Watsons Your Personal Store and Wal-Mart both are retailers, but the brand images of them have a big difference. Watsons Your Personal Store was a drug store when it was established, so the company position itself as personal care experts. Watsons Your Personal Store has a health consultant team, which provide advice about healthy living to customers for free. There are health care tips in every promotion leaflet.

Watsons' mission is to help people enjoy their lives more by making a bigger positive difference to their health, looks and the way they feel. The brand concept of Watsons Your Personal Store is "Look Good, Feel Great, Have Fun". The main products of Watsons Your Personal Store are skin care products and cosmetics, which represent "Look Good". The health care medicines represent "Feel Great".

The unique fun toys and candies represent “Have Fun”. Also, there are always some lovely looking logos such as “heart” “lip” “smile” on the shelves, cashier desks, and shopping bags, which respectively represent “Feel Great” “Look Good” “Have Fun”. These give customers a strong visual impression of Watsons Your Personal Store.

3. How does Watsons Your Personal Store promote itself, and which type of promotion strategy do they use the most?

As a retailer, the most important item of promotion is to let consumers acquire specific information of promotional products. Watsons Your Personal Store does not choose public media to promote; instead the company uses promotional catalogs and leaflets to promote itself. The promotional catalogs are delicate and renewed about every ten days. Also, Watsons Your Personal Store provides special training to its sales people, which make them master the detailed product information and effective personal selling strategies.

There are various types of sales promotion of Watsons Your Personal Store which make customers feel fresh. The company do not use low prices to compete with others; instead Watsons Your Personal Store uses different sales promotions to increase sales. For example, “add 1 ¥ for two”, which means if the price of one product is 25 RMB, now you will get two of the same products if you pay 26 RMB. Another sales promotion concept is that when your purchase is over 50 RMB, you can pay another 10 RMB to purchase some specified products which original price is over 10 RMB. Also, special prices for members, discounts, membership points and some other sales promotion concepts are used in Watsons Your Personal Store.

4. How does Watsons Your Personal Store use the store-related strategy to attract consumers?

As mentioned above, there are always some lovely looking logos such as “heart” “lip” “smile” on the shelves, cashier desks, and the shopping bags of Watsons Your Personal Store Chain, which respectively represent “Feel Great” “Look

Good” “Have Fun”. These form the store image of Watsons Your Personal Stores. The store atmosphere is to make customers feel comfortable. The locations of Watsons Your Personal Stores are mainly in the most prosperous business districts to make them convenient to customers. The store layout of Watsons Your Personal Stores is people-centred. Because the target group are women, Watsons Your Personal Stores are lowers its shelves from 1.65 meters to 1.40 meters. The products are placed onto different shelves according to their categories.

4.4 Analysis of the Answers

To conclude, a sample of 100 respondents may give accurate and useful basic information. However, female respondents account for 81%, which is four times of the number of males (19%). The reason for the smaller number of male respondents may be that there are more female customers than male customers in Watsons Your Personal Stores because the sales agent said the target groups of Watsons Your Personal Store are females.

Concerning the age groups, among 100 respondents, 91% of the respondents are from 18 to 25 years old, 6% are from 26 to 33 years old, 2% are under 18 years old and only 1% is above 33 years old. According to the sales agent of Watsons Your Personal Store, the target group is females aged from 18 to 35 years old. The reason for the large number of respondents aged from 18 to 25 is likely due to the fact that the majority of the respondents are my friends, so most of them are at the same age as I am.

Concerning the monthly income, among 100 respondents, half of respondents' monthly income is under 1000 RMB, 20% of the respondents' monthly income is above 3000 RMB, 18% of the respondents' monthly income is between 2000 RMB and 3000 RMB. However, according to the sales agent of Watsons Your Personal Store, the target group is females whose monthly income is over 2500 RMB. The possible reason that half respondents' monthly income is under 1000 RMB maybe due to the same reason as stated above. Most respondents are my friends, and most of them are still students, so they have low income.

45% of the respondents became acquainted with Watsons Your Personal Store by friends' recommendation. This shows Watsons Your Personal Store has a good reputation among customers. Customers are willing to introduce Watsons Your Personal Store to their friends.

Based on the survey, the main reasons for customers to choose Watsons Your Personal Store are wide variety of goods, convenient location, good quality, good shopping circumstances and plenty of sales promotion. These reasons are almost the same as the sales agent said about Watsons Your Personal Store's marketing strategies.

62% of the respondents prefer discounts to other sales promotion methods. Only 7% of the respondents think that the promotion of Watsons Your Personal Store is not attractive at all. So, we can say the promotion of Watsons Your Personal Store is successful, and can increase customers' desire to buy its goods.

Next consumers' perception of marketing activities which include price, variety of goods, benefits of members, sales promotion, service attitude, shopping circumstance, store layout, and store location of Watsons Your Personal Stores are discussed. The sales agent said that the store locations of Watsons Your Personal Store are mainly in the most prosperous business districts to make them convenient to customers, and 81% of the respondents are satisfied with the store location. 80% of the respondents are satisfied with comfortable shopping circumstance that the company creates for them. 44% of the respondents have no opinion about the benefits of members because they are not members of Watsons Your Personal Store. In general, the respondents are satisfied with most of the marketing activities of Watsons Your Personal Store. Also, some respondents pointed out they hoped the prices of Watsons Your Personal Store could be lower, and there could be more sales promotion.

4.5 Reliability and Validity

Reliability and validity differ mainly in the definition of the two terms. Reliability is an estimate of how consistently an instrument measures its target. If the results

of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Validity is the degree of the accuracy of the measurement. (Colosi, 1997)

Both quantitative and qualitative methods are used in this study. The author held an internet interview with one sales agent of Watsons Your Personal Stores to get to know more about marketing strategies of Watsons Your Personal Stores. The sales agent can have the valid information about the company's marketing strategies. An electronic questionnaire was designed via E-lomake and 100 responses were collected. The aim of the questionnaire is to discover whether customers of Watsons Your Personal Stores are satisfied with the company's marketing activities. All the respondents have the experience of shopping in Watsons Your Personal Store. And each respondent answered all the questions in the questionnaire, there was no missing data and all the data are valid and reliable. Both quantitative and qualitative methods were used to make the research results more reliable and valid.

5 CONCLUSIONS AND SUGGESTIONS

This chapter presents a summary of the thesis and suggestions for further research on the subject.

5.1 Summary of the findings

The purpose of this research is to verify whether the marketing strategies of Watsons Your Personal Store satisfy the needs of customers. The research problems of the study are to map out the marketing strategies of Watsons Your Personal Stores and discover whether customers of Watsons Your Personal Stores are satisfied with the company's marketing activities.

From the internet interview with the sales agent of Watsons Your Personal Store, it was learnt that the target groups of Watsons Your Personal Store are modern females aged from 18 to 35 years old, whose monthly income is over 2500 RMB. Watsons Your Personal Store positions itself as personal care expert. Watsons' mission is to help people enjoy their life better by making a bigger positive difference to their health, looks and the way they feel. The brand concept of Watsons Your Personal Store is "Look Good, Feel Great, and Have Fun". The promotion strategies Watsons Your Personal Store Chain use the most are promotional catalogs, leaflets, and a wide variety of sales promotion. The store atmosphere makes customers feel comfortable. The locations of Watsons Your Personal Store are mainly in the most prosperous business districts to make them convenient to customers.

From the results of questionnaires, we can see that about half of respondents are acquainted with Watsons Your Personal Store by friends' recommendation. This shows Watsons Your Personal Store has a good reputation among customers. The main reasons for customers to choose Watsons Your Personal Store are wide variety of goods, convenient location, good quality, good shopping circumstances, plenty of sales promotion. Most of the respondents prefer discounts to other sales promotion methods. Most of respondents think the promotion of Watsons Your Personal Store Chain is attractive. Therefore, we can say the promotion of Wat-

sons Your Personal Store is successful, and can increase customers' desire to buy its goods. The respondents are satisfied with most of the marketing activities of Watsons Your Personal Store. Also, some respondents pointed out they hope the prices of Watsons Your Personal Store could be lower, and there could be more sales promotion.

As a result, we can say the marketing strategies of Watsons Your Personal Store Chain satisfy the majority needs of its customers but there are still some aspects Watsons Your Personal Store needs to improve.

5.2 Suggestions for further research

The results should be considered with some limitations. Firstly, as stated above, most of the respondents are friends of the researcher, so most of them are students, which is small difference with the target group of Watsons Your Personal Store. This possible that they can't represent all the consumers' opinion of Watsons Your Personal Store Chain. So, in further research, the respondents can be chosen equally from different ages, occupations etc.

Consumer behaviors may vary in different cities. Therefore, in further research, the researcher could conduct the study in one specific city to gain more accurate and reliable results of that city.

As the results show there are still some aspects Watsons Your Personal Store Chain needs to improve. The further research studies could study what should Watsons Your Personal Store Chain do to improve its consumers' satisfaction with prices or some specific aspects of marketing activities, like sales promotion or benefits for members.

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APPENDIX 1: Source Questionnaire in English

Dear respondents,

I am a student of the International Business from the University of Applied Sciences, Vaasa, Finland. This questionnaire is a part of my thesis. The purpose of this questionnaire is to find out whether customers of Watsons Your Personal Store satisfied with the company's marketing activities. I would be appreciated if you could take 3 minutes to answer the following questions. All the information is privileged and for research use only.

Questionnaire

1. Your gender:

- a. male
- b. female

2. Your age:

- a. under 18
- b. 18-25
- c. 26-33
- d. above 33

3. Your monthly income (Chinese Yuan):

- a. under 1000
- b. 1000-2000
- c. 2000-3000
- d. above 3000

4. How often do you go to Watsons Your Personal Store?

- a. once per week
- b. two or three times per month
- c. once per month
- d. every six months
- e. more seldom

5. What is the main channel you acquainted with Watsons Your Personal Store?
(single choice)
- a. outdoor advertising
 - b. leaflet
 - c. magazine
 - d. internet
 - e. friends' recommendation
 - f. others, _____
6. What are the main reasons for you to choose Watsons Your Personal Store?
(multiple choices)
- a. favorable price
 - b. good quality
 - c. wide variety of goods
 - d. convenient location
 - e. good service attitude
 - f. good shopping circumstance
 - g. plenty of sales promotions
7. What types of goods do you usually buy in Watsons Your Personal Store?
(multiple choices)
- a. skin care products
 - b. cosmetics
 - c. daily necessities
 - d. food
 - e. health care medicine
8. What kind of sales promotion of Watsons Your Personal Stores do you like best?
- a. discounts
 - b. membership point
 - c. special price for members
 - d. add 1 ¥ for two

9. Do you think the promotion of Watsons Your Personal Store increases your desire to buy its goods?

- a. Yes, it is very attractive
- b. I seldom buy promotional goods
- c. It depends on personal needs
- d. No, the promotion is not important at all

10. Please choose the one that best describes your opinion:

I strongly agree	I agree	I don't know	I disagree	I strongly disagree
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- a)I'm satisfied with prices
- b)I'm satisfied with variety of goods
- c)I'm satisfied with benefits of members
- d)I'm satisfied with sales promotion
- e)I'm satisfied with service attitude
- f)I'm satisfied with shopping circumstances
- g)I'm satisfied with store layout
- h)I'm satisfied with store location

11. What do you think Watsons Your Personal Store should improve?

APPENDIX 2: Target Questionnaire in Chinese

尊敬的先生/女士，我是瓦萨应用科技大学国际商务专业的学生。这份有关屈臣氏消费者行为的问卷，是论文的一部分，旨在调查消费者对屈臣氏营销策略的满意度。恳请您能协助回答以下问题，完成这份问卷只会花费您 3 分钟左右的时间。所有信息只用于学术研究，绝不对外公开，请放心填写。

问卷调查

1. 您的性别是：
 - a. 男
 - b. 女

2. 您的年龄是：
 - a. 18 岁以下
 - b. 18-25 岁
 - c. 26-33 岁
 - d. 33 岁以上

3. 您的月收入为：
 - a. 1000 元以下
 - b. 1000-2000 元
 - c. 2000-3000 元
 - d. 3000 元以上

4. 您平均每隔多长时间去一次屈臣氏：
 - a. 一周一次
 - b. 两周一次
 - c. 每月一次
 - d. 半年一次
 - e. 超过半年一次

5. 您主要通过什么以下哪一种途径知道屈臣氏：（单选）
- a. 户外广告
 - b. 宣传单
 - c. 杂志
 - d. 网络
 - e. 朋友介绍
 - f. 其他，_____
6. 请问您来屈臣氏购物的主要原因是：（多选）
- a. 价格实惠
 - b. 商品质量好
 - c. 商品种类齐全
 - d. 地理位置方便
 - e. 服务态度好
 - f. 店面环境时尚，舒适
 - g. 促销活动丰富
7. 您在屈臣氏主要购买哪些商品：（多选）
- a. 护肤产品
 - b. 化妆品
 - c. 日用品
 - d. 食物
 - e. 保健药品
8. 您最喜欢屈臣氏的哪种促销方式：（单选）
- a. 折扣
 - b. 会员卡积分
 - c. 会员特惠
 - d. 加一元多一件

9. 您觉得屈臣氏的促销活动能吸引你消费吗？（单选）

- a. 是的，挺有吸引力
- b. 偶尔会购买促销产品
- c. 视个人需要决定
- d. 不会

10. 您对屈臣氏以下方面是否满意：

非常满意 满意 不知道 不满意 非常不满意

- a) 商品价格
- b) 商品种类
- c) 会员相关优惠
- d) 促销活动
- e) 服务态度
- f) 购物环境
- g) 商品摆放，店内布局
- h) 店面地理位置

11. 您认为屈臣氏还有什么需要改善的地方？

APPENDIX 3: Source Interview Questions in English

1. How does Watsons Your Personal Store segment its market, and what is the target group of Watsons Your Personal Store?
2. How does Watsons Your Personal Store position itself?
3. How does Watsons Your Personal Store promote itself, and which type of promotion strategy do they use the most?
4. How does Watsons Your Personal Store use the store-related strategy to attract consumers?

APPENDIX 4: Target Interview Questions in Chinese

1. 请问屈臣氏个人护理店是如何划分市场的？目标客户群是哪一类人？
2. 屈臣氏个人护理店的定位是什么？
3. 屈臣氏个人护理店是如何做推销的？其中哪种推销方法用得最多？
4. 屈臣氏个人护理店使用了哪些与店面相关的营销策略来吸引消费者？