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CUSTOMER REFLECTIONS ON PROMOTIONAL TOOLS

CASE H&M IN CHINA

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ABSTRACT

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The booming economy is lifting more and more people to the new emerging middle class. They are able to purchase more goods than in the previous years. At the same time foreign companies are expanding their business in China which results in a tougher competition. Hennes & Mauritz (H&M) has performed well in the Chinese market since they entered it seven years ago. The aim of this thesis was to find out customer reflections of the promotional tools in China.

The literature review consists of two sections, the first one studies promotional tools which includes advertising, sales promotion, personal selling and publicity. This section accounts for most of the theoretical framework because the thesis is mainly based on an analysis of promotion. The second section studies buying behavior as it is a critical factor in understanding the success of H&M in the Chinese market.

In the empirical study of the thesis, both a questionnaire and a group interview were conducted in order to improve the validity and reliability of the work. The questionnaire was open online on a professional Chinese website called "SOJUMP" for one week. After that the results were collected and analyzed. The group interview was made via Skype and the process was recorded at the same time. The opinions of interviewees were summarized to gain a deeper understanding of the research problem.

On both the quantitative and qualitative study, research results were given in the conclusion. Two thirds of the questionnaire respondents had never heard about H&M and most of them knew H&M from passing by the stores. The main reason for the respondents to choose H&M was the high cost performance. Display windows as well as friends were the main factors influencing the opinions about H&M. Discount is seen as the favorite sales promotion tool among all the respondents.

Based on the results of empirical study, in detail advice was given in the conclusion. H&M should focus more on the customer preferred ways of advertising and in general the company should broaden the methods of sales promotion.

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Noususuhdanteinen talous nostaa enemmän ja enemmän ihmisiä kehittyvään keskiluokkaan. Tämän keskiluokan ihmisillä on enemmän ostovoimaa ja he voivat siis ostaa enemmän tuotteita kuin aikaisempina vuosina. Samaan aikaan ulkomaiset yhtiöt laajentavat toimintaansa Kiinaan, mikä johtaa kovempaan kilpailuun markkinoilla. H&M on tehnyt hyvin tulosta Kiinassa, siitä asti, kun se seitsemän vuotta sitten laajensi toimintaansa Kiinan markkinoille. Tämän opinnäytetyön tarkoituksena on selvittää, kuinka asiakkaat kokevat myynninedistämisen menetelmät ja niiden käytön Kiinassa. Kirjallisuuskatsaus koostuu kahdesta osasta, joista toinen käsittelee enemmän myynninedistämiseen tarkoitettuja työkaluja, eli mainontaa, myynninedistämistä, henkilökohtaista myyntityötä ja julkisuutta. Tämä osio sisältää myös suurimman osan teoreettisesta viitekehystä, koska opinnäytetyö perustuu pääasiassa myynninedistämisen analysoimiseen. Toinen osa käsittelee ostokäyttäytymistä, joka on kriittinen tekijä voidaksemme ymmärtää H&M menestymistä Kiinan markkinoilla.

Empiirisessä osassa toteutettiin kyselylomakkeella tehty tutkimus sekä ryhmähaastattelu pätevyyden ja luotettavuuden parantamiseksi. Kyselylomake oli avoimena verkossa yhden viikon kiinalaisella SOJUMP-sivustolla, joka on ammattimainen tutkimussivusto. Sen jälkeen tulokset kerättiin ja analysoitiin. Ryhmähaastattelu tehtiin Skype-palvelun kautta ja prosessi äänitettiin. Haastateltavien lausunnoista on tehty yhteenveto, jotta tutkimusongelmasta saataisiin syvempi ymmärrys. Sekä määrällisestä että laadullisesta tutkimuksesta saadut tutkimustulokset on esitetty opinnäytetyön päätelmissä. Kaksi kolmasosaa kyselyyn vastanneista tiesi H&M:n entuudestaan ja monet tiesivät H&M-liikeketjun, koska he olivat kulkeneet jonkin liikkeen ohi. Pääsyy, miksi vastaajat valitsivat H&M-liikkeen, oli korkea kustannustehokkuus. Näyteikkunat sekä ystävät olivat tärkeimmät tekijät, jotka vaikuttivat yksilön mielipiteisiin H&M:stä. Alennukset ja alennusmyynnit koettiin yhtenä myynninedistämisen suosikkina kaikkien vastaajien kesken. Empiirisen tutkimuksen tuloksiin perustuen, yksityiskohtaisia neuvoja ja ehdotuksia on annettu opinnäytetyön päätelmissä. H&M:n pitäisi keskittyä enemmän asiakkaille soveltuvaan mainontaan ja yleisesti ottaen H&M:n pitäisi laajentaa myynninedistämisen keinojaan.

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1 INTRODUCTION

H&M has been operating in China for already several years, it has gained a significant market share and is seen as a major player in the Chinese retail market. The environment in which H&M is operating can be described as highly competitive. High-street fashion brands tackle H&M from the upper end of the segment and local Chinese fashion brands challenge it from the bottom with lower prices and same quality. The biggest factor in H&M's success in China can be located to its positioning in the market itself. H&M can be seen as one of the cheapest European brands in China and due to the marketing it is still possible to defend market share and profitability.

1.1 Background of the Study

H&M is the second biggest clothing retailer worldwide. It has 2600 stores in 47 countries. It is operating in Asia, Europe, Middle East, North Africa and North America, which makes it a truly global company. H&M entered the Chinese market in 2007, the first Chinese H&M store was located in Hong Kong. After 2007, H&M expanded its market in China at an enormous speed; currently H&M has 109 stores in mainland China and Hong Kong. Until October 2012 H&M entered altogether six markets in Asia, namely China, Japan, South Korea, Singapore, Thailand and Malaysia. Other Asian markets are targeted and might be entered soon. (H&M 2012)

The reason why they are heavily expanding their business in Asia, especially in China is the fast growing economy. Over the past decades the Chinese economy has had double digit growth rates every year, only since 2009 the average growth rates slowed down to around 9%. This strong economic growth enabled several hundred million Chinese people to gain a certain standard of living, with the ability to purchase goods, not just domestic but also the more expensive foreign products. This new emerged middle class is targeted by H&M, the market is growing rapidly and China will be the biggest apparel market in work in the next decades. (The World Bank, 2012)

With a population of 1.3 billion people and an expected annual GDP growth of 7% to 9% per year, this situation will boost the market size and create a good investment opportunity for foreign companies. In this environment H&M can grow in two different ways, unlike in Europe with its saturated market, its growth can be based on the overall growth of the Chinese market, but also via an increase in the relative market share. At the moment the Chinese apparel market is performing very well, with an annual growth rate of over 20% per annum. This high growth will most likely even accelerate due to the new government of the People's Republic of China which focuses on rebalancing the Chinese economy from an export driven economy to a domestic market driven economy. This will boost the domestic consumption and with it the growth of the apparel industry. Therefore, it is even more important to know what customers think about specific brands, in this case H&M, because the market environment is very attractive and due to this competition will increase. (Li & Fung 2011; Central Intelligence Agency 2013)

1.2 Research Problem

The research problem is to study the customer reflections on H&M's promotional tools. Based on the results of the research, suggestions are given to improve the effectiveness of H&M's promotional strategy.

To get a clear picture about what promotion is and what it includes, different promotional methods are explained; additional to this background information about buying behavior is added.

In order to solve the research problem, qualitative and quantitative research methods are used. Therefore, a questionnaire and a group interview are designed with the purpose of getting in-depth knowledge about the underlying factors.

1.3 Limitations of the Research

The research is limited to the people who live in China, because H&M applies different promotional tools in different markets. It is impossible to get a comprehensive view about all promotional methods, so this thesis is limited to the

Chinese market. Another limitation is that this research strictly focuses on the customer perspective and excludes the employees of H&M as well as a managerial point of view

1.4 Structure of the Research

This thesis has altogether four chapters. The first chapter provides basic information concerning the background of the thesis, research problem, and limitations of the research, research methodology and also structure of the research.

The second chapter is about the literature review, which first introduces the main promotional method, namely advertising, sales promotion, personal selling and publicity. The second part discusses consumer buying behavior, which is relevant in order to understand why so many Chinese customers choose H&M.

The third chapter discusses the empirical results. First, two different kinds of research methods will be applied. Quantitative as well as qualitative research will be combined to get not just statistics but also to achieve a deeper understanding of the opinions of H&M customers. Both research methods contribute equally to the outcome of this research. Validity and reliability will be explained because they are crucial factors determining the quality of the research. The results of the quantitative research will be analyzed by using different charts to visualize the outcomes. The results of the qualitative research are generated by summarizing and describing the main content of the interviews.

The fourth chapter presents conclusions based on the qualitative as well as the quantitative research. Due to the combined approach it will be possible to give suggestions to H&M about how to improve their current promotional strategy in the Chinese market.

2 LITERATURE REVIEW

In this chapter the main promotional method and their goals will be described first, after which buying behavior and decision-making behavior will be analyzed.

2.1 The Aims of Promotion

When a product is launched in a new market, product adaption plays a crucial role. This process is influenced by different communication effects. There are five communication effects which have to be mentioned when talking about promotion: category need, brand awareness, brand attitude, brand purchase intention and purchase facilitation. (Dibb, Simkin, Pride & Ferrell 2006, 519-520)

The category need is about making the customer realize that he or she needs a products or service. It is about creating the need by showing the special gadgets, innovations a product has, which benefits it may give to future customers and how it is seen among their peers. Even if there are established products in the market which already can satisfy the needs of the customers, good communication of the additional value and benefits of new products can help in entering the market and in being successful in sales. (Percy & Rossiter 1991)

Brand awareness can be seen as a catalyst for making the breakthrough. It is necessary to understand the interaction between brand awareness and the possibility of purchase. When a retailer of a certain manufacturer already has an established brand name which stands out, it is important to see that a brand has already been created by earlier promotion. (Banerjee 2009)

The brand attitude is to have certain emotions or beliefs connected with the brand. Brand attitudes offer the customer orientation and a clear direction in a world where products can easily be replaced by competing products. It makes the choice for customers easier because due to previous experience or the effect of previous promotion there is a certain image generated in the head of the customer which gives him a certain view on this brand. (Mioic 2011)

The brand purchase intention is generated by marketing activities. If the brand image is received in a positive way it will give the products of this brand an advantage over other products in the same market. (Percy & Rossiter 1991)

The purchase facilitation takes place after the purchase decision is made. The customer already knows that he or she wants to buy a product, now it is about the availability, the price which has to be in line with the expectations and the dealer should also be trustworthy or at least be known to some extent. The company which sells the product has to consider the promotional mix, the 4 P's, which are the basic instrument of the promotion mix. It is important to see that every single aspect of the 4 P's can have a critical influence in the purchasing process, because they all have to be in a certain range to make the deal happen. If some variables are not in line with the expectations, e.g. the price is too high; it is very unlikely that the purchase is done. (Onditi 2012)

2.2 The Promotional Mix

The promotional mix is about how to combine different promotional tools depending on different needs of companies. Factors like the budget and the time table influence the decision which different methods will be used. Every promotional tool has advantages and disadvantages which have to be evaluated. (Sidhanta & Chakrabarty 2010)

Four different key aspects are known: advertising, sales promotion, personal selling and publicity (Peter & Olson 2010). Every aspect of the promotional mix is important, because they all have their own functions. Depending on the situation and environment, different promotional tools should be used differently. Companies have to be familiar with all the promotional tools to get a comprehensive view about the promotional mix.

Depending on the goods and the industry where the promotion takes place, the marketing communication budget can have different distribution. Even the goods and the industry stay the same, the focus can be shifted towards other factors and the distribution towards each factor might change as well. It is a dynamic process

which develops over time. The current promotional mix is just a result of experience and different assumptions which is seen as the best at the moment.

In business to business marketing, personal selling has gained importance while in business to customer sales discounts have become more popular. The underlying reason is that in the end customer markets the price consciousness increased over the last years. There are multiple factors which influence the most appropriate marketing mix. The importance of different promotional tools always depends on the product, industry and even the company. (Jaradat, Jaradat & Yassine 2011)

2.3 Advertising as a Promotional Method

Advertising is one of the most effective ways to affect consumers. How advertising works should be considered seriously by every company. Effective advertising can leave consumers with a better brand image and create long-term profit.

2.3.1 The Circle of Advertising

Even though there are many definitions of how advertising affect consumers, until now no dominating theory has evolved. One of the most evident and best structured ways of describing how advertising works is from Joyce (1967, in Baker 2007, 433) which is shown in Figure 1.

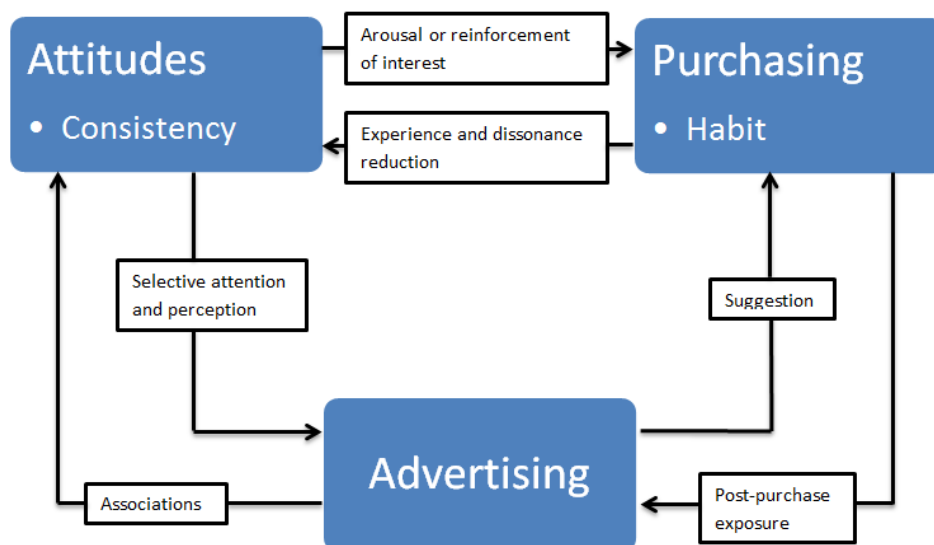


Figure 1. How advertising may work (Baker 2007, 433).

First of all the question regarding the aim of marketing has to be dealt with, because advertising can change attitudes towards certain products or services via associations. Those changed attitudes lead to an arousal of need which is finally satisfied by purchasing the advertised goods. After the purchase, the customer might have a different perception on what the advertisement means for him. (Nyilasy & Reid 2009)

The other way around is that advertising is seen as a direct suggestion towards a certain product, which might lead to the purchase. The purchase and the customer experience with the product change the attitudes which influence the future attention towards the advertisement. (Baker 2007, 433)

When we see the interconnectivity of advertising and attitudes, advertising leads to associations. Depending on the aim of the advertisement, it can have different impacts, which can influence the attitudes towards the product in a certain way. Attitudes determine to which extent the advertising will influence the customers. Negative attitudes towards a brand or a product can reduce the effectiveness of advertisements dramatically, because those attitudes will change the perception. (Schwarzkopf 2009)

The aim of an advertisement is always to emphasize this product image than the competing product and by doing this it gives the suggestion of buying the promoted product. Changing the perspective and consider the purchase as the first instance, we will see that the post-purchase exposure (also called involvement) differs as well, depending on how the purchase influenced the receiver of the advertisement. (Erdem, Keane & Sun 2008)

When talking about the interconnectivity of attitudes and purchasing, generally it can be said that every purchase influences the attitudes by the past experience while using the product. Another aspect is that the attitudes are going to influence the purchase decisions which are made consciously and unconsciously, depending on level of involvement. The purchase decision is always based on our attitudes, on our perception towards advertisement and product. (Nyilasy & Reid 2009)

2.3.2 Effective Advertising

In general there are many factors influencing the effectiveness of advertising. The eight principles of effective advertising listed below, can be seen as an extension of the principles of good brand advertising.

- 1 It regards the consumer as sovereign
 - 2 It satisfies the consumer need with a competitive advantage
 - 3 It contains one dominant promise
 - 4 It relates the promise inextricable to the identity of the brand
 - 5 It avoids distraction
 - 6 It is credible
 - 7 It must stand out
 - 8 It is legal, responsible, and in keeping with the identity of the company
- (Baker 2007, 443)

First of all the customer has to be seen as sovereign, because if the customer gets the impression that he or she is patronized the impact of the advertisement can easily turn negative. Additional to this the aim of selling products should be to satisfy customer needs. The advertisement should communicate this as well as the additional value which will be created for the customer by purchasing those goods. The advertisement should be built upon one dominant promise, because it enables the receiver of the advertisement to keep it in mind. If the advertisements focus on too many aspects of the product, it might cause confusion and decrease the impact. The dominant promise should be in line with the company image. If the company's image stands contrary to the advertising message, it will be regarded as untrustworthy or simply fake. This issue goes hand in hand with the credibility of the company as well as the advertisements, because both are related to each other. Advertisements have to be structured clearly and always have to be focused on the main message which has to be communicated to avoid distraction. It is crucial for the effectiveness of an advertisement that there is one unique selling proposition because advertisements are not automatically remembered by the receivers. It is important to find a way to make the advertisement unique, to give the target group a reason why to remember it. Last but not least, the basics of effective advertisements are that they should be legal and not conflict with the ethical rules and values of the market. (Niazi, Siddiqui, Shah & Hunjra 2012)

2.3.3 The Role of Advertising

Advertising has different roles. First of all, it can determine the impact on sales effectiveness and it also can influence the sales efficiency. Advertising is a good way of increasing the effectiveness of salespersons. It is proven by several studies that when customers have already been exposed to advertising the actual selling process becomes easier. Especially considering personal selling, it can be seen as a combined approach between both, personal selling and advertising. We have to see that the effectiveness of sales persons always depends on how well known a product is. Even if the product just has a loose image in the customer's mind before the actual point of sales, it increases the probability that the purchase is made. There are strong correlations between the increased expenditures towards advertising and the brand awareness which also correlates with market share. It is a proof for the upper statement that a prior knowledge about the product favors a purchase decision. (Low & Mohr 2000)

There are two different ways of proving a relationship between advertising and the overall efficiency of a marketing program. As a matter of fact, companies have to remind current and potential customers of their products or newly launched products. Advertising is seen as a key to make marketing effective, because it works through various communications and selling activities which are all interconnected. When certain messages are sent, normally not just one channel is affected. Due to the interconnectivity of modern marketing a broader impact has to be considered. Advertising is not just the only channel to gain attention, because other channels such as word of mouth and social media affect the overall success as well. It is important to consider the cross influences because the message spreads via various media and channels. Therefore, advertising can increase the level of efficiency. (Hutt & Speh 2004, 411)

2.4 Use Sales Promotion as a Promotional Tool

Sales promotion has to be seen as an independent part of promotion. It is one of the key issues when dealing with promotion in general. Sales promotion is most likely not a long term strategy because it can negatively influence the brand image

if it is applied over a “long” period. It is a strategy which is used to boost sales in short term. In recent decades sales promotion has led to a dilution of certain brands which used sales promotion to an unhealthy extent. Sales promotion can affect customers in a way that they see the goods just as commodities which are promoted by sales incentives. The additional value, which should be the main determinant of the price, was not seen as important anymore. (Rizvi, Zaidi & Malik 2012)

2.4.1 Types of Sales Promotions

There are different types of sales promotions which are used among different industries in different markets at different times for several purposes. (Proctor 2000, 233)

One of the most common ways of promotion is granting discounts. A discount gives a price incentive for certain items. Those products are tagged as being “on sale” and there is a direct price reduction of a certain percentage. (Rizvi & Malik 2011)

Special offers and discounts are not the same. They have to be differentiated as separate categories of promotion. Special offers may be “take two pay one” or “buy a dozen and get the 13th for free”. It also works indirectly via increasing the content while keeping the price flat. (Omotayo 2011)

Trial offers means a new product is offered at reduced prices for trial purposes. This kind of sales promotion is widely used among new entries to the market to get the customer in touch with a new product. (Proctor 2000, 233)

Free samples refers that a small sample of the original product is given away for free. The reason behind this is to give customers the chance to gain experience and knowledge about the new product without actually purchasing it. (Esfahani & Jafarzadeh 2012)

Trading stamps is another method of sales promotion. Stamping cards are used for customers who visit or purchase infrequently. This method aims at increasing the

frequency of visits and purchases. Customers get a card on which they can collect stamps, after receiving a certain amount of stamps the customers are able to get some products or benefits. (Marketing Week 2007)

Coupons are used to provide a buying incentive to certain customers. Coupons are often used as giveaways granting the option to purchase a product on discount if the coupon is received. (Esfahani & Jafarzadeh 2012)

In-store-demonstrations are performances of the product, depending on the products' features and gadgets. Those demonstrations are generally based on the unique selling propositions of the products. It gives an impression about the product in use or when it is consumed. (Omotayo 2011)

The meaning of free gifts is that if a purchase is done, the customers receive a free gift additional to the product they have bought. Those gifts normally are just worthy a small fraction of the price which is paid for the actual products. Those gifts can be of complementary nature or simply be giveaways as reminders. (Marketing Week 2007)

2.4.2 Short and Long Term Effects of Sales Promotions

It has already been proven by several researchers that sales promotion has different effects depending on which time period is used. In a short term perspective sales promotion has positive influences on the brand awareness and improves the ability to reach potential customers. (Alvarez & Casielles 2005)

The aim of sales promotion is to increase sales and expand the market shares for a certain period to achieve a competitive advantage. It is also used to react to competitors' pricing strategies. On the other hand, the long term effects have to be considered. Most likely sales promotion which is just based on price reductions will not have a big influence on the sales level in long term. (Rizvi & Malik 2011)

It is important to know that most of the money spent on the sales promotion is absorbed by the original customer group, which takes a so-called "free ride". Customers purchase the goods on discount instead of buying them a few days

later at the normal price. Just a small fraction of the money spent on price related sales promotion tools actually goes to the customers which are switching from other brands. The customers who switched from other brands are now able to try the products, but it is not sure if they will switch continuously or not. Based on this uncertainty, the acquisition costs of every new customer is extremely high because the regular customer group takes advantages of the sales promotion as well. Even if the sales promotion has the temporary effect of boosting sales during a certain time, it is still necessary to consider the long term effect especially when the company operates in a premium segment. In the low price market, brand awareness is regarded as low which leads to a stronger focus on sales promotion. (Mandic 2009)

On the other hand, there is the premium market, where brand loyalty is normally quite high. The sales promotion based on price might have a devastating effect if the sales promotion is done over a too long period. The period which is regarded as long depends on the product and the customer group. It is important to see that the sales promotion has negative effects on the brand image, especially on premium brands. In the premium market the brand image is very important, so sales promotion should be not used to a large extent. If a premium brand still tries to use sales promotion the brand image might be harmed, a decline in customer preference can be the result. This is based on the subjective impression that the brand is seen as cheaper and less prestigious than before the sales promotion. It is also good to know that the consumer's price sensitivity may increase, which creates the problem of lower margins for the company in the future. We have to see that premium brands are not just used for their actual purpose. The additional value which is an integral part of those premium brands might suffer from sales promotion because the products are seen as less representative than before. (Esfahani & Jafarzadeh 2012)

2.4.3 Interactivity of Sales Promotion and Advertising

In general, sales promotion also aims at the people who do not have emotional feelings for brands, because they easily change brands. Those "new customers" will normally not turn to loyal customers. Some researchers think that sales

promotion is used for breaking down brand loyalty and advertising for building it up. It is crucial to analyze how much money is contributed to sales promotion and advertising. In recent years a clear shift towards sales promotion has been recognized, endangering the brand. In some cases maybe even lead to brand erosion, the image of the brand may change and the products might be seen as “cheap”. For short term sales promotion is important, but in the long term perspective advertising is better than sales promotion due to the brand building effect and the long lasting character of advertising. We have to consider that brand loyal buyers not change their brand due to sales promotion while advertising increases the “prime franchise” of a brand. (Luk & Yip 2008; Clayton & Heo 2011)

2.4.4 Purpose of Sales Promotion

The objectives which have to be achieved decide which kind of sales promotion is used. To take certain measures all factors have to be considered first and then the decision have to be made according to the best possible solution.

One of the biggest challenges is to gain new customers; it is most likely the strongest driver of sales promotion in the executive level. Due to the lower prices, it is quite common that non-customers try those products which are on “sale”. Customers try and evaluate the product, compare it to the product they normally use and decide afterwards if the product is worthy to be purchased later on the normal price level. Without the sales promotion this way of customer acquisition is not possible. It works in the way which breaks down brand loyalty for certain customer groups. (Osman, Fah & Foon 2011)

Another purpose of sales promotion might be that loyal customers should be rewarded. It is common to give discounts to products with a broad customer base, most of the sales promotion benefits are received by regular customers. In this way the company enhances the tie between the customer and the products or company to achieve a long term relationship. The customers should be bound to the company in a way that they are not reachable for other offers from competitors. (Kotler 1991, 632)

It is also common to use sales promotion to increase the repurchase rate among infrequent customers or users, therefore a different set of sales promotion tools have to be applied. It is important to take the customer away from competitors and bind them towards the company which runs the sales promotion. We have to see that a customer who already purchases the same products from time to time but not on a regular basis, just needs more benefits from the product to purchase them more frequently. In this case sales promotion might be an appropriate way to give the customer those additional benefits. (Esfahani & Jafarzadeh 2012)

2.4.5 Model of a Sales Promotion Process

The first important step is to establish the sales promotion objectives. It has to be seen that sales promotion objectives are based on the promotion objectives in general and those are based on the basic marketing objectives which depend on the product. It is necessary to consider the target market, because the target market determines which kind of sales promotion objectives should be set. For consumer markets we have to see that it is about to catch the customers which switch from other competing brands. It is also important to see the importance of attracting new customers and get them familiar with the products. All those aspects are important and can lead to an increase in overall sales. (Grundey 2010)

The second step is about selecting the right sales promotion tools. There are many different sales promotion tools and the suitable ones have to be selected. It is necessary to select the tools which favor the outcome in order to achieve the sales promotion objectives. Different factors have to be considered, such as the type of market, sales promotion objectives, competitive situation and the cost effectiveness. (Dibb, Simkin, Pride & Ferrell 2012)

The third step is to develop the sales promotion program. It clarifies certain points which influence the scale and the impact of the program. It is about how much money should be spent on the sales promotion program, the time table, when it should start and end as well as the terms which have to be fulfilled to participate. We have to see that those variables influence the sales promotion program and its impact on the result. The development of the program should be in line with the

sales promotion objectives which have to be achieved. Different variables should be predicted in advance to know how to design the program itself. (Esfahani & Jafarzadeh 2012)

The fourth step is testing the sales promotion program to see if the tools are set in a right way and to recognize design errors of the sales promotion program. It can be found that the desired impact is not strong enough, or the tools do not aim at the right key variables which should be influenced. The pretesting is the foundation for a successful sales promotion, because it will already show a direction in which the program will work out when it is implemented. (Grundey 2010)

The fifth step is to implement the sales promotion program in full scale and control it. It is necessary to have control plans for the sales promotion program, to have measurements which determine the success and failure of the program on an objective level. (Kotler 1991, 633–641)

The last step is to evaluate the sales promotion results. It is one of the most important parts of the whole process, most likely it will not get the attention it deserves but it gives crucial information about if the program was performed in a proper way or not. The evaluation shows if the objectives which have been set at the beginning were reached or not. There are four different methods to measure if the sales promotion was effective or not. The most common one is to analyze the sales data such as the market share at different stages of the sales promotion program. (Esteban, Múgica & Vidal 2009)

In a typical sales promotional program different stages have to be analyzed to get the full picture how the program works. Before the promotion period the sales volume stays the flat. In the promotion period the sales volume increases sharply because of the free-ride effect which leads a significant amount of people to purchase the goods in the promotion period. A second factor pushing up the sale volumes are switching customers. Short after the promotional period expires, the volume drops significantly below the level before the sales promotion because the regular customers already purchased the products in advance. In long run the sales

volumes can be slightly above or under the pre-promotional level due to brand erosion in the worst case or because of spillover effects from other brands. The outcome heavily depends on the product type and the market where the promotion was done. (Kotler 1991, 633–641)

2.5 What is Personal Selling

Salespersons are very important in the consumers' decision-making behavior because the advice of the sales person sometimes can change the buying decision. Especially salespersons play a critical role in building the relationship between the brand and consumers. (Spillan, Totten & Chaubey 2011)

To understand personal selling, what is hidden behind this concept is important. It is more than just the actual selling process, but involves direct personal interactions between the salesperson and the potential buyer. Personal selling has to be seen as a strong promotion method for several reasons. (McClaren 2013)

First the consumer involvement towards an item has to be seen and the purchasing decision process increase sharply if a persuasive seller works with the customer. Due to this the customer might be able to understand the product features in a better way. It is a key element to present the product in a proper way, so the customers can fully recognize the quantitative value and also the additional value behind the product. (Hank 2012)

Second, they can adapt their sales tactics and presentation to fit the information needs of different customers because of the interactive nature of personal selling. This is the advantage of the salespersons getting deeper information about the customer needs. Due to the fact that personal selling is a so called “moment of truth” in the selling process, it can lead to customer satisfaction if the service is performed well. Sales personnel also can sustain a long lasting relationship between customers and the brand (Malik & Naeem 2010)

We have to consider that personal selling is not only bond to face to face sales situations, but it is also common to have personal selling via the telephone which is a cheaper way to sell. Sales persons do not have to come from the same region;

they can operate nationally or internationally via the telephone. But selling via telephone is not as effective as face to face sales, because the involvement of customers is lower than in a real situation. When selling face to face, a sales person can see the gestures and mimics of the customer and so be able to adapt sales tactics more effectively. (McClaren 2013)

But due to the high productivity of telemarketing, the unit sales price is dramatically lower. In general the telemarketers follow prepared structures such as scripts instead of having an open conversation like normal face to face sales. (Peter & Olson 2010, 411)

Personal selling is a key which increasing the demand in business to customer markets, as well as business to business markets. The problem of the high cost of personal selling can be solved by applying different compensation systems. Reward systems which directly connect with the success of the salespersons. It is widely practiced that sales persons receive a basic salary, but they may receive success related rewards which support the sales efficiency. (Hank 2012)

2.6 Publicity as a Promotional Tool

Publicity is a keystone to get attention to companies and products. It is an unpaid form of exposure of a company or products towards the media and public in general. Publicity can be positive but also negative, depends on the current reason why the exposure happens. (Peter & Olson 2010, 411)

In general publicity is free, but we have to consider that publicity is most of the time a result of public relations. It involves various media which are interested in the work the company is doing or their products. In the case of guided publicity such information is spread by the company first and the media becomes aware of the news. Later on the media publishes the information and helps via its communication channels in getting the public involved. On the other hand, there is the case of negative publicity, which is most of the time not guided by the company. The main reasons for negative publicity are the lack of customer service or poor service quality, product failure and antisocial behavior might also be seen as a factor involved in bad publicity. Even publicity can be guided by the

company but there is no direct control over it. This means that the media creates its own opinion and then publish it. The problem of publicity is that nobody knows how strong the impact will be. It always depends on the overall news situation, if more important events occur the publicity which is generated will be quite low. On the other hand, it can also go to the other way around. Publicity and public relations go hand in hand, even negative publicity can turn to good publicity when the reason for this negative publicity is tackled in public and measures are introduced to enhance the situation. The public relation is the key factor which has to be seen superior to all others. It is the company's voice towards the public and the management of publicity is a major function of public relations. (Eisend & Küster 2011)

2.7 Analysis of Buying Behavior

Before talking in detail more about buying behavior there must be an understanding what it means. First of all, it is about the decision process and the interaction which is involved in purchasing and using the products. It is the end consumers' buying behavior, how they choose their product, based on several indicators. It has to be kept in mind that consumer buys for certain reasons and those reasons are keys to understand the buying behavior and crucial for the overall success of a company. It is important to see the correlation between understanding the buying behavior of consumers and the success of companies, because the consumers are the key for revenue and profits which need to be generated to operate the business. (Abbasi, Aqeel & Awan 2011)

2.7.1 Types of Consumer Buying Behavior

It is important to know that every purchase decision is made for certain reasons, we have to see through the purchase itself and identify the needs and wants which customers want to be satisfied by buying certain products. Talking about the wide range of products which are offered in the open market economy, we have to see the difference between the products. Some products are high involvement products, which bear high risk. On the other hand, there are low involvement products which are bought on a daily basis. For these products, consumers are not

willing to invest a lot of energy on a mental and physical basis. The decision of how much effort and time are spent on making a decision is different from situation to situation. But in general we can differentiate between three different types of decision making. (Aziz & Sapindal 2012)

The first type is routine response behavior which handles products bought frequently. The main criteria for this type is low cost, the product bears low risks and there is need to do the research for the decision process. Those items like FMCG are already familiar with consumers and the brands are known, so the time spent on deciding if the product will be purchased or not is very short. The product is bought nearly automatically and the brand loyalty among those products can be regarded as low. Price is the most important factor to choose from several products in the same range. (Mäenpää 2012)

The second type is limited decision-making. Products are bought on an infrequent level; the need for gaining knowledge is mediocre. The amount of time which is spent on deciding if the product will be purchased or not is hereby much higher but the risk which is involved in purchasing the product is moderate. The decision making process needs a longer time. In this type of decision making, brand already plays a crucial role to reduce the risk for the customer and also can minimize the risk of dissatisfaction. (Dibb et al 2006, 162-164)

The third type is extensive decision making which the decision making process can take a long period. The purchase is considered as bearing a high-risk, the price might be regarded as high and the product is or might be unfamiliar. In this field the involvement is very high, the need for acquiring information is strong because the product is seen as crucial contributor for the future of the consumer. In this decision making process various variables has to be considered due to the fact that those products are not purchased soon afterwards again. (Kenning 2008)

2.7.2 The Consumer Buying Decision Process

Maybe the most crucial part of the buying behavior is the decision process, which stands in front of the actual purchase. It can be separated into five different stages:

problem recognition, information search, evaluation of the alternatives, purchase and post-purchase evaluation. (Dibb et al 2006, 164-168)

The first stage is about the problem recognition when the customer realizes that he or she has a need or want for the product. It is important to see that there are two different kinds of ways to recognize the need. First one is that the customer is finding out about their need on themselves due to self-actualization or comparing their current situation with a desired situation. The other possibility is that the customer is getting “help” from other sources, e.g. marketing campaigns or the peer group. As soon as the need is recognized the first stage is finished and the process continues. (Vukasovic 2010)

The second stage is information search. The customer searches for information about products or services which may solve the problem or satisfy the need he or she has. When talking about information search, there is not just external search, by comparing different products or gathering information via talking to friends or colleagues, but also an internal way of searching which is about using experience or in general memories to solve the current problem. If the internal stage cannot give satisfying results, the external search applies. The information search ends with building up the so-called evoked set, which means that several alternatives are found in the inner product circle and considered worthy to purchase. (Puccinelli, Goodstein, Grewal, Price, Raghuram & Stewart 2009)

The third stage is to evaluate the alternatives which are in the evoked set. Those criteria are ranked by importance based on the customer preference. In this stage the marketers have their field of influence. They can influence the evaluation process by making the customer believe that certain aspects are more important than others, e.g. the image of products. If the customer is not able to decide in this stage to favor one of the products, it is common to go back to the information search stage to gather more information to achieve a better result. If the product was successful in the process of evaluation, the customer is ready to go on to the next stage, which is the purchase itself. (Rajput, Kalhor & Wasif 2012)

The fourth stage is the purchase. It applies when the consumer has evaluated the products and figured out which of the alternatives should be purchased. In this stage the accessibility of the product or the product support can influence the decision where to buy the product. It finalizes the conditions and terms of the sales which apply to the actual purchase. Issues like price, delivery, guarantees or service play important roles to persuade the customer in this final purchasing stage to make the purchase happen. We have to keep in mind that in this stage the purchase can be canceled as well, when no proper terms are possible e.g. the lack of customer support. (Koklic & Vida 2009)

The fifth stage is the post-purchase evaluation stage. This stage is important because the experience gained with the product is compared with the expectations before the actual purchase. In this stage the customer goes through if other alternatives might have been more appropriate. The outcome of this stage is if the customer is satisfied or dissatisfied with the purchase decision. The satisfaction level is the main driver for word of mouth, in a positive or in a negative way. Complaints will happen if the dissatisfaction with the product is very high. (Dibb et al 2006, 164–168)

2.7.3 Major Factors Influencing Consumer Behavior

When trying to define the influencing factors of consumer behavior it is not an easy task, because it is a broad field of different aspects which have to be considered. Some researchers define four main factors which influence the consumer buying behavior. Most of those factors cannot be influenced by marketers, but they have to be taken care of in order to be successful in marketing. (Kotler 1991, 164-174)

The first factor is the culture. It is the main determinant of what a person needs or wants and which behavior is seen as favorable and unfavorable. The cultural elements are already implemented when we grow up, the values, perceptions and behaviors have already existed when we not even know. It is about what is seen as important and necessary in our society. The values and attitudes we experience while growing up are always key determinants for our behavior, not only what we

want and need, but also how we decide on certain issues. In the overall culture of our society, we can find smaller divisions of subcultures, which might be based on nationality groups, religious beliefs, racial groups or geographical areas. Those subcultures are important for building up the own personality, due to the fact that subcultures gives the direct cultural identity. Another important issue when we talk about culture is the social class. People in a society belong to different social classes, which are based on wealth, education, occupation or income. It is clear that this diversification in the society is affecting the buying behavior. (Patwardhan, Flora & Gupta 2010)

Second factor is social in nature, meaning the reference groups which influence the buying behavior of individuals. The reference groups are made of all groups which have direct or indirect influence on a behavior, beliefs or attitudes of a person. Those reference groups can be divided into two different membership groups. The first one is the primary group, which includes, for instance family and friends. The second one is the secondary groups where the relation or contact is not as close as in the primary group. This group's influence is big when it comes to products which are visible for certain groups and give image or prestige to the person who owns them. When we talk about social factors we have to include the family, which is the most important primary reference group. The family life of every individual has two stages, the family of orientation and the family of procreation. The family of orientation includes parents and siblings while the family of procreation consists of spouse and children. The product needs as well as buying behavior differ significantly between both family stages. (Guo 2011)

Third, when talking about influencing factors the personal factors, which are keystones for marketers to segment the market, have to be mentioned. Consumers buy products based on their age and life cycle. Age influences preferences of certain products and favors certain products. When talking about life cycle the family life cycle, in which the high consumption period can be easily predicted, has to be included. Another internal factor is occupation, which influences consumption patterns. We have to understand that occupation goes hand in hand with work related products and also with the income which a person is able to

spend on products. Lifestyles are influenced by activities, interests, opinions and demographics of an individual. The lifestyle aspect is a major influencing factor, because based on the lifestyle the preferences of products and the amount of money spent on certain areas are different. Marketers have to see in which lifestyle their customers are and how they can benefit from it. (Latuszynska, Furaiji & Wawrzyniak 2012)

3 EMPIRICAL STUDY ON CUSTOMER REFLECTIONS OF H&M PROMOTIONAL TOOLS

The empirical study focuses on the customer reflections of H&M's promotional tools, because those tools H&M uses have different impacts on the customers.

An introduction of the research methods will be done to clarify the reasons why those methods are used. This is followed by an in-detail explanation of how the research is performed, to understand the importance of every step. Validity and reliability are described; additionally certain measures are introduced to guarantee that the research achieves both.

The actual research is based on a questionnaire as well as a group interview, both will be analyzed separately. This will provide deeper understanding on the customers' reflection of the promotional tools of H&M.

3.1 Research Methodology

The research methods are selected for specific reasons as both quantitative as well as qualitative research methods have advantages and disadvantages. Definitions of the research methods provide information why it is necessary to use them together instead of focusing on one research method. Later on the process of the research will be explained in order to be able to gain a deeper knowledge of the research design and its implementation. It will also be proved that this research is valid and reliable because several measures to achieve them are applied.

3.1.1 Research Method

In order to get a deep understanding of the multifaceted topic, a combination of quantitative and qualitative research might be needed. The research methods which best fit for the research problem and the underlying issues should be chosen.

Quantitative research can be seen as a research method which focuses on quantification during the process of collection and analysis of data. (Bryman & Bell 2011, 26) A quantitative research method emphasizes on facts and it also acts

as a deductive result between theory and research, which means that it is used on testing of the theories. The aim in quantitative research is to generate a set of data which can be converted to useful information. Such information is analyzable by statistics, it offers the possibility to cross-check relations between the single variables. (Ghauri & Grønhaug 2010, 104–105)

Qualitative research is a research method that focuses on words instead of quantification during the process of collection and analysis of data. (Bryman & Bell 2011, 26) It is critical to understand the respondents' results in qualitative research and it is an induction between theory and research. The qualitative research is based on the need for in-depth knowledge. It is very useful to get deeper understanding on certain topic, because the researcher can lead the interviewee in the conversation to collect better and more precise information. (Ghauri & Grønhaug 2010, 104–105)

Because quantitative and qualitative research focus on different purposes, using a combined approach gives us a better chance to solve the research problem (Malina, Hanne & Selto 2011). So quantitative and qualitative research methods will be used in this thesis.

As a quantitative method, a questionnaire will be designed to gather data on customers' reflections of the marketing of H&M in China. The quantitative data can be useful when suggesting guidelines how to develop their marketing.

The qualitative research will be based on a group interview via Skype done with regular H&M customers. The aim of this qualitative research is to get a deeper understanding of customers' opinions and impressions about the H&M marketing and especially aspects which are hard to question in the quantitative research will be handled.

3.1.2 Research Process

The research process starts by designing a questionnaire. This questionnaire is based on the theoretical part which aims at the different promotions tools and buying behaviors. The aim of the questionnaire is to find out customers'

reflections on H&M's promotional tools in China. After designing the questionnaire, it is handed over to an expert to find out how to modify the questions in order to get better results.

The second step is to test the questionnaire because the original questionnaire is written in English, while the respondents are Chinese, so the questionnaire has to be translated in Chinese. To be sure that there is no translation faults, it will be tested on a small sample first.

The third step is to put the questionnaire online. A specialized survey website has been chosen, it is a Chinese website called "SOJUMP" which offers the service of online questionnaires.

The fourth step is analyzing the gained data from the questionnaire. Single factor analyses and cross-impact analyses will be used to get a deeper understanding of how different factors influence each other. Those analyses provide a better insight of the respondents' reflection.

The fifth step is to design a group interview to get more knowledge about the marketing, since there are limitations of the questionnaire. The group interview aims at finding out details about the H&M promotional tools and the buying behavior. Without the interview the research would not be able to provide a better understanding, because single aspects cannot be described enough in detail in the questionnaire.

The sixth step is to perform the group interview, which is performed among regular customers of H&M. The group interview will be done via Skype and the conversation is saved which is necessary for later analysis.

The seventh step is to analyze the gathered material to get more knowledge about the certain issues concerning the research problem, which are not be able to get results from the questionnaire.

The last step is summarizing the results. Questionnaire and the group interview combined with the theoretical part enable to give advices to H&M, for instance

how H&M should change their marketing and in which way the customers want the marketing to be.

3.1.3 Validity and Reliability

Validity and reliability are seen as factors that measure the quality of research. A successful research should be reliable and valid at the same time. (Bryman & Bell 2011, 40)

Validity is the most important criteria in research because it measures the integrity of the results and research problem. The validity is important because a high validity is decisive for the quality of the research. (Bahram, Rostami, Marzban & Abdolhoseini 2012)

Reliability is defined as the stability of results over different trials. It means that the research is reliable when the results are consistent and stable even questions are repeatedly asked. (Bryman & Bell 2011, 41)

During the quantitative research several measures are taken to achieve reliable and valid results. The sample size of 144 is big enough to reach a high level of reliability. Among these 144 respondents, there were 50 respondents who chose never heard of H&M, in order to improve the validity and reliability, those respondents were not considered when analyzing the questions. Additional to this a test group gave feedback about how they understand the questionnaire, all of the respondents in this group agreed upon that the questions are clear and understandable. The questionnaire did not have fully open questions which also improves the reliability of the research. The questionnaire is completely based on the theoretical review in order to solve the research problem, so all the questions are based on promotional tools and buying behaviors, this fact improves the validity. The test group also increases the validity, because it gives necessary feedback which enables to clarify certain points which have to be changed. The validity was also positively influenced by the continuity during the research. Since the questionnaire is conducted online, respondents are not restricted to a certain city or province. There are only two restrictions, the first is that the respondents

need access to internet and the second is that they need to know how the Chinese H&M stores look like.

During the qualitative research the interviewees were not influenced by the person who conducted the interview. The personal influence, which might influence the validity negatively, was reduced to a minimum. The research was conducted in a truthful manner; the interviews were analyzed in an objective way. While conducting, the interview was recorded and transcripts were drafted. All of those factors which are mentioned above improve the validity of qualitative research. The reliability of the qualitative research is based on the fact that the group interview was based on different opinions of the respondents. Another factor increasing the reliability is that the interviews was conducted in a standardized way which gives guidelines and lead the interviewees through the whole interview process.

3.2 Analyzing the Survey Results

The data collection took 7 days, the respondents are from 19 different provinces of mainland China and Hong Kong, and there are also respondents who are currently not residing in China. Altogether there are 144 respondents. However, considering the reliability 94 respondents who have heard of H&M are selected for further analysis. The 50 other respondents, who have never heard of H&M, are considered as not reliable and are not taken into consideration.

The questionnaire shows that male respondents and female respondents are nearly equal in the numbers, each very close to 50%. Males are becoming more aware of fashion trends and their purchasing frequency is increasing while for females it stays the same. It is important to learn about the male side as well, the female consumers are already very well studied, as they are the main target segment for most of the apparel industry.

Most of the participants in the study are aged between 21 and 25, which is shown in Figure 2. This age group accounts for over 85% of the respondents which is the target group of the survey. Participants aged between 16 and 20 are represented with 10,42% in this survey. 3, 47% of the people who responded to the

questionnaire are between 26 and 30 years old. The group over 36 had just one participant and in the survey it equals 0, 69%. In this survey the group aged 31 to 35 was underrepresented, but this will not impact the results of this study, as the main target segment for H&M is up to 30 years, which equals more than 99% of respondents in this survey. It fits quite well to the real life customers' age segmentation of H&M.

Chinese students on average graduate and find their first job in the age between 21 and 25. They will have a strong desire for consumption in this time period, which boosts the number of consumers in this age group.

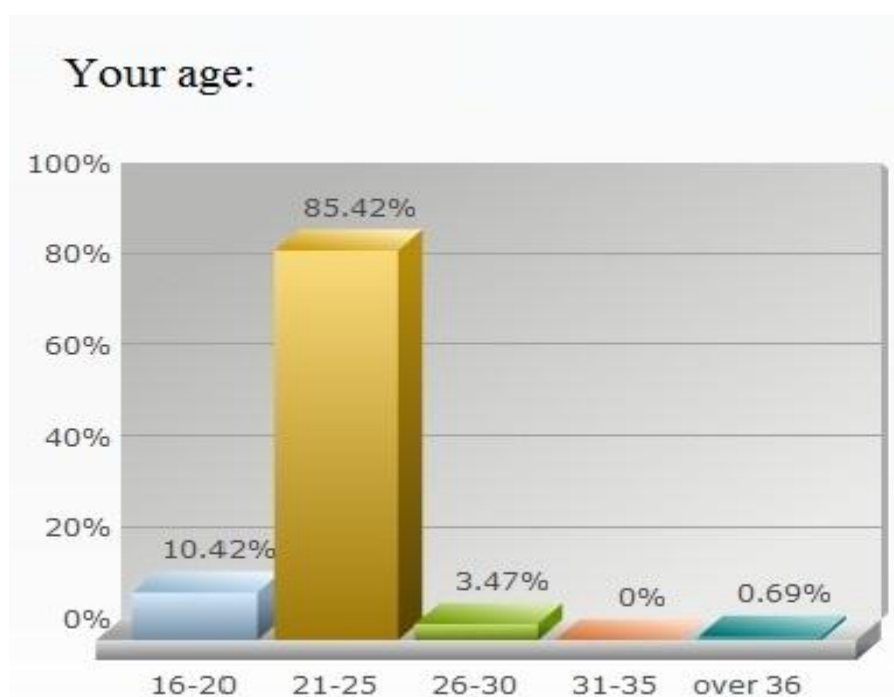


Figure 2. Age of the respondents.

Most of the participants are from large cities, they make up nearly half of the respondents, 47.92% as shown in Figure 3. The second biggest group is from megacities, with more than 10 million inhabitants and this group accounts for 25% of the respondents. People who come from cities that are smaller than 5 million inhabitants account for 27% of the respondents.

Where do you live?

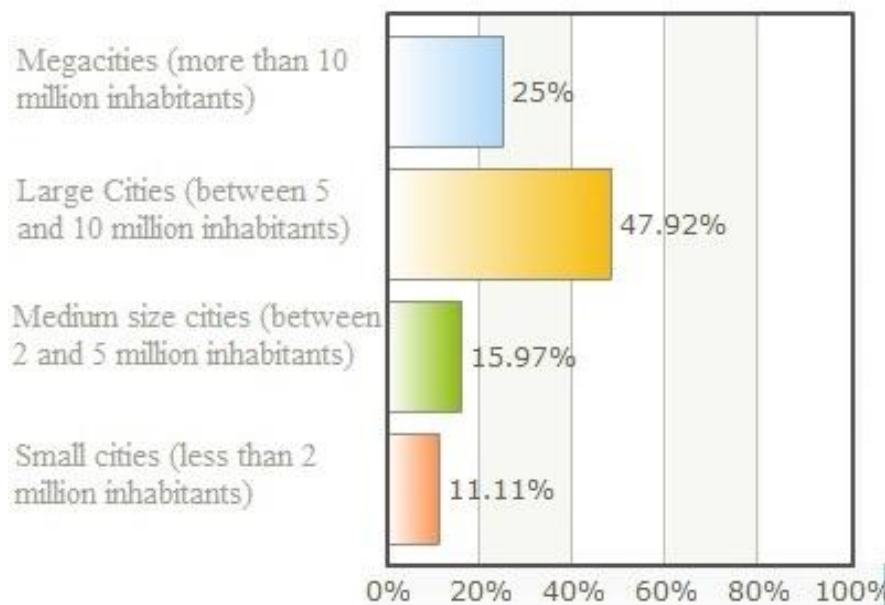


Figure 3. City size.

When we take a closer look at Figure 3 we can see that the respondents from medium sized cities make up close to 16% of the respondents. This group is nearly 5% bigger than the smallest group of respondents who come from small cities. This distribution is not surprising, because due to the strong urbanisation in China, most of the people already live in megacities or large cities. This survey has respondents with a strong urban background, nearly 73% of the respondents are from cities with over 5 million inhabitants. Middle class who can afford foreign brands is normally living in the big urban centers, because the purchasing power is heavily centered in those big cities. The customer group of H&M needs a certain purchasing power to be able to afford H&M products.

The respondents are mostly single as shown in Figure 4. They are responsible for 79% of the replies. The second biggest group was living with their parents, and accounts for 18% of the answers received. The group who answered the questionnaire that living with their parents can be as in a stable relationship but not married yet.



Figure 4. Marital status.

In China the values for family are very conservative, people who are already engaged still live with their parents and just when they marry they will move out to create their own household. It is necessary to consider this because it stands in harsh contrast to the western society and values there. The married respondents account for less than 3% altogether. This can be related to the age of the respondents, which is mainly between 21 and 25. In this age in China, it is very common to be single or live with his or her parents. The first two categories stand out as the main customer groups of H&M. When we consider the family life cycle, the probability that they are currently single is quite high. So they have strong need for purchasing products to increase their “market value” among their peer group to be able to find a partner. This is based on the values of the Chinese society, which rank the financial prosperity of individuals quite high. People have to represent not just themselves, but also their families to the outside world.

When talking about the overall brand recognition of H&M in China, we found out that close to two thirds of the respondents have heard of H&M while over one third had not heard from H&M until they answered the questionnaire.

The low overall brand recognition can be explained by the fact that H&M just recently entered the Chinese market. The market penetration in China overall can be seen not satisfactory, because a brand has to be known by more people and a broad brand recognition can lead to a high purchase rate. The following cross impact analysis will give deeper insight on how brand recognition correlates with gender (see Figure 5) and city size (see Figure 6).

When analyzing brand recognition in combination with gender as shown in Figure 5, it becomes evident that brand recognition heavily depends on gender.

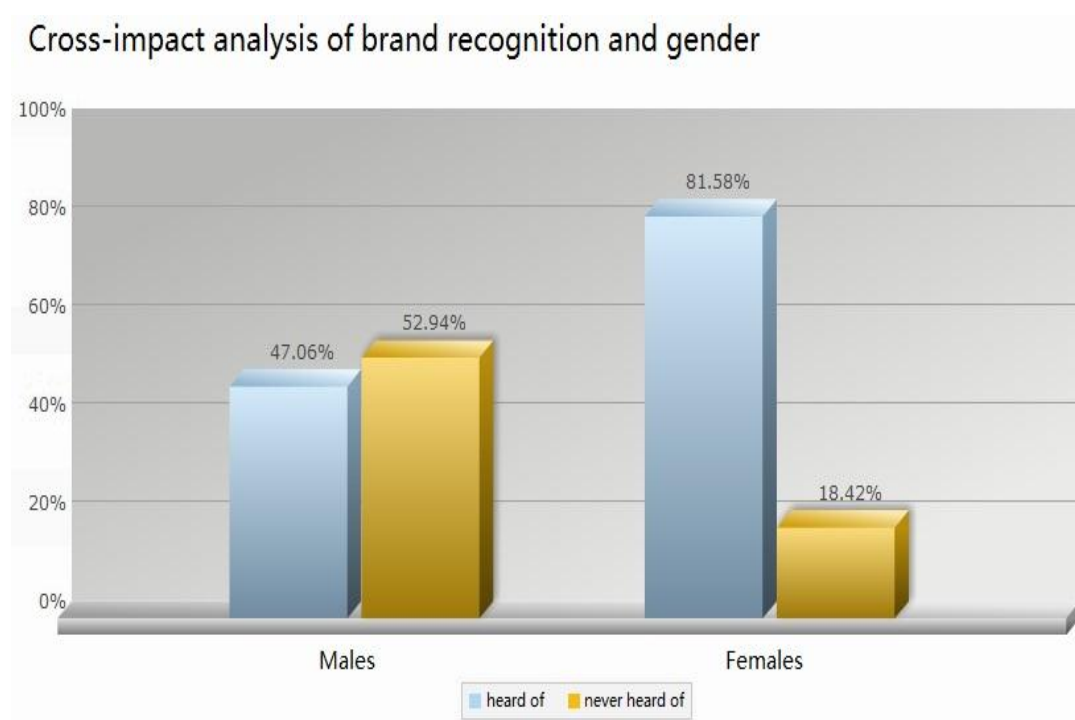


Figure 5. Cross-impact analysis of brand recognition and gender.

47% of the males had never heard of H&M before this research while 81% of the females already knew H&M before. This gender disparity is bigger than expected before the research. The difference in brand recognition among the two genders is based on the Chinese society where males generally do not focus on brands as much as females do. Since 53% of the males do not know H&M, it gives H&M a chance to improve the brand recognition among men.

Another cross-impact analysis is made between brand recognition and city size (see Figure 6)

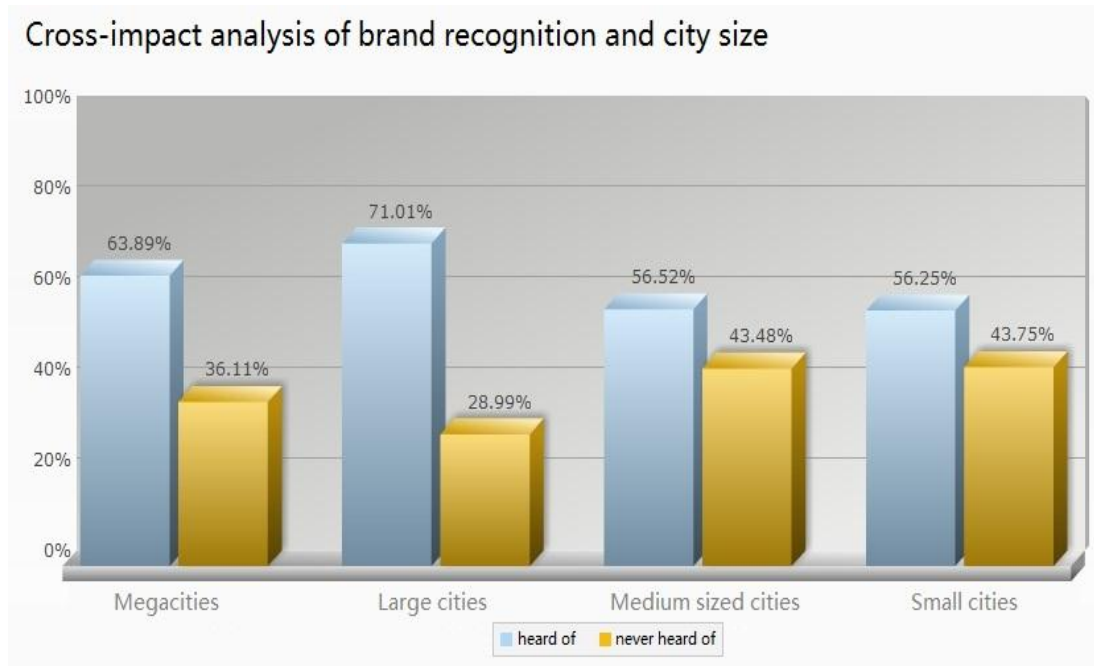


Figure 6. Cross-impact analysis of brand recognition and city size.

H&M has been operating in China for a few years and the main focus of the business expansion is based on the megacities and large cities. The respondents who come from medium sized cities and small cities might have never heard about H&M because there are simply no stores in those cities at the moment. As demonstrated in Figure 6 in megacities and large cities the percentage of people who have heard about H&M is significantly higher than those from medium sized and small cities. In megacities nearly 64% of the respondents have heard about H&M, in large cities as many as 71%. The difference between both might be that in megacities the competition is stronger and the recognition of a single brand is lower than in large cities. When we see the medium sized and small cities, just 56% of each group has ever heard of H&M while 44% have never heard about H&M. This gives a big market potential for expanding the business to those cities, especially keeping in mind that medium and small cities are rapidly growing and catching up with the bigger cities.

The next issue to be studied is the channel, through which the respondents get to recognize H&M. Figure 7 shows these channels, by focusing only on respondents who have heard of H&M before the study.

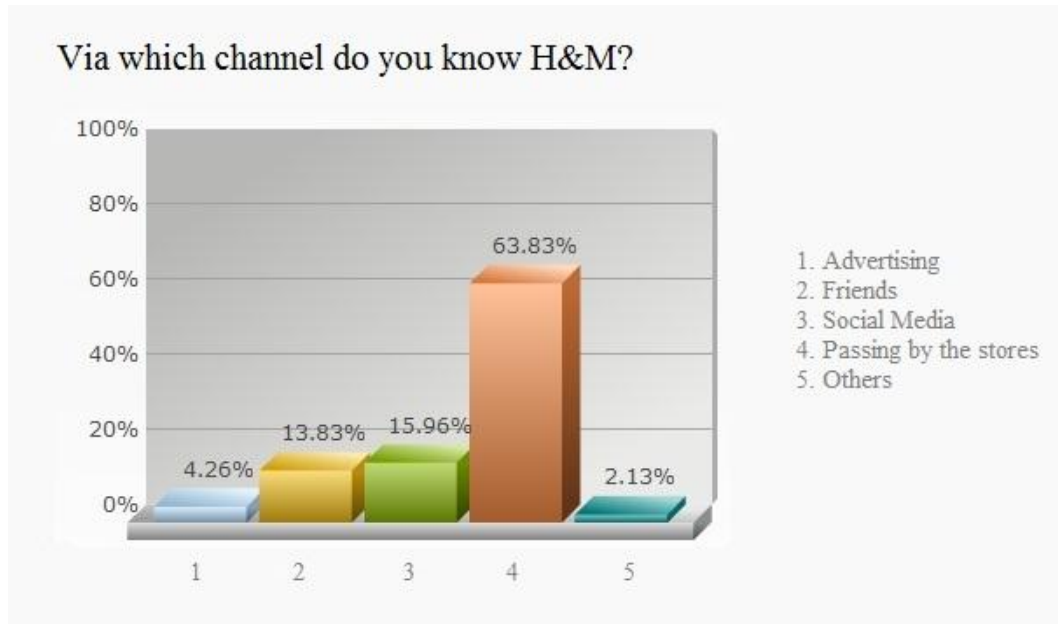


Figure 7. Factors of recognition.

The most common way to become familiar with H&M is via passing by its stores. The percentage of respondents who have chosen “passing by the store” as the channel through which they know H&M is 64%. The reason for this might be that H&M in China uses display windows in very central locations. It means that there are always a lot of people passing by, in combination with the eye-catching brand name and logo H&M can easily be remembered and recognized. The next biggest number of replies is social media, it accounts for 16%. This strong result is based on the broad presence of H&M in the social media communities in China. In the year 2011 H&M China was the 10th most followed social media account in Weibo, one of the biggest social media communities in China. Just 4% of the respondents have chosen advertising, because H&M is not advertising a lot in China. Word of mouth is also contributing a significant share of recognition, which accounts for nearly 14% of all the respondents. This can be seen as very positive, H&M is receiving free promotion as a result of word of mouth.

Figure 8 shows that among the respondents just 3% visit H&M on a weekly basis. The combination of the groups who visit H&M at least once every two months is already close to 70%, which means that H&M has a loyal customer base among the people who know H&M.

How often do you visit H&M?



Figure 8. Frequency of customer visits.

When we differentiate the people who answered that they never go to H&M store into their gender, we see a significant difference between males and females. 14% of the female respondents who have never been to a H&M store even they have ever heard of it while this percentage for man is 40%. Taking this into consideration, the future market potential for male customers is high and H&M has to work on generating more male customers.

When respondents were asked what are the main factors affecting their opinion about H&M, we got the following results (see Figure 9).

What is mainly affecting your opinion about H&M?



Figure 9. Factors determining the opinion about H&M.

The biggest factor affecting the opinion of the respondents on H&M is display window as shown in Figure 9. This is related to question number 6, because there 64% of the respondents knew H&M by passing by the stores. The second most influential factor is friends, the opinions of friends and the private peer group heavily influence the opinions about H&M. Billboards, magazines and the internet are also factors which gain between 30% and 40% of the opinions. In this question there are six people who have chosen others, four of them have written specific answers like shopping bag, shopping experience, quality of the product and design of the product.

Respondents were also asked the main reasons for selecting H&M, and the results are shown in Figure 10.

What is the main reason for you to choose H&M?

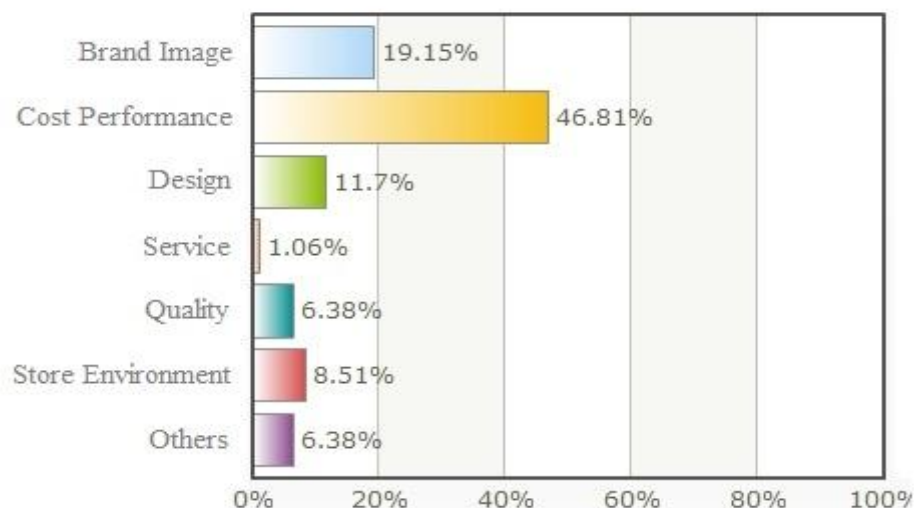


Figure 10. Competitive advantage of H&M.

The main reason for the respondents to choose H&M is cost performance, meaning the relationship between price and product quality. The number of respondents who have chosen this answer is close to 47%, which is by far more than all the other factors. Figure 10 shows that the impression of the customers is that H&M has reasonable prices for its products. H&M is well known for offering a good cost performance so this answer was expected. The second highest factor is the brand image, which accounts for 19% of the replies. In China, European

brands have recently become popular and H&M is a representative brand for these brands. On the other hand, there is 1% of the respondents who consider service as their key criteria for choosing H&M. Compared to all the other variables this is an outstandingly low result, but it does not mean that the service is bad. It is possible that these persons just consider service not as important as other variables.

Next, a question related to the general preference of advertisement was presented (see Figure 11).

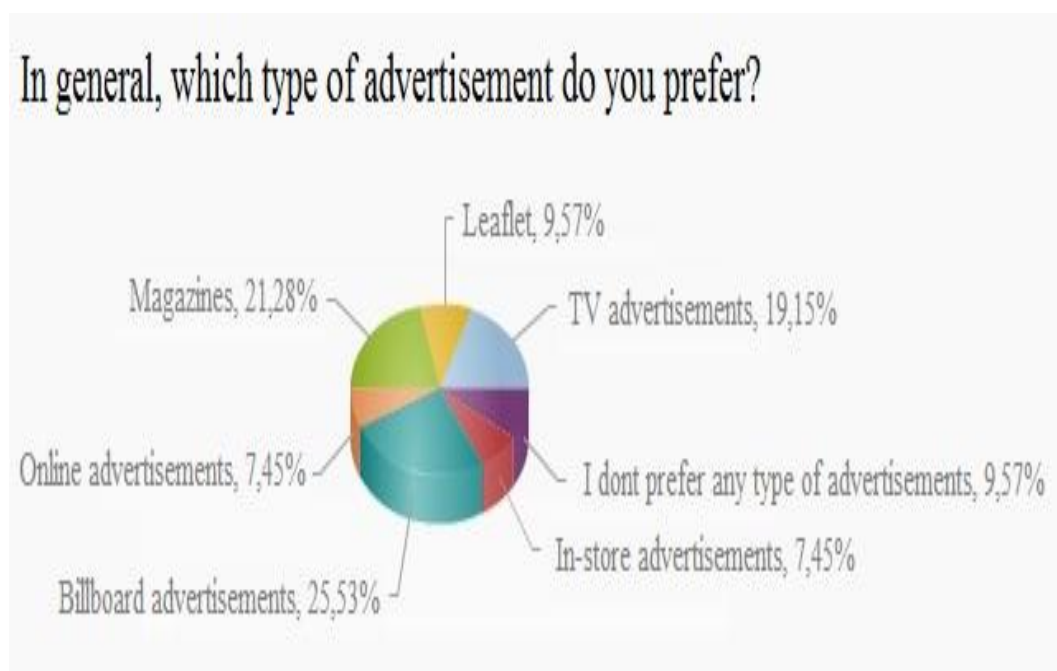


Figure 11. Advertisements preferences.

The results to this question show that the customers generally focus on three different categories of advertisements. First, there are the billboard advertisements, which account for 25% of the total respondents. The second biggest percentage is given to magazines, followed by TV advertisements, which is 21%. There are three different kinds of advertisement types which gain under 10% that is leaflets, online advertisements and in-store advertisements. There are nearly 10% of the respondents who do not prefer any type of advertisements.

When linking Figure 11 with the question number 8 which is about the factors that can influence the opinion about H&M, a difference between the preference and the reality is evident. In the Chinese point of view customers prefer TV

advertisements while in the reality, H&M advertisements cannot leave a remarkable impact on affecting the customers.

Next, methods of sales promotion which are preferred by the respondents are studied (see Figure 12).

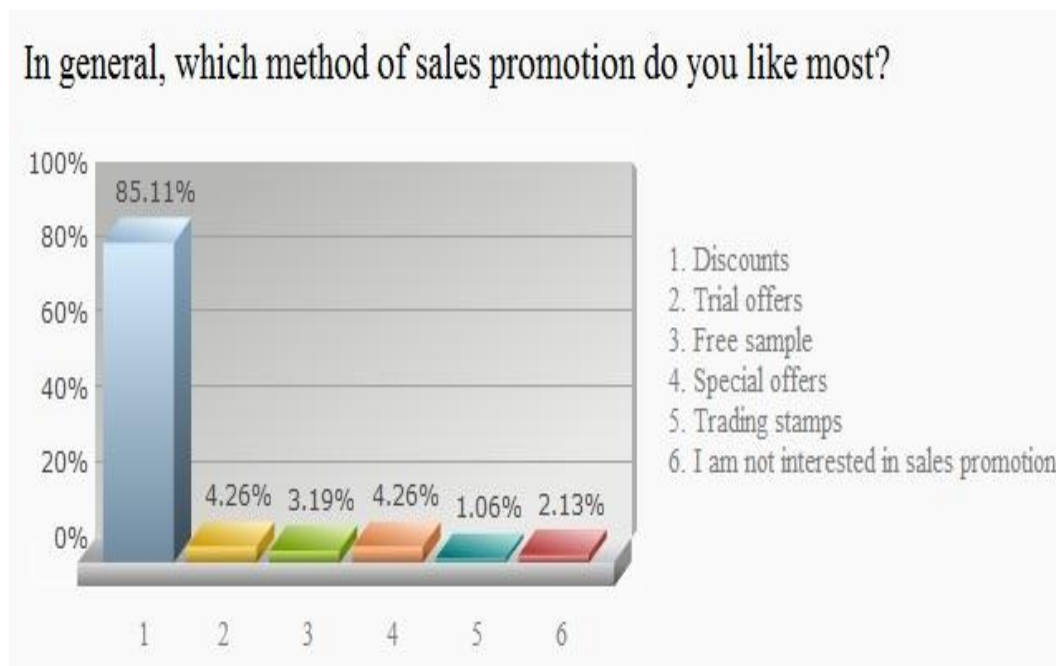


Figure 12. Sales promotion preferences.

From sales promotion point of view, as Figure 12 shows, most of the respondents favor discounts which accounts for 85%. Compared to discounts, all the other types of sales promotion are not favored from a Chinese consumer point of view. Trial offers, free samples, special offers and trading stamps only make up around 12%. Those alternatives are not well known and not frequently used in the Chinese market, which offers one explanation for the very clear difference between the answer alternatives. 2% of the respondents have chosen that they are not interested in sales promotion at all.

When asked how the respondents like H&M advertisements, over 54% of the repliers have a neutral opinion about the advertising of H&M as shown in Figure 13. Over 37% of the respondents have a positive feeling about H&M's advertising. When the positive alternatives were spit up to two single variables,

the difference between “agree” and “strongly agree” is remarkably high. Only 6% out of those 37% have a strong positive idea about the H&M advertisements.

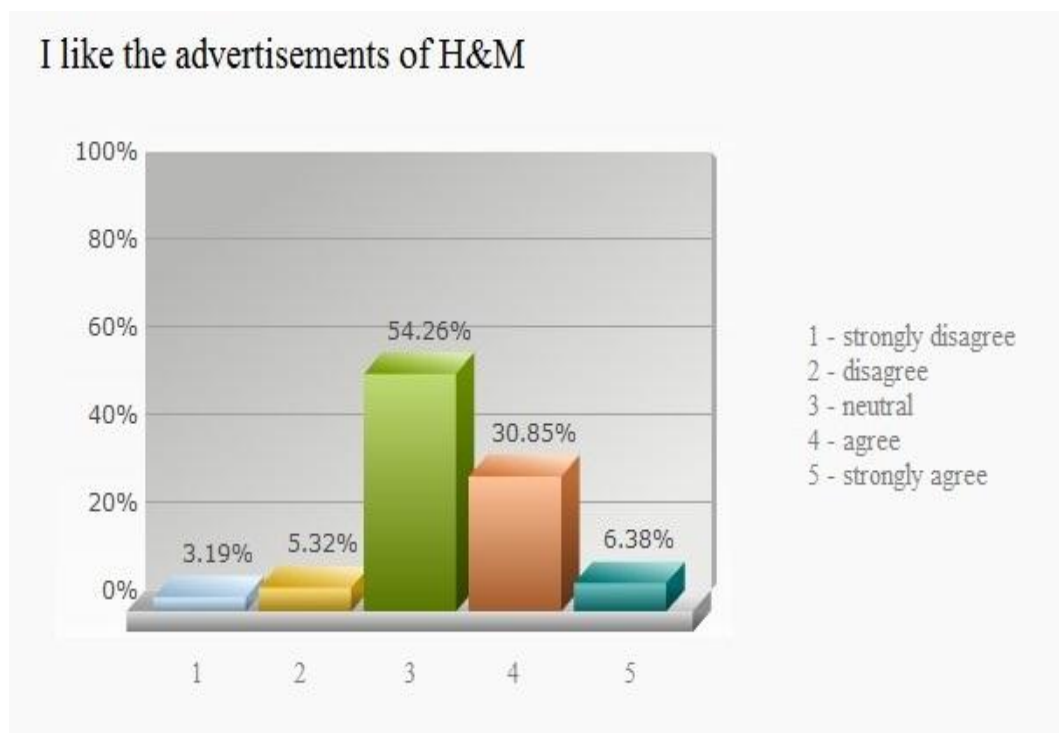


Figure 13. Satisfaction of the advertisements among customers.

Altogether over 8% of the respondents do not like the advertisements of H&M. This answer gives a positive overall impression of the H&M advertising, but there is still room for improvement because over 50% do not have any feeling for the H&M advertising. H&M should work on their advertisements to change the opinion of those people in a positive way. The smallest group, which accounts for 3%, is people who have an extremely negative impression of H&M’s advertising. In general it can be said that four times more people have a positive impression than a negative one of H&M’s advertising.

Next, the impact of advertisements will be shown (see Figure 14). More than 43% of the respondents think that they are easily affected by advertisements. Based on this it can be said that advertisements really influence the consumers.

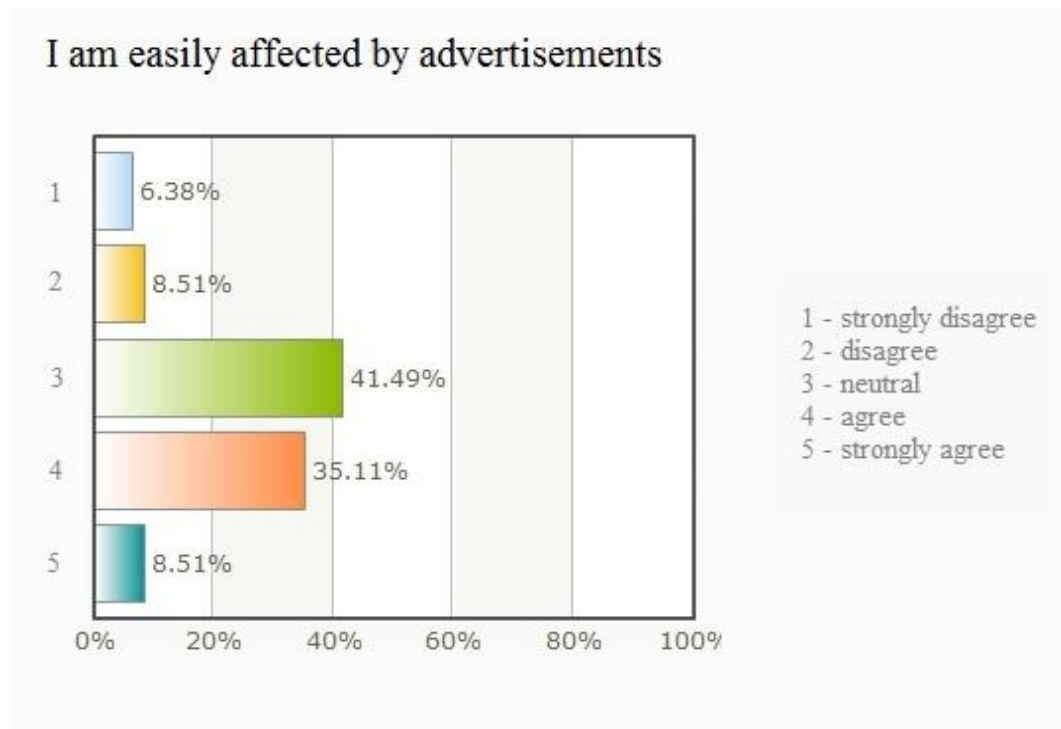


Figure 14. Impact of advertisements.

Here is a strong difference between the answers agree and strongly agree. The “strongly agree” group just accounts for 8% and this group mainly consists of customers who can be easily attracted by advertisements to purchase more. Since they are easily affected by advertisements, the quality of the advertisements is essential for this group. The respondents who are not easily affected by advertisements account for nearly 15% and for this group other types of promotional tools should be used. The 41% of neutral answers have to be treated in a different way because this might be in some ways a sensitive group for other promotion tools.

In general it is evident that more people are satisfied with the sales promotion of H&M than people who are not or at least people feel neutral about the sales promotion, as shown in Figure 15. The biggest share of respondents like the sales promotion of H&M, they account for nearly 40%. The second biggest group is persons who have a neutral impression of H&M’s sales promotion. People who strongly like the sales promotions of H&M account for nearly 14%. 8% of the respondents have a negative impression.

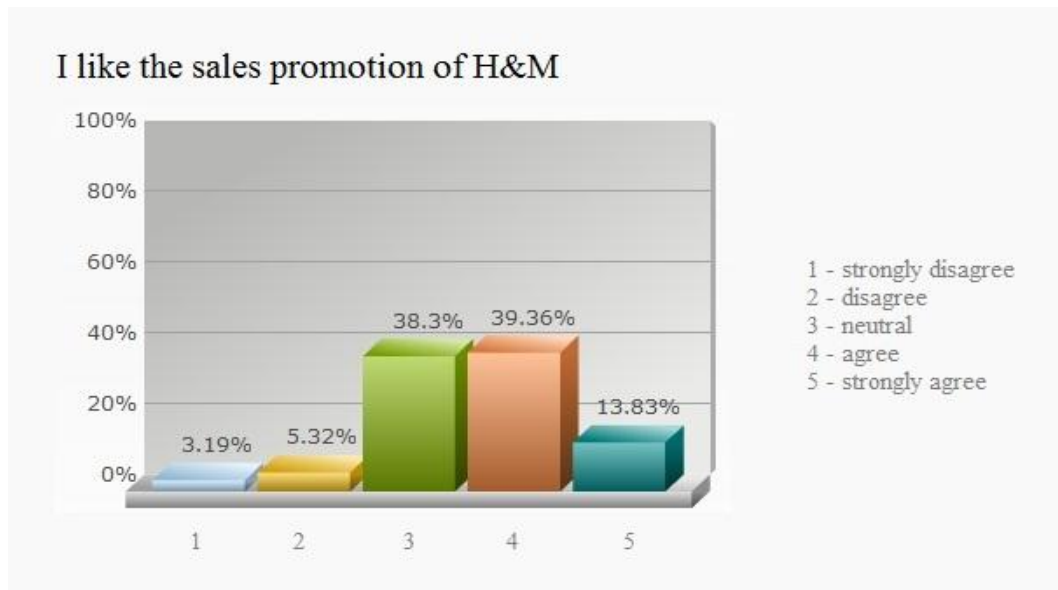


Figure 15. Satisfaction of the sales promotion among customers.

According to the previous question over 80% of the respondents have chosen discounts as their favorite type of sales promotion. To reach those 8% who do not like the sales promotion, a more diversified sales promotion strategy might be useful.

When asked about the impact of sales promotion, most of the respondents hold a positive opinion (see Figure 16).

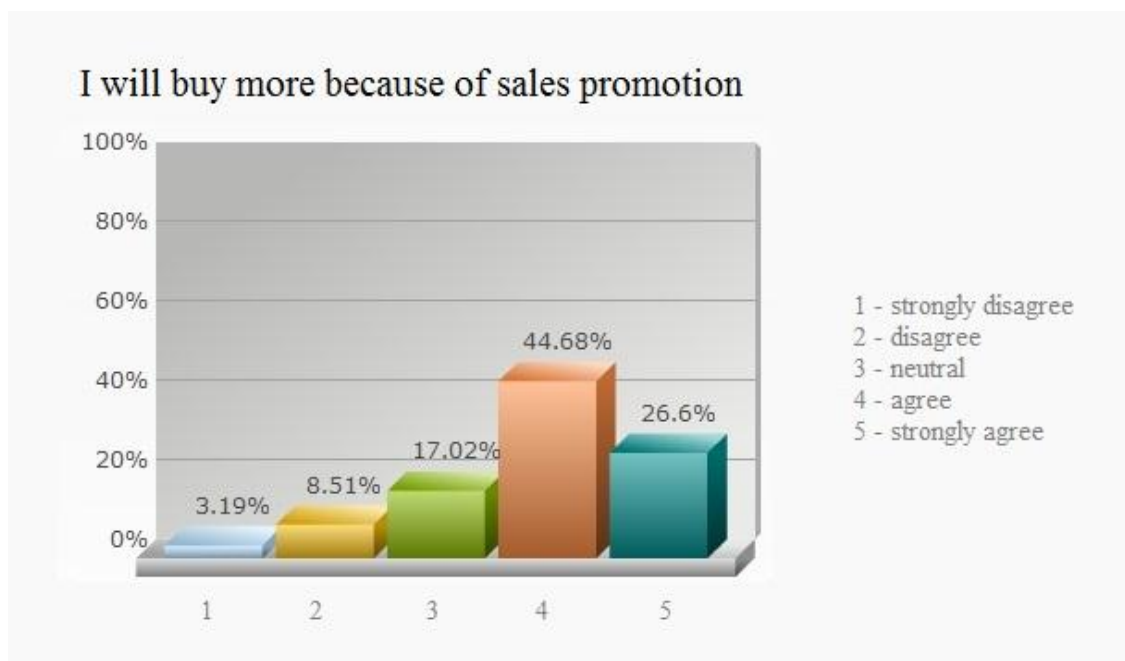


Figure 16. Impact of sales promotion.

The first variable in Figure 16 is the respondents who will by more due to sales promotion, this group accounts for over 71%. In this situation sales promotion is strongly recommended in order to increase the purchasing rate. But sales promotion can also lead to brand erosion, which is not benefit to the long term profit of the company. It is useful to differentiate between the types of sales promotion, because they have different influence on the customers' brand image. Just 11% of the participants are not affected by sales promotion and for this group of people other promotional tools should be used.

Sales promotion and its influences are crucial to solve the research problem and all the results are shown in Figure 17.

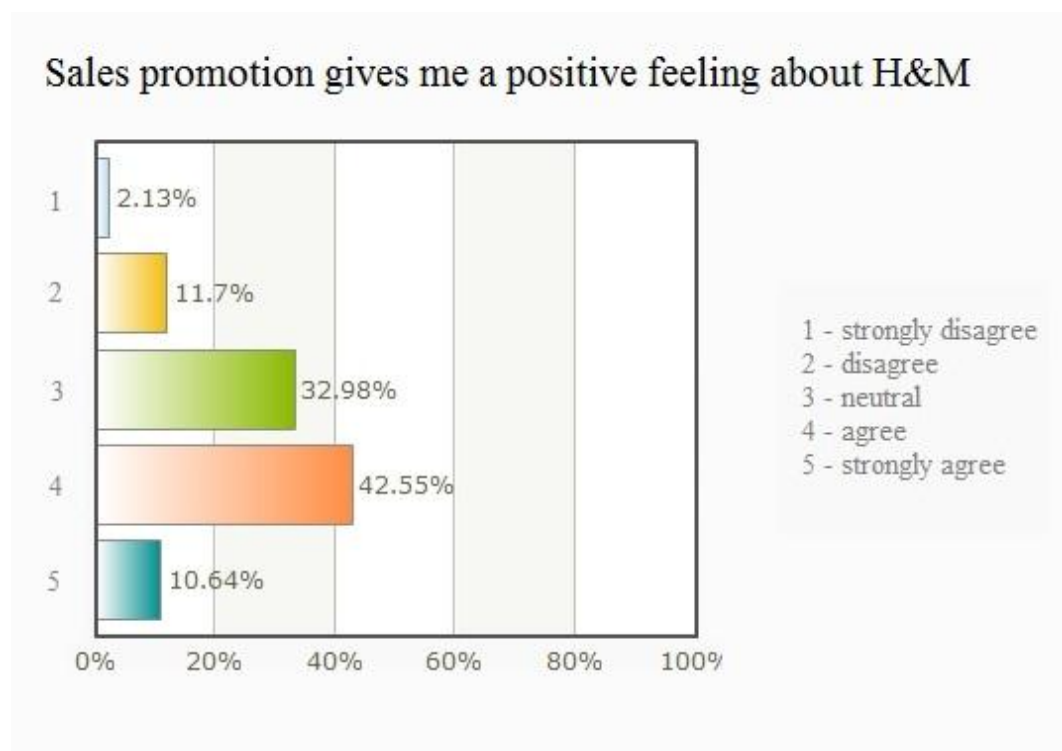


Figure 17. Sales promotion and its influences.

Over 50% of the participants have a positive impression of H&M due to sales promotion, as shown in Figure 17. The biggest single group is the people who agree with the statement. They most likely benefit from the sales promotion which is offered by H&M. Just 13% of the respondents have a negative feeling about H&M due to company's sales promotion. For this group of people it might be that the products they have purchased recently are under sales promotion. This can

lead to the problem that people who buy the products at normal prices feel disappointed and regret their purchases when the sales promotion takes place. Sales promotion is always a double edged sword, on one hand it can boost the sales volumes and increase profits in short time, on the other hand it may hurt loyal customers and give them the impression of being cheated.

The persuasiveness of the sales personnel is asked in the questionnaire which the answers are distributed very symmetrically (see Figure 18).

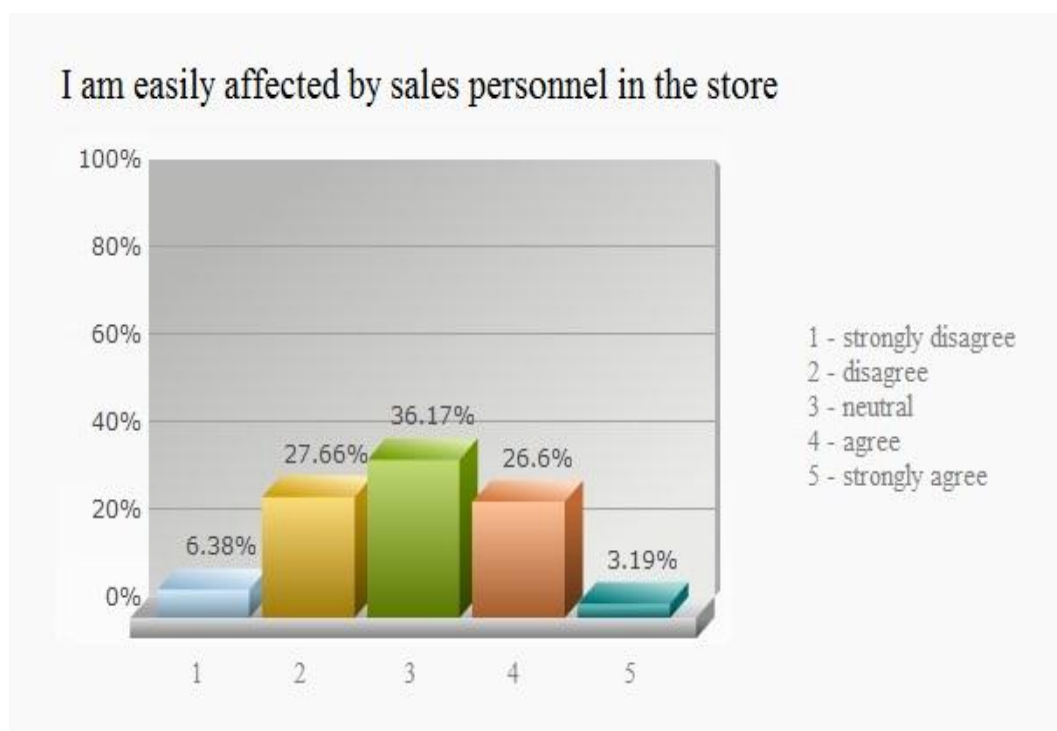


Figure 18. Persuasiveness of the sales personnel.

The respondents who are easily affected by the sales personnel account for 30% while the opposite is 34%. Since some people are easily affected by the sales personnel, H&M should increase the quality of the sales personnel to increase the purchasing rate. There are some people who want personal advice, while others do not like to be influenced by sales persons when they are shopping. For the group who is not affected by the sales personnel, H&M should use other promotional tools.

Next, a question related to the satisfaction of the sales personnel is asked (see Figure 19).

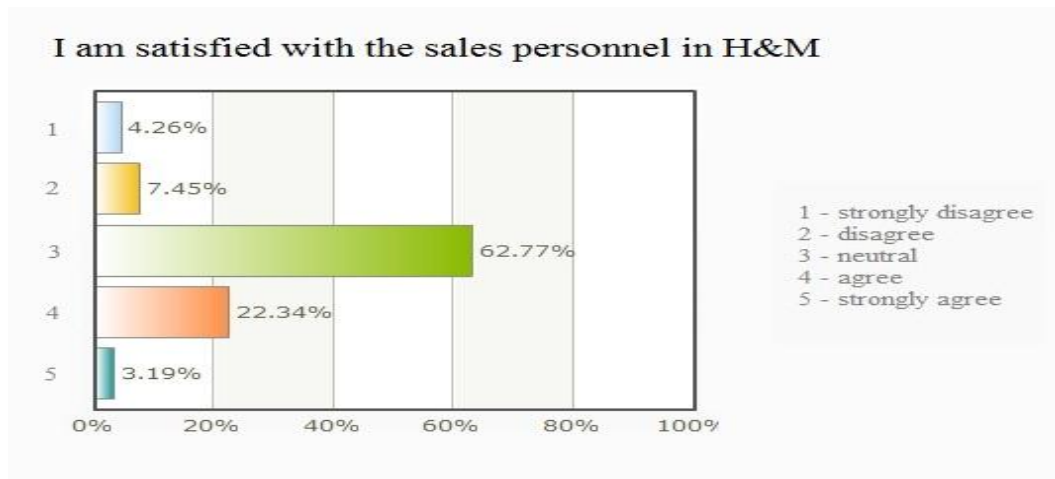


Figure 19. Satisfaction of the sales personnel.

Nearly 63% of the respondents have neither a good nor a bad impression of the sales personnel of H&M, as shown in Figure 19. This might be due to different reasons, e.g. the quantity of the sales persons in the store is not high enough, or the quality of them is not good. Just 22% of the participants agree on that they are satisfied with the sales personnel and 3% are very satisfied. The negative answers account for nearly 12%, especially the group who is extremely not satisfied can cause a risk for the company by generating bad word of mouth and so influencing the brand image in a negative way.

The opinion of the respondents about H&M's public image can be seen from Figure 20.

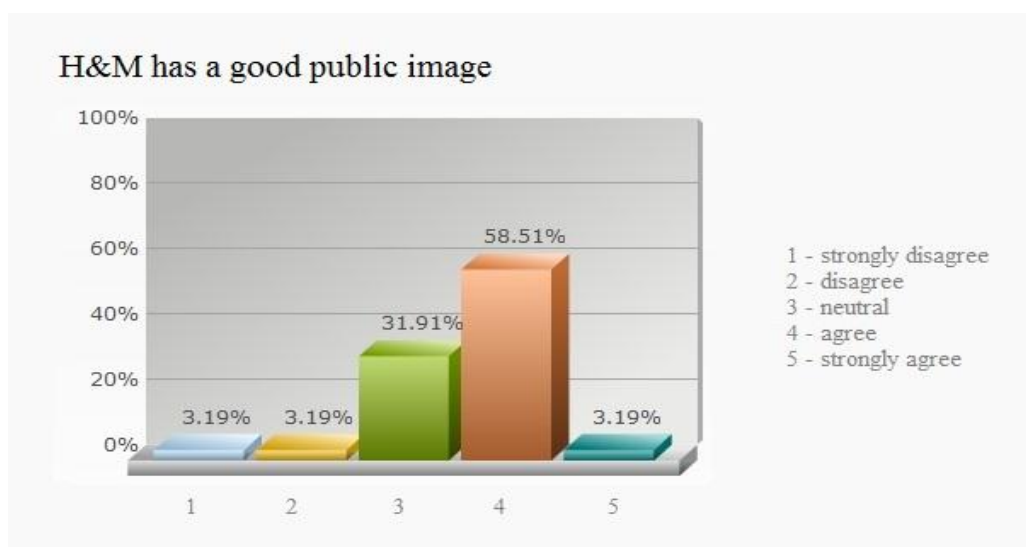


Figure 20. Public image of H&M.

As Figure 20 shows, positive results are received as over 60% of the respondents regard the image of H&M as positive. Just 6% have the impression that H&M has a negative public image. 32% of the participants have a neutral impression of the public image of H&M. The neutral group can change their opinion in a positive way in several different ways. It might also be possible to turn more people from a positive feeling towards very positive, because this would increase the possibility of repurchases and enable higher prices due to the better public image.

Figure 21 shows the result about preliminary plans which is related to the consumer buying behavior.

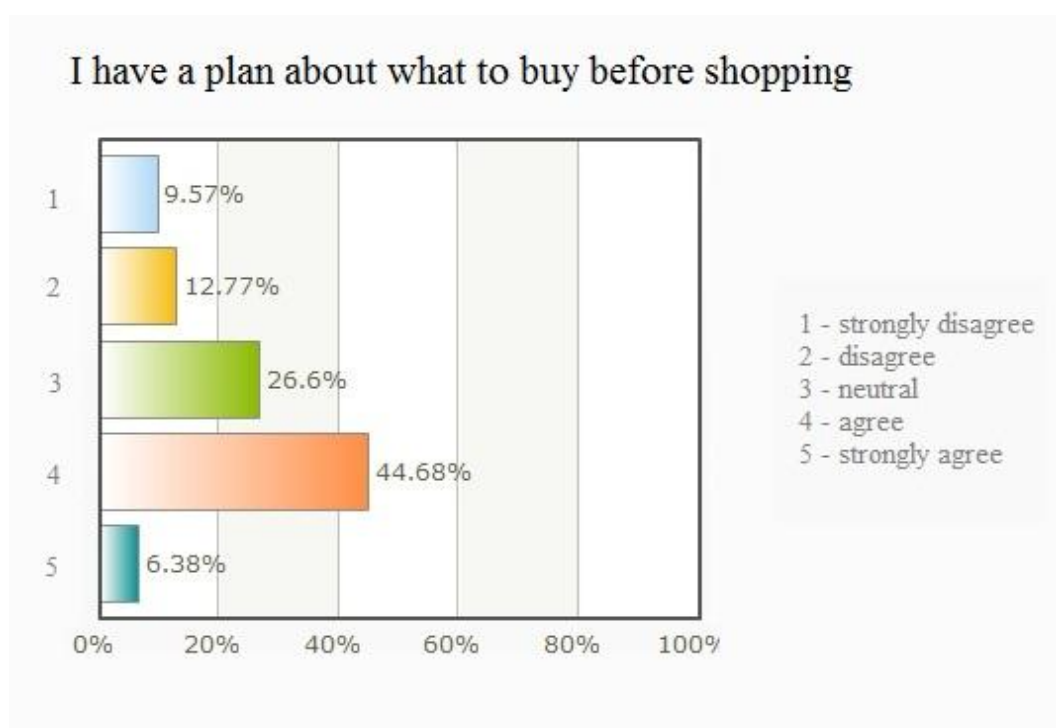


Figure 21. Preliminary plans.

Most of the people already have an idea of what to buy before they go out to the stores, such replies account for over 50% of the answers as shown in Figure 21. When they are differentiated into specific groups, it becomes evident that nearly 45% have the experience of having plans before going shopping and over 6% of the respondents always have a detailed plan before entering a store. 23% prefer impulsive buying because they do not make plans before shopping. Their instincts are guiding them to buy and their purchase decisions are based on several factors, e.g. the in-store advertisements, sales promotion and store environment. 27% of

the respondents do not know if they follow a plan or not, or their shopping style can be mixed.

Impulse buying is critical to a company because it is a way to boost sales amount.

Figure 22 demonstrates the results from the respondents.

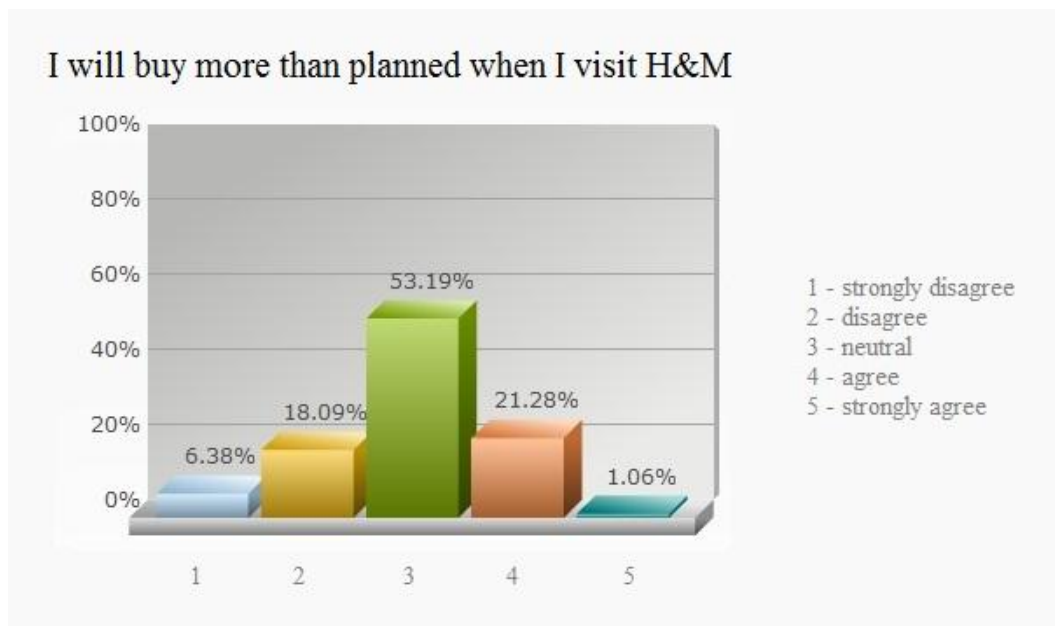


Figure 22. Impulse buying in H&M.

As shown in Figure 22, the group of respondents who agree with that they will buy more at H&M accounts for 22% of the total number of participants. On the other hand, there is a group of over 24% who disagree or strongly disagree with the statement. They will not buy more than planned when they visit H&M. This can result out of the store environment, sales promotion, their personal buying behavior or in-store advertisements. It is always based on the individual if a purchase is done or not, but there many external and internal factors to consider, e.g. culture, social states, geographical area, beliefs and religion. 53% of the participants have a mixed shopping style, it is quite common to vary in this field, because the needs of individuals change all the time and depend on different shopping situations.

3.3 Group Interview Results

All the results which will be presented here were conducted from a group interview with two interviewees who are regular customers of H&M. Notes were taken during a Skype interview and the whole interview was recorded.

3.3.1 General Situation of Promotional Tools about H&M

Generally opinion from interviewees is the promotion of H&M is regarded as good even though H&M just entered the Chinese market a few years ago. The interviewees agree upon that the presence of stores in their local environment has influenced them positively; especially the display windows have influenced them strongly. They think the fast expanding business of H&M in China is also a result of good promotion. However, different types of sales promotion can be improved, because the visibility of them is still very low. H&M stores are always quite crowded in China, due to the fact that the brand awareness is increasing. According to the interviewees, H&M is not placing TV advertisements in the Chinese television which is one of the biggest faults of the H&M promotional strategy as this would be very likely to increase the brand awareness.

There is continuous sales promotion at H&M, the main focus lies on discounts. The result of this is that the interviewees have high price elasticity when purchasing regular items which are not in discount. The price was regarded as too high for H&M if the purchase is done without a discount. Therefore, it would be useful to broaden the categories of sales promotion instead of just focusing on discounts.

In interviewees' opinion, personal selling of H&M is quite different than in Chinese local brand stores. In those stores there are many salespersons to support the customers. In contrast, H&M has less sales personnel. This can be an advantage for some customers while it can also be a disadvantage for the others. In general the lower number of salespersons can be seen positive because it gives the customers a freer shopping atmosphere.

The public image of H&M was regarded as good by the interviewees because it is very rare to hear negative news about H&M in social media or other news agencies.

3.3.2 Advertisements Condition of H&M

Both of the interviewees agreed that the most common way for H&M to advertise their stores and products is display windows. The display windows affect the opinion of the customers depending on the current fashion which is shown. Those display windows are so successful because they change according to the different seasons and show how a whole set can match together. But they also stated that the display window advertisements are a double edged sword, as a display window is effective in influencing the customers and also relatively cheap but on the other hand the space is limited. There are not many different parts of a collection which can be shown and the people have to pass by the store to get to know the products. This is especially inefficient for the people living far away from the city center where most of the H&M stores are located.

As another way of advertising, magazine advertising is used by H&M. According to the interviewees, H&M is placing advertisements in certain magazines. But the problem from their point of view is that those magazines target existing customer groups and it might not have any or just minor effects on the brand awareness overall, because no new customers are likely to be acquired in this way.

One of the interviewees said that H&M also uses online advertisements to expand their brand awareness. The most common way is to place advertisements on shopping portals but the problem is that the online advertisements are mostly ignored by the internet users according to the personal experience from her.

The interviewees have never seen TV advertisements of H&M, which is in contrast with the popularity of TV advertisements in general. H&M does not use them and misses a great chance to gain brand awareness and potential customers. Billboard only play a minor role in H&M's advertisement strategy as just a few are placed quite close to the H&M stores. Finally, leaflets and in-store

advertisements are not seen as critical factors for the success of the H&M advertising according to the interviewees.

3.3.3 The Situation of Sales Promotion of H&M

From interviewees' point of view, discount is the dominating sales promotion type and it is mainly used for dumping the old collections into the market. This practice leads to a major problem and the way how it is done affects the image of H&M negatively. As a result H&M is regarded as a "cheap" brand because the original price will be regarded as too high. They both agreed upon that the quality of the products on sale is low, because too many people have already tried them on and the service personnel is not able to keep everything in order in those sales areas.

They also think H&M should use different kinds of sales promotion which is not directly based on reducing the price. Trial offers might help customers to get to know new products and also H&M can benefit from this. Trading stamps play a positive role in keeping customers, because it is common that people want to keep collecting stamps to get the benefit. The interviewees regard these two methods of sales promotion positive as well, even though it is not directly aiming at reducing the price in the first instance. This could benefit H&M in a better way, but at the moment these types of sales promotion are not used in China. Interviewees also thought that the diversity of sales promotion is low, and they will have more interests when the company provides other methods.

3.3.4 Circumstance of Personal Selling of H&M

The interviewees' opinion is that compared with the local Chinese brands, H&M only has few salespersons in its stores. The sales staff only maintains the products most of the time instead of giving consumers any advice. However the sales personnel are very helpful when asked for help. On one hand, some customers prefer fewer salespersons surrounding them as they are annoyed by too many sales people in the local brand stores. They prefer shopping without advices from outsiders. On the other hand, many problems appear if there is not enough

personnel in the stores. H&M stores are larger in terms of floor space compared with other stores run by local brands. Additional to this, the stores offer more products so the problem is that H&M does not have enough personnel to organize the products and keep good order. In fact, the interviewees are not satisfied with the visual appearance of the products. The main task of the personnel is clearly providing a good store environment instead of personal selling itself.

3.3.5 The Public Image of H&M

The interviewees agree that H&M has a good public image in the Chinese market and it is uncommon to hear some negative news about H&M from the social media in general. H&M is well known for its high cost performance, European style, wide range of sizes and fast updating collections. Even if H&M has faced some scandals the interviewees were not aware of any; the public image has not been affected at all. One of the explanations the interviewees indicate is the public thinks that the low price of H&M products compared to the received value of the products might already compensate for those issues. The public image is different for different social classes, and the interviewees state that the image of the brand is highly dependent on which income group is asked about the matter.

4 CONCLUSION

In this chapter, summary of the research will be shown first which includes the background of the research, research problem and research method. Then, according to the results of the research, managerial recommendations will be given to improve the sales amount and the brand image. Finally, some ideas for future studies will be discussed to have a clear picture about what to do in the future.

4.1 Summary of the Research

With a population of 1.3 billion inhabitants, China is a big market for international companies. Foreign companies have a big market potential due to the booming Chinese economy. The Chinese GDP growth is predicted to be stable and due to this strong GDP growth more and more Chinese will be lifted to the new middle class who have a higher living standard and the ability to purchase foreign products. Recently a growing number of younger people have adapted their lifestyle to the western lifestyle and also focus on the Western culture with all their brands and brand attitudes. Especially in the apparel market this trend is obvious because more western brands are entering China, similarly to H&M which seven years ago positioned itself above the local Chinese brands. H&M is a representative brand for European styled products, meaning that simplicity and comfort are the main attributes connected to this brand. (Central Intelligence Agency 2013)

H&M is one of the best examples among international brands which are successful in the Chinese market. After H&M first entered the Chinese market seven years ago, 109 stores have been built in several provinces. For the next few years, China is seen as one of the four key markets for the expansion strategy of H&M. The other three markets are the United States of America, the United Kingdom and Germany. In 2012 H&M had 400 stores in Germany, compared to the population of China H&M would need over 6000 stores to reach the same market penetration based on population per store. Apparently, market potential for H&M in China is enormous. (H&M 2012)

The aim of the research was to gain a deeper understanding of the customer reflections on promotional tools in order to give useful and suitable advice to H&M. The thesis topic was focused on promotional tools, because they are a key tool for companies and also for H&M in performing well. Different theoretical models provided knowledge of the different aspects which are related to promotional tools. The research problem was solved by using two different research methods which enable the research to gain the necessary breadth and depth to reach a full picture of the customer reflections on promotional tools.

4.2 Managerial Recommendations

Based on the empirical results the recommendations were easy to give. Due to the survey and the interview, different problems of H&M's strategy could be clearly analyzed. If the advice is implemented, the profitability and the brand image can benefit. The research problem of this study is to find out and analyze customer reflections on promotional tools of H&M. In order to gain valuable findings, both quantitative research via a questionnaire and qualitative research via a group interview were used. Generally, H&M is successful in marketing: 65% of the respondents in the interview had heard of this brand even H&M has only operating in China for seven years. The research study shows that the Chinese consumers are satisfied with H&M's promotional tools. According to the empirical study, there are still some areas that should be improved.

First of all, H&M is not using advertising in the Chinese market so much, although advertising is an efficient and well accepted way of promotion in China. 44% of the respondents indicate that they are easily or very easily affected by advertisements while just 4% of the respondents know H&M from advertisements. Based on this sample, H&M should pay more attention to traditional ways of advertising, such as TV advertisement or magazine advertisements. H&M's promotional tools show clear signs that H&M has simply adopted the same strategy from its other markets, but the Chinese market is different. It tends to be in a different stage of development and even TV advertisements are not regarded as outdated in the market. Since all the H&M stores are in best business locations, huge numbers of potential consumers are

passing there by all the time, so display windows become the most important way which affect the opinions of the Chinese consumers about H&M.

H&M is mostly known for the stores itself; the display windows play a crucial role for H&M because most of the Chinese customers of H&M are attracted by them. The advantages of display window must be fully used to maximize the impact, especially as the costs are relatively low. H&M should use this method to a bigger extent, for example by changing the products in the display windows more frequently.

The research has shown that discount is the most popular way of sales promotion as 85% of the consumers consider it as their favorite way of sales promotion. At the same time, it was the most commonly used sales promotion method as well. Even so, there are two points that H&M should improve. First of all, discounts can destroy brand image and be harmful for the profits in a long term perspective. Diverse sales promotion channels can also bring win-win situations and keep the profit growing. Other types of sales promotion like trading stamps can tighten the relationship between H&M and its consumers, because commonly customers want to continue collecting stamps to get the final discounts. From a psychological point of view, consumers will purchase more to reach the benefit they will get when the stamping card is full. Another aspect which should be improved is the condition of the products which are on sale. The current situation in general is not satisfactory, because most of the products were already been tried on for too many times which results in damages. Products in the sales section are in poor condition as well, which may affect the shopping environment and leave a negative impression to the consumers. This can also lead to a negative overall impression of the brand by customers passing by those areas. One way of eliminating this problem would be to sort out the useless clothes, because the large amount of people trying on clothes in the Chinese H&M stores causes more problems than in average European stores where fewer people per day might try a product on.

The traits of personal selling were claimed to be similar among all the European apparel companies. There are nearly no professional sales personnel in the stores who might give advice to the consumers. The personnel who work at H&M stores

just organize the products and keep the store in order. This is an outstanding distinction from the local Chinese brands which have many professional advisers. Sometimes when a consumer enters a store, one or more sales persons will come to ask if help is needed. This can be an advantage because they will give some advice but the disadvantage is some people do not like to have personal selling while shopping. So for H&M, on one hand, the consumers have fully freedom in the store for shopping, on the other hand, they cannot get personal advice. Therefore, H&M could hire a smaller amount of specialized sales persons to help Chinese customers who might need support in finding the right clothes.

Generally, H&M seem to have a good public image among the Chinese consumers from the reputation point of view as well as from the public relations point of view. H&M is regarded as a European fashion brand with a high cost performance. According to the results of the group interview, it is very rare to get negative information or negatively associated news about H&M. However, H&M has also had some scandals related to low quality standards, but the research results are not negatively affected by them, just 6% of all the respondents think H&M has a bad public image. It might be that consumers are simply not aware of them, because they have never heard about those scandals. Another possibility is that they accept those quality issues because of H&M's brand reputation or the high cost performance the brand is offering can compensate for such issues. Publicity is a powerful promotional tool but very hard to control. Charity and other public donations can leave a good public impression of the brand or products as long as they are in line with the company image.

For later studies it might be interesting to choose a broader approach into marketing, which does not just focus on promotional tools. Marketing is a very diverse area and in this research just one angle of it was studied. In other studies, it could be interesting to take a closer look at the pricing strategies of H&M as they are influenced by promotional strategies.

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APPENDIX 1: Questionnaire-Customers' Reflection of the H&M Marketing

I am studying International Business at the Vaasa University of Applied Sciences. This questionnaire is a part of my bachelor level thesis. The purpose of this questionnaire is to find out consumers' reflection of the marketing of H&M. I would appreciate if you can spend a few minutes to answer to the following questions. All information given will be kept private and only used for my research.

1. Your gender:

- A. Male
- B. Female

2. Your age:

- A. 16-20
- B. 21-25
- C. 26-30
- D. 31-35
- E. Over 36

3. Where do you live?

- A. Megacities (more than 10 million inhabitants)
- B. Large cities (between 5 million and 10 million inhabitants)
- C. Medium size cities (between 2 million and 5 million inhabitants)
- D. Small cities (less than 2 million inhabitants)

4. What is your marital status?

- A. Single
- B. Living with parents
- C. Married but no children
- D. Married and have children

5. Have you ever heard of H&M?

- A. Yes
- B. No

If your answer is no, thank you for your time; you do not need to answer to the next questions.

6. Via which channel do you know H&M?

- A. Advertisements
- B. Friends
- C. Social media
- D. Passing by the stores
- E. Others_____

7. How often do you visit H&M?

- A. More than once per week
- B. Once per week
- C. Once per month
- D. Two to three times per month
- E. Every two month
- F. Every six months
- G. Never

8. What is mainly affecting your opinion about H&M? (Multiple choice)

- A. Friends
- B. TV advertisements
- C. Billboard
- D. Display windows
- E. Magazines
- F. Internet
- G. Leaflet
- H. Others_____

9. What is the main reason for you to choose H&M?

- A. Brand image
- B. Cost performance
- C. Design
- D. Service
- E. Quality
- F. Store environment
- G. Others_____

10. In general, what type of advertisements do you prefer?

- A. TV advertisements
- B. Leaflet
- C. Magazines
- D. Online advertisements
- E. Billboard advertisements
- F. In-store advertisements
- G. I do not prefer any type of advertisements

11. In general, which method of sales promotion do you like most?

- A. Discounts (e.g. 50% off)
- B. Trial offers (e.g. buy new product on a reduced price)
- C. Free samples (e.g. get a small sample for free)
- D. Special offers (e.g. take two, pay one)
- E. Trading stamps (after collect a certain amount of stamps, you can get benefits)
- F. I am not interested in sales promotions

12. Please evaluate all of the following statements on a scale from 1 - 5.

1 is strongly disagree; 2 is disagree; 3 is neutral; 4 is agree; 5 is strongly agree

___A. I like the advertisements of H&M

___B. I am easily affected by advertisements

___C. I like the sales promotion of H&M

___D. I will buy more because of sales promotion

___E. Sales promotion gives me a positive feeling about H&M

___F. I am easily affected by sales personnel in the store

___G. I am satisfied with the sales personnel in H&M

___H. H&M has a good public image

___I. I have a plan about what to buy before shopping

___J. I will buy more than planned when I visit H&M

APPENDIX 2: Group Interview Questions

1. Generally speaking, are you satisfied with the promotion of H&M, which promotional tool you think is best fitting H&M?
 - Advertisement
 - Sales promotion
 - Personal selling
 - Publicity
2. Can you tell me which kind of advertisements of H&M is the most impressive and what about other types of advertisements?
 - TV advertisement
 - Leaflet
 - Magazines
 - Online advertisement
 - Billboard advertisement
 - In-store advertisement
 - Display window
3. Do you think sales promotion of H&M is good; are they diverse enough, do you want to have more types of sales promotion?
 - Discounts
 - Trial offers
 - Free samples
 - Special offers
 - Trading stamps
4. What do you think about the sales personnel of H&M?
 - Are they helpful?
 - Is the number enough?
5. Can you tell me something about the public image of H&M; do you think H&M has a good relationship with the public? And what about the reputation?

