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Market research for Chinese aging market

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Market research for Chinese aging Market

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Finland is famous for its mature aging technology, care system and related experience. The world is becoming flat, every roles are being involved together. Finland is trying to be the crucial role in the global economy. Finland considered China as his important trade partner also on the aging development. The demands and behaviors of aging population is much different from other population because of their specific physical characteristics and living condition. Those conditions requires different market strategies and marketing research.

The thesis is contributing to provide more data and sources for Active life village to enter into Chinese market. Another function of the thesis is exploring the development of the Chinese aging market system so that to do the sufficient study. Since China is a huge market, the three cities will be our targets to do a deeper survey. Those cities are also considered to be the initial penetrating markets for Active life.

The scale of Chinese population, its developing trend, the Chinese business environment, the consumer segmentation and the main aging treatments will be performed by elaborate data and ; The recommended marketing methods and marketing strategies for the Chinese market will be analyzed .

The thesis applies different methods including face to face interview, second sources collecting , study analysis and observation. The aim of the methodologies is to make the article more reliable and readable.

The theory part of the thesis talks about SWOT strategy, market segmentation, market research structure, marketing strategies.

The results of the research deduced from the reliable evidences and sufficient information are explained in a logic order. The result is that Active life should apply all kinds of methods to explore Chinese markets. They will be more flexible and patient. The time coming to China is unpredictable. The latest market information should be updated several times. The conclusion of the thesis can be considered to be the basic Chinese economic development.

Key words

Chinese aging market, Active life ,aging treatments, Chinese marketing entry strategies ,Market segmentation

Table of Contents

1	Introduction	5
2	Market research theoretical background	5
	2.1 Market segmentation	5
	2.2 In the international environment	7
	2.3 Market research	7
	2.4 Structure of market research	8
	2.5 Market research methodologies	11
	2.5.1 Qualitative research	11
	2.5.2 Key point's definition	11
	2.6 Active life SWOT analysis	12
3	Empirical study for Chinese market overview	14
	3.1 Chinese aging care development	14
	3.2 Traditional aging care and 4-2-1 family	16
	3.3 Beijing aging development	17
	3.4 Chinese aging care methods.....	18
	3.4.1Health products	19
	3.4.2Environmental methods	20
	3.4.3Emergency system	20
	3.4.4 Chinese aging real estate.....	21
	3.5 Enterprise pension policy	23
	3.6 FutureTechnology.....	25
4	The Chinese market access.....	26
	4.1 Domestic environment for international investment	27
	4.2 Existing market players in medical markets.....	27
	4.3 The market share of the medical care market	28
	4.4 Market entry strategies in China	29
	4.4.1 Equity joint venture	29
	4.4.2 Contractual joint venture.....	29
	4.4.3 Wholly foreign owned enterprise.....	30
	4.4.4 .Word of mouth.....	31
	4.4.5 Behaviors guiding.....	31
	4.4.6 Sample study-Amway in China	32
5	Conclusion	35
6	Suggestion	35
	References	37
	Appendices	41
	Questionnaire.....	44

1 Introduction

Nowadays, entering the international market becomes an increasingly important issue for companies. It means foreign investors will get more advantages and prospects by winning overseas markets. The vast Chinese market, which gradually turns into one of the most attractive investing spots, however, has complicated economic developing problems. It might be very risky to investors if it is without systematic market strategy. The reliable, valid and effective market research is the path to establish a strategic marketing method.

In the article of Perkorwaski(2012), the director of foreign economic relations development department of the state council,Zhang xiao ji said that China's biggest attraction to foreign investors is the enormous market ,in addition to the long-time low cost, which is now ranked on the third of fourth.

The case study is based on my internship for the project on Active life .It aims to promote their aging care service and products in China.

This project is carried out within the cooperation between Active life and Laurea university of applied science with Helsinki University of Technology .My internship attempted to assist Active life to come into Chinese market. Company's primary targeted cities are Shanghai, Beijing and Wuhan, which of the three will be the pioneering objects along with their market exploration. In order to warm the markets, project participants have operated many preparing activities in advance such as taking part in some products exhibition to exhibit their products to seek for potential B-B business partners as well as learn about consumers with a holistic approach. These exhibitions include Shanghai explore, Wuhan experience products room.

The core of the thesis is to explore the Chinese aging market comprehensively from consumers' demands and economic development and macro policy and so on. This material was gathered from second hand in a large scale and researching provided by hospital workers. What is more, this thesis can be considered to be the reliable and the valid source to establish the market strategy and the initial realization to learn about the Chinese aging market situation. On the other hand, some relevant data and graphs can be set as the analyzing tools.

2 Market research theoretical background

2.1 Market segmentation

Doole and Lowe(2008) identified market segmentation is the initial step to establish the market strategy. It's a scientific methodology to apply resources purposely and providing specific products and services intensively for diversified markets.

The initial step of doing the market research is the developing styles of a city. Countries have different strengths on all kinds of developing a model. Setting Finland as an example, Finland is considered to be the developed country with advanced telecommunication and clean energy in E. U. While, its commercial activities cannot be compared to other European countries which less developed than Finland .In some situation, owing the good quality networks and logistics system are defined as a part of highly forward marketing institution .Entrepreneur spirits and healthy business environment and marketing passion are also being counted into the indicators.

The targeted cities of Active life are all belonged to the business dynamic cities in official research. Shanghai ranks in the leading position in the most developed economic cities in 2012 .Business city has a big difference to the city which has advanced with technology. Although Beijing is the biggest politics and business and cultural center of China, it is listed in the 8th of the lists. We can conclude that investors should make different investment according to different characters of the region. On the other hand, this kind of model also has some impact on the supported equipment and infrastructure. Although some cities are backed up competitive business development, other aspects such as business support legislation and supply chain management can't keep up with the requirements of the business. WTO reported that China belongs to the 27th on the logistics index at 2011.

It's very hard to get an ideal resource allocation in some countries as firm's expectation. The highly skilled technical labors distributed unevenly in Chinese regions. Some companies might think it's a bit hard to establish a comprehensive supply chain. It also draws a same picture in Russia, Russia has different timezone and weather, which caused a big difference for marketers arrange the same products to Russia consumers. It might set some barriers for some multinational companies to do the penetration intensively for some mini segments and look for some potential profit point and establish the customized service and products .Different markets own different marketing elements. Those elements include culture and religion and belief and lifestyle. Although Pepsi has got the global glory reputation, it still has specific strategies in advanced regions and back forward region.

In the prospect of women in the world, Estée Lauder is one of the best skincare and cosmetics in the world and the symbol of elegance and social status.

There are still some fierce competition in locals. If Estée Lauder applied undefined marketing methods based on its brand fame impact, it might only capture the customers for a short

time. Some of consumers just follow the brand reputation because of its popular trend. Estée Lauder is not depending on its powerful brand leaderships but also setting the local products to cater to customer needs. In Asian, female customers treat skin care as more important compared to color cosmetics. While, in the value of Asian customers; the reputation of Chinese medicine is very reliable and effective as it is applied for female skin treatment. Based on this feature, Estée Lauder explores a new product line combining Chinese herb with U.S. operating model.

This is a good example from Singer (2012) to illustrate the opinion from Hassan and Stephen: companies should do segmentation of consumers not on countries.

There are variable market segmentation methodologies in the academic eyes. Many European companies adopt the euro mosaic style. The types divide the data into Elite suburbs, average areas and luxury flats and low-income inner-city and so on. Euro mosaic types provide a precise definition for mass of European citizens. This kind of model might not fit into the operation in Asia, but there are still many parts can be utilized during doing the Asian market segmentation.

2.2 In the international environment

Driving force

There are variable factors effecting the decisions of going to global market. They are the favored international masteries and labors and the increasing of the speed of removing of the regional standards and widespread of the accepting to the new technology in global region. While, the world market trend is attending to be similar. This phenomenon leads the international companies to do the market segmentation more smoothly and meet the customers' needs.

2.3 Market research

With the global economic market becoming more complex, the trend of business is harder to be analyzed and forecasted. We need to do more preparation for the current and future situation to respond to the risk and difficult position.

The prior step of management is to identify and getting rid of blind problems and acquire more relevant and sufficient know-how. Thus, market research becomes an critical part of role to accomplish the goal.

Active life should divide our market research work into six main parts. Objective targetting, planning , allocating resources, research methodology and transforming the sources to relevant knowledge adapting the target groups' needs and research evaluation.

2.4 Structure of market research

Active life will consider many indicators when measuring the market types. There are three main market types .They are existing markets, latent markets, incipient markets respectively.

In common place, the company will recruit some expert companies such as professional consulting firms to do some countries evaluation for their political, commercial, industrial and financial performance.

Managing the capital liquidity becomes an objective of the company manager in most of the times. They will take the currency risks as their tasks; the value of RMB is increasing much more. They are willing to get more return and profit on their investment. Most of the companies will reference the report of investing capability in countries.

Moody's investors' service is one of the biggest three credit rating agencies to measure the credibility of countries of borrowing funds. It pledges the stability of the bond market in public and private sectors.

In 2011, Moody uses the related system to measure the finance level of countries and did some forecast for their economic developing trend.

Region	Level	Expectation
China	Aa3	Increasing
Finland	Aaa	Stable
United states	Aaa	Stable
Japan	Aa3	Stable
Hongkong	Aa1	Increasing

Table 1: Level of country's credibility (Wiki 2011)

Table 2: Details of the rating definition

Moody's credit ratings

Investment grade		
Rating	Long-term ratings	Short-term ratings
Aaa	Rated as the highest quality and lowest credit risk.	Prime-1 Best ability to repay short-term debt
Aa1		
Aa2	Rated as high quality and very low credit risk.	
Aa3		
A1		
A2	Rated as upper-medium grade and low credit risk.	Prime-1/Prime-2 Best ability or high ability to repay short term debt
A3		
Baa1		
Baa2	Rated as medium grade, with some speculative elements and moderate credit risk.	Prime-2 High ability to repay short term debt
Baa3		Prime-2/Prime-3 High ability or acceptable ability to repay short term debt
		Prime-3 Acceptable ability to repay short term debt
Speculative grade		

Rating	Long-term ratings	Short-term ratings
Ba1	Judged to have speculative elements and a significant credit risk.	<p style="text-align: center;">Not Prime Do not fall within any of the prime categories</p>
Ba2		
Ba3		
B1	Judged as being speculative and a high credit risk.	
B2		
B3		
Caa1	Rated as poor quality and very high credit risk.	
Caa2		
Caa3		
Ca	Judged to be highly speculative and with likelihood of being near or in default, but some possibility of recovering principal and interest.	
C	Rated as the lowest quality, usually in default and low likelihood of recovering principal or interest.	

(Ratings symbols and definations February 2013)

Aaa is the best bond with best quality,Aa and A are considered to be the lowest risk bond compared with other bonds.Baa,Ba and B are not stable considered to be the relatively higher risk but need to be observing.The payment capability of Caa,Ca and C is weakens.In the

short term rating,Prime-1short-term rating includes from Aaa to A3,while,Prime-2 includes from A2 to Baa2.Prime-3 includes Baa2 to Baa3.

2.5 Market research methodologies

The basic market research for the companies is building up the scale of categories. Those main investigating facts are accessibility and profitability and market size.

The accessibility is about the microscopically prospect such as the national comprehensive government policy and economic trend.

Meanwhile, Doole and Lowe (2008) talked about another part of the measuring aspect is rating the profitability and market size of the market.

2.5.1 Qualitative research

Qualitative research might become the initial step to become the assisting tool for firms that aren't familiar with the targets .Those research types can help firms' owners to generate some brief perspective and get some relevant ideas.

2.5.2 Key point's definition

Observation:

Setting the questionnaire cannot be completed .The answers from consumers are not always reflecting the true actions and ideas from customers. They will consider all kinds of problems, even though, their options are still different. Setting the scientific system to track their actual behaviors and actions. As a national Chinese person, I am much more familiar with the Chinese culture and social activities than other people. I made some deep and detail research for the activities of senior people and rely on self-experience to do a complete observation.

Interview:

Interviews are particularly useful when we are analyzing the all issues. The interviewer can pursue in-depth information around a topic .An interview may be useful as follows-up to certain respondents to questionnaires.

Valenzuela and Shirivastava introduced that we can get rid of the irrelevant parts of topic and extend the insights, defend our issue, acquire the structure and solution of the topic through Email interview. Email interview offers the convenience for the respondents who haven't sufficient time to answer questions and provide the reliable evidence for the argument.

Valenzuela and Shirivastava also pointed: In common place, interviews are taken as an informal way. Conversation interview and closed, fixed respondents-time is applied in this thesis, the interview is defined as standardized, open interview and general interview guide approach.

Case study

Applying case study is a method to assess authors to understand deeply the topic and apply by generating the new prospect of the topic by collecting relevant data and examples which is belonged to those issues and reflect the situation to analysis the problem.

Validity and reliability

Doing research should be based on the validating and reliable requirements. Keep the experiment as serious and conscious is the spirit of a researcher. Applying for the case studies can analysis and explain the issue clearly.

Shuttoworth illustrated that Validity included whole experimenting issues and acquired relatively reliable outcomes examined by all kinds of examining strategies. Since some restricted aspects, researching methodologies might can't get a complete correct result.

The definition of Shuttleworth(2008) of reliability is the conclusion would be correct after several testing and examine.

2.6 Active life SWOT analysis

The company should analysis the internal and external environment to estimate the potential trend and risk to achieve the desired goal more easily. During the process, companies should bring the whole performing statistics into the strategic blueprint. Furthermore; firms can reveal their performance and compare with other companies according to the benchmark SWOT. SWOT data is subjective for many organizations set the inner standard. The external environment is opportunities and treats for the company, while, the criteria of the internal environment is considered to be weakness and strength.

The advantages of SWOT analysis are significant. (SWOT analysis) portrays that it assists the company to identify themselves more clearly, fasten the speed of seeking for opportunities and make the correct forecast for future.

Strength

Finland has a good reputation for its aging care service and advanced technology in the world. Meanwhile, Finland is always keeping the peace and friendship with China. It lays a solid foundation for the long term relationship for China and Finland in the future.

Active life and its networks have abundant resource to guarantee the research and development in a good environment. There are many investments and continues technology innovation for those aging care products. The main partner of the project is the center of education and technology in Finland Helsinki university of technology. Helsinki University Of Technology has many backup services, the powerful networks and advanced researching capability. Helsinki university of technology has tremendous experiences of successful researching projects. Another advantage of the university is that they can get much allocation and resources from government.

There are consistently advanced products entering the Chinese market. It means that competitions and new opportunities will be stimulated through this kind of situation.

Active life continues others' advantages and avoids shortages to open more markets and satisfy more customers' needs.

Active life has the powerful shareholders and organizations. Those associations provide this project the sufficient resources and continues business operating ability.

Weakness

Since the confidence for foreign investors of Chinese customers is not enough and income of Chinese consumers is not high as expected, it might not many people buying those products. The target markets of active life are the customers who have the higher social status and powerful economic foundation. And the companies will create more marketing opportunities gradually. According to the official survey, the ratio of the exactly rich crowd is still not many.

Compare to other countries such as U.S and U.K, Finland hasn't planted sufficient suppliers and agencies in China. The relationship with government and local authorities and com-

panies is still not mature. Cultivating the experience and an ideal relationship needs time and patience and cost. On the other hand, the market trend of China can't be forecasted. The return profit and loss of the market investment can't be estimated.

Opportunity

With the vast population of the senior people in China and nearby areas, there will be more policy, investment, consumption, research and development favored the sector of aging care. Meanwhile, there will be more and more firms marching to the market. It means that there will be more markets to be penetrated intensively. There will be more demands and needs found gradually. And the infrastructure establishment and the installation will be more and more mature.

The Chinese governments will have an attempt to contribute to the nursing service and social service careers and provide more funds to the living welfare. Citizens will have more savings to invest in their health.

Threat

The supplier operation in China is much different from that of Finland. Understanding the documents and process will be a long time. There might be many unexpected situations happening such as the business accidents and contract breaking which caused the business not continuing.

With the technology updating speed is increasing and the Chinese developing speed is more and more quickly and Chinese commercial activities are boosting and the managing cost in China is much cheaper than Finland, there will be a greater challenge for active life.

3 Empirical study for Chinese market overview

3.1 Chinese aging care development

China has come to the aging society (The percentage of people older than 65 is 7%) since 2000. According to the national population report in 2010 and 2011, old people above 60 years or 130 million, the number of the 65s arrives too. The ratio is 10.2%, 6.96% respectively in 2000. This is equivalent in number as 77 million, 118 million respectively. The percentage raised to 13.26%, 8.8% separately in 2010. The distribution of aging population is not average within the province. The aging population density in Eastern part is more intensive than other provinces, while, more old people are gathering in central and western part since 90s. The

reason is that the Chinese economy develops differently among provinces and the structure of Chinese geography is specific.

1. The Chinese aging speed is faster than the global average aging speed

Dating back to the aging developing history, developed countries have experienced for several hundred years.

According to the rate from U.N, the world average aging speed is 2.5%, whereas, it is 3.3% in China, which is faster by 0.8 than the world aging speed.

2. The aging region difference in China

As referred above, the ratio of the aged people in megalopolis still higher than the national average level .It is not ignored that the increasing speed in those rich cities tends to slow, its speed is slower than average speed even the other districts which are poorer. Like Shanghai and Beijing, there are not only equipped with only mature economic developing foundations and tremendous job opportunities but also attractive working reward. Those factors make many potential labor forces to come to those developed cities to work and study, decreasing the ratio of aging level.

Shanghai people more than 65 years were 23 thousand in 2010.The number was 0.1% of the whole population in Shanghai.

Solitary old people and countryside old people stands for a big amount of Shanghai old people. It means that Shanghai will face more challenge .It estimated that empty nester will become to 80% of the whole aging population.(the empty nester is defined as the old people without care from family and friends)Recently, the senior people who suffered from heavy diseases showed an uprising trend, in fact, the main diseases are: cerebral apoplexy, heart disease, cancer and tumor .

In the countryside of China, the situation is different. They stick to an opinion that curing themselves at home is very vital. Pressure of rural senior people is still very hard. The primary job of Chinese farmer is working on land .While; this essential living life has been changed with the taking over the land from authority. The income of farmers become restricted .They don't have self deposit for caring their retiring life but depends on their children.

For the elderly care condition in Shanghai, around 70% of old people think they are very satisfied and 30 percent of those respondents show that their life in a very comfortable standard. 20% of old people realized that their pension can't afford their retired life. They also agree

that medical care fees are the largest amount of expenses they face. On the other hand, female aging care is much different from male aging care.

Talking about the social environment of aging care, creating a harmony aging care atmosphere plays an inevitable role. The key of the strategy is to encourage social parts to take part. The social parts include all kinds of people with different careers and age. Middle-aged people are contributing to the care system mainly. Since the amount of middle-aged people have respectable social status and open attitude for the aging care and their life condition of their parents is very optimistic, 70% middle aged men arrange their parents to live and offer many suggestions to their parents on physical and mental life. The advantage of the living pattern is conveying the convenience for all generations and creating an open living space for the parents and children and making the aging people more independent and owning many living options.

3.2 Traditional aging care and 4-2-1 family

The Chinese unique aging development is inclined to the Chinese special economic developing pattern and government policy. The historical background of the policy was dating back to 20th century. In 70s of 20th century, Chinese government established the well-known birth control family planning: one couple can only give birth to one child and try their best to marry and have a child lately.

This policy decreases the fertility rate, saving the social resources and boost the economic efficiency. While, this birth control also has a potential hidden danger for the aging problem. Since this policy has been applied to all society, couples in 30-65 years have only one child. It means By the time the parents have come to the retiring age and have decreased the working efficiency, if they get sick, their children cannot support them as they are in poor economic condition. At the moment, parents should undergo much pressure including looking after their parents and taking care their children and save their retiring budget.

Having insight on the modern caring concept, confusion becomes the core value of an aging care system. Dating back to ancient China, confusion contributes to the development and becomes the social value.

4-2-1 family is rooted in this policy that defines 4 old people and one couple and one child. The content of 4-2-1 family doesn't mean 7 people live together but 2 or 3 families form a union. This form is defined into 2+2+2 and 2+5. The first form means a big group with 3 families. This kind of family patterns is live separate, affording for their own living expenses independently. They support each other and support their old parents by providing some help for

young people for instance when they are purchasing an apartment and getting married and taking care of children, while, young people can assist older people in getting the medical care and empathy help. The family performs the traditional culture of China at large extent: Getting together with parents, caring parents and enjoying retiring life.

For some old people without children, they can be treated by their relatives one by one. Chinese culture focuses on the kinship responsibility, which means the oldest child has to take more burdens to look after his/her, old parents. It means that he/she must sacrifice to support his/her old parents in any kinds of urgent condition even though he/she is busy of his/her own life. Meanwhile, this person should make some important decision for the old people caring problem. Sometimes, they will face difficult situation especially choosing what is best for them. For example, when they face the medical treatment of the old people, they should consider 2 sides.

On one side some old people are very stubborn and saving: they won't make some change for their medical treatment. If their relatives adopt it, the old people might face the dangerous situation. On the other side, relatives change the idea according to the scientific medical treatment while ignoring the perspective of older people. They might be treated to be immoral.

With the development of 30years economy, China is considered to be the second economies in the world.GDP has arose from 381yuan to 7858yuan in 2000 and has achieved to 29992 in 2010.The living quality of citizen has been improved largely with the improvement of medical care .The average life-span increase 74 years old from 68 years old of 1980.It is also an important factor for decreasing the Chinese fast aging speed.

3.3 Beijing aging development

As second city which owns the world's most famous 500 brands in the world, the living condition of the aging people in Beijing is also considered carefully.

In Beijing, old people whose healthy condition are very good are more than 70 years, their education level are almost coming to the level of middle school. There are 2 favored living styles. The first living style of Beijing old people is to live with their couples and another method is to live with their children. In common situation, the living source of the Beijing old people comes from their own retiring accounts. On the other hand, some old people don't live with their family but comes to Beijing to rely on their relatives from country sides from Beijing daily (2007) and China health (2006)

3.4 Chinese aging care methods

Recently, nursing home, retirement apartments and community care system are becoming to the main bodies of Chinese care systems.

Nursing home

There are different types of nursing homes. Personalized service is very limited in china; variable cost and fixed cost are very high. Most of old people can't afford it .Another treatment is one to one service. To achieve the objective of resources allocation ideally, government encourages retiring people to go into other nursing homes in different regions and there is no need to be confined to local nursing homes. While, weakness still exists. Firstly, many people can't adapt to the new environment and they might have a serious mental problem. Secondly, the resources of hospitals in countryside are very limited, which is why technology can't satisfy higher quality. Thirdly, transferring the application process and documents is very complex.

Another type of nursing home is much more affordable for many citizens, but the availability of equipments not of the highest level. The emergency methods are not flexible and old. Nursing people are not professional and the treatment methods are not very careful. Many of them can't communicate with the relatives of the old about the treatment methods and care suggestion. Networks with nursing homes can't read the data sent by nursing homes and share the information because of technology problem.

Although living in nursing homes are becoming the important part of caring life of senior people, old people still hold the pessimistic attitude for nursing home. According to the market survey, many nursing rooms can't match the customers' expectation.

In summary, society and government should encourage more private capital, decrease the control and reform the management styles to support the invest to living rooms.

It is expected that China will learn much experience from developed countries .Japan is a good example, its professional care industry is flourishing.

Chinese medicine

Chinese medicine is considered to be the precious property in the world and is considered to be a diamond in Chinese history. Chinese medicine has impressed the world. Chinese medicine has experienced a series of evolution through exploration. It is a basis of maintaining the health of people

Chinese medicine focuses on caring human body through cuisine, which means maintaining the bodies strengthen by combining nutritional food with medicine in order to expand the living cycle and enhance the efficiency of skin care.

The principle of the Chinese medicine is in harmony all the parts of the body to achieve a balanced condition .Chinese medicine attempts to let every part of the body coordinate and adjust not to cure one organ through making other organs hurt and protect for the future disease. The competitive advantage of Chinese medicine compared to western medicine is that western medicine might bring the potential harm to the human body although it cures the disease very quickly .

3.4.1Health products

At the moment, the revenue of health products has arrived at 220 million dollars. The main health products in Chinese market focused on hypertension and diabetes, mellitus and hyperlipemia.Those products have a good effect and image such as tishi oil and vegetable tablets.Meanwhile, many customers have the stomach and intestines disease caused by insomnia, so they would like to turn to some clinic methods to deal with it.

Since the economic and cultural condition, many senior people choose to adopt the self caring method. Going to the hospital is becoming to the second choice with the highly developed caring products.

The demand of curing disease effectively leads many old people prefer purchasing specific medicine to prevent osteoporosis and improve the flexibility and strength of the whole body. Winter is the weather that most diseases are intensive .For many consumers, minimizing the risks of hyperlipidemia and cardiovascular and improving the resisting force of body organs is their willing.

The health product market is divided by operating chain drug stores and retailers. The drug store has the loyal customers and media trust. The reason is that the regulation of drug chain store is very strict and cooperation with the hospital is very close. While, shopping in supermarkets is boosting and becoming the favorite purchasing methods of Chinese customers. The purchasing style and selling model of supermarket have become very mature and its supply chain is very comprehensive.

The economic developing trend is very hard to predict with the complex development of the global economy.

3.4.2 Environmental methods

It should have many factors to achieve a good aging care system. They include environment, physical situation and personal financial problem. The environment should be counted into one of the most important factors. The environment can be categorized as social circumstance and natural environment.

China is encouraging to create an ideal environment for the elderly life. Staying at living space permanently can't motivate the passion for life for aging people. By using holidays and festivals for arranging travelling opportunities for aging people may increase their life experience and even create new interests in life. Meanwhile, old people can use this opportunity to meet some new people and get excited.

3.4.3 Emergency system

Emergency system is aimed at improving the efficiency of first aid and simplifying the first aid process. At the moment, the system is targeted at some low level markets such as disabled and disintelligent old people. The objective of the system is not only to acquire profit but also to develop sustainability to achieve harmony in the social community.

On the other hand, the set of equipment is personalized and allows fast response time and establishes a network with a police station and hospital. The system can provide many kinds of emergency methods.

The system has been equipped with sensors. The advantage of the sensor is that it shows the position accurately, not only near location but also monitoring the farthest point. If some patients can't tell their living place and detail situation clearly, they can use the facility to deliver the essential information to the doctor's. The system can translate the physical problem into data correctly and minimize the time of first aid.

Many patients reflect that the disadvantage of system is that they can't go to the outside with this one. The inconvenience of this is that their outdoor activity is not very comfortable so that it raises concern.

Community care

The community needs to establish a comfortable caring environment and service. Many developed countries have reached a mature level. They have accumulated much experience of the success and failure. Since community is an important aspect of the whole society, the community should improve the cooperation with all kinds of social players such as government and private companies.

At the moment, the Government is active to be the helper and leader for the community building. The government will offer stimulation for offering the resources and labor forces and technology and set up a set of benchmark and goal for the community

The main difference between a nursing home with community care is that community offers a comfortable environment for people of all ages. The idea is good for old people to join in the society to make friends with others when they are retiring. The structure of the community is architecting a set of single unique aging apartment. The single old apartment meets the needs of older people from all kinds of functions such as rolling chair stairs and anti falling balcony and artificial sightseeing. Meanwhile, the community supports health monitoring and consulting organizations. The community organizes meanwhile; the community is equipped with health monitoring and consulting organizations. The community arranges old habitants to take a physical examination regularly and individual coach.

Well, old people insist that they will own the long happiness one they get together with their children. To explore the business opportunity, some companies create the virtual healthy community. They build a network with all kinds of sponsors to monitor the body condition of older people and order the professional service for them and deliver to their home.

3.4.4 Chinese aging real estate

Recently, the market demands are more and more urgent and the size of the aging industry is more and more booming. The real estate industry is also attractive for many stakeholders.

Government:

Their operating model is renting to consumers. The characteristics of the government real estate are the accommodation fee is relatively low and the social image is very positive. On the other hand, the government will pay for your insurance, your safety and sanitation. There are many volunteers and students coming here to contribute to the aging services to gain living experience and make some social practice. Many older people are willing to come to live here. In Beijing, they should book a position before 1 year. The weakness of the apartment is that the living resources are very limited and the facilities and equipments are not very enough. However, applying process is very bureaucratic and not very readable.

Non-profit organization:

Compared to the government style, this kind of model is more efficient, more flexible and better to the customer needs.

This kind of apartment encourages private investment. This apartment creates a win-win situation: enterprises can deliver its reputation to more markets through the abundant information mastered by Non-profit organizations; While, Non-profit organization can get more resources and technology from private enterprises. During the cooperation process, the two players should guarantee that the responsibility and right must be clarified and the manage-

ment in an efficient level. There are some failures happening recent year. Those unsuccessful incidents brought some negative reputation for the Non-profit organization. Some old people suffered from the unexpected situation such as dying from falling on the floor and unsuccessful surgery. On-profit organization must announce that there are people responsible for the issue and post accident must be deal with availability.

The development of Shanghai aging community

Shanghai is considered to be the most advanced city in China. The economic size requires Shanghai to set an upper class community model to keep up the speed of city development. The goal of the community will focus on the function diversification and personalization .At the moment, the main target customers are the physical condition of customers from poor to very poor. Current market diversification is not the practical needs for amount of people. Recent trend shows ordering service will be more and more popular .Ordering service include home caring, illness watching, emotional conversation and physical improvement.

This kind of community will be more functional .The community will bring in more facilities. Entertaining, education and cultural institutions will be involved in this area.

Shanghai is accumulating experiences from different developed countries continue sly and combine the essence of Chinese culture and innovate the aging strategy .In 2010 in Shanghai world explore exhibition ,German multi generation house impressed Chinese people.Multi generation house evolves from the ordinary community to the advanced multi house .The principle of the house is to encourage old people to participate all kinds of activities to convey a message: Life is beautiful, people shouldn't worry about their age.

3.7China social security policy

The first objective of the Chinese government for treating old people is to stimulate the economic development and establish the cooperation among community with young people and government and correct the shortcomings Of the old social -insurance system and improve the elder insurance and elderly welfare and aging subdity. Additional, government will encourage all society to focus on the aging development.

Civil servants rights

Male retiring age:60

Female retiring age:55

There are different salary distribution methods according to the different age levels by central ministry of finance. Civil servants needn't to pay for the endowment insurance. There are standards for remuneration distribution.

Employees who are more than 35 years can get pension accounting 88% of salary. More than 30 years and under 35 years can acquire 82% of their remuneration. Those at the age in between 20 and 30years old can get 75% of their remuneration. In addition; some aging people who participated in the revolution work can get 100% of their prior salary.

3.5 Enterprise pension policy

Enterprise pension requirement is much different from the civil pension rights. Enterprise pension is divided into basic pension and personal account. The right of applying for basic pension is working in the workplace for more than 15 years constantly. The standard of basic pension is 20% of salary in the working life. Company will help you to fund your salary to your aging deposit. The personal account will be 11% of the salary. The salary will change its value with the time. Different cities have their rules for the pension.

The fairness of the policy is that employees can enjoy the benefits if they are contributing themselves to the work and their basic information such as birth place is correct.

Some reports referred that saving the pension might give some pressure for current life of employees because of the inflation in China.

Whereas, Employees needn't to worry about the living problem at the moment, they just need to pay for 8% of salary and enterprise will pay for 19% of remuneration under the rule.

Baidu (2012) edited In addition, you can pay for your pension insurance to instead of the period when you haven't enough money to pay for your fund.

Rural area policy

The rural area policy encourages three members in the society participate in sharing the pension responsibility. They are rural government and local firms and local community. The goal of the policy is to deal with the problem that more and more old people in countryside can't get the care because their children immigrant the city to work and their lands were managed by government.

The basic principle of the government is to encourage old people to invest their retiring life for a better treatment and wealth of aging life. The principle is that you will get more benefits if you invest more energy and longer time.

Many farmers are still not unwilling to invest this kind of methods. The situation is the return ratio is not very high and the investment risk is relatively higher than that of cities. Once farmers haven't the multiinvesting plan, they might be able to get enough money to maintain their lives.

Meanwhile, the government should fix the system of getting the aging core welfare. At that time, authority should consider how to deal with rural workers applying for pension in their retiring

Establishing the personal account should focus on many parts such as administration cost on it and the fund inflation and the amount of the allocation from government. The progress of the new social pension is that farmers did not get so much pressure.

Beijing

Residents in Shanghai and Beijing can delay paying for aging pension so that they can maintain a comfortable living quality after paying for the pension. As a result, they will have more deposit for their living life. Another advantage is that they should worry about the inflation problem and interest rise problems.

Another unique characteristic of Beijing pension policy is that they should set some specific rules for some specific people. The reason is that many labors come to Beijing to work for other cities and rural places; they pay for their pension funds in Beijing. To guarantee they can return and get reward from their work, the government decides that non-border policy: employees can acquire their pension in their working place even though they are not the local person in their working place if they paid for 15 years. You can enjoy the pension in all kinds of condition.

According to the record of Baidu(2012), Central government decides to establish the 9073 aging care models. Beijing government announces that they will achieve the objective that 90% old people enjoy their retiring life at home through the well equipped social service and

7% are going to the community offered by government and 3% people will come to the nursing home .

Shanghai

Shanghai has a mature aging system. Shanghai has 444 certified aging organizations and 37993 nursing beds. (Shanghai is mainly aging organizations 2009)

Compared to other cities which don't have enough space and beds for customers, Shanghai has enough nursing organizations to provide old customers. Aging people have many options in their living environments such as nursing rooms or private nursing home. Shanghai government has efficient and scientific and fair and democratic management on aging resources and distributing system and owns many kinds of aging products to allow old citizens to do all kinds of investment and setting the convenient and simple methods to offer to their citizens to apply for all kinds of aging organizations in a fast and affordable-way. Meanwhile, government coordinates with the relatives very closely to convey the warmest massage for their retiring life. Government will organize the hospital join the monitoring system to improve their service performance. What's more, Shanghai is the best choice for many foreign companies, the aging core level of Shanghai citizens can be improved much more quickly. Some national companies can get more experiences through the foreign companies. The market will become a systematic structure.

Wu han

Shanghai is the city owning the most foreign companies in China and the perspective of the citizens of the city are most open. Compared to Shanghai, the development of international trades in Wuhan is not developed .Despite the fear, Wuhan is still a prospected city, which is keeping his pioneering economic position in central China. On the other hand, Wuhan has the favored advantage. Owing to outstanding multi-ways transportation, Wuhan established a good trade partnership with Shanghai and Beijing and Xia men and most western cities. That is to say, this aspect wins some competitive opportunity for the market extension for foreign investment

3.6 FutureTechnology

There will be significant foreign investment taking place in the Chinese market and many more nursing rooms equipped with the market competition. The government will take

responsibility along with entrepreneurs for its citizens .Meanwhile, other signal shows that the government will increase the retiring age .The result might be that the retiring people would decrease in large number, they are still working to make the living to contribute to their country; More retiring funds could be accumulated to invest in another country investments such as education and social service; There will be more aging segmentation including advanced age and low age. There will be more niche markets, more activities and aging programs will be provided to the aging; In addition, those old people could act as experienced backbones to decrease expense of the training company .The company would spend much less money on training new staff, instead letting the old staff continue their work and to teach the new staff.

In 2015, it is estimated that the turnover of potential jobs created by aging care will exceed 4500 million dollars.

Meanwhile, the government will encourage more members to take part in the aging industry. Those social members can be private companies, entrepreneurs and non-government agencies, community, other profit or non-profit organizations. The CCTV stock information (2012) reported that Beijing government offered the disabled pension to provide more senior people for more services in 2010. The government will regulate the standard of market entry and market competition and gray market to protect the rights of all members in the market because of the chaotic market situation.

4 The Chinese market access

The economist online (2012) reveals that since 2003, China has become the first country in FDI. 2004 to 2011, China received a satisfactory score on FDI revenue, and reached 65 million dollars in 2011 Chinese government is willing to transfer the economic growing methods. They will minimize the investment on infrastructure and stimulate national consumption. This is good news for many investors. Meanwhile, there will be more emergent fields such as bringing in developed agriculture machines attracting foreign investors.

The principles of governing Chinese market access are similar to the international market access rules: trading in a free way and keeping the rights and compulsory in a similar condition. Chinese government will open more markets for improving foreign currency.

Table:Shanghai GDP 2011
(Mao and Liu 2012)

GDP	Primary industry	Civil income	Rural income	Commercialized turnover	Export and import to euro zone ratio	
12784 dollars			6000dollars	3000dollars	710billion dollars	18.4%

4.1 Domestic environment for international investment

In 2012, the Chinese economy is still gently slowing down due of inflation and market demand is lowering. Export is, however, still rising and market-entry into Chinese aging care is still very hard, especially for the overseas investors. They find it hard to obtain sufficient technology and infrastructure back up, labor productivity and stable market rules. Since investors come from abroad, their local networks are not very robust and they often can't get enough government support because the government prefers to cultivate the national enterprises. In an example involving an Australian firm, the customers of the firm charged them several millions, because there was no agreement about compensation between the customers and providers. The loss to the firm is reputation damage, along with the devastated impact on individual lives. Some of the cooperating partners suggested that to help him manage the claim he needs the boss to transfer ownership to him. Although the Australian firm minimized some loss, the business trip was not smooth because he was unfamiliar with the Chinese law and failed in securing trustful business partners, agencies, alternative business plans and business culture.

4.2 Existing market players in medical markets

1. Foreign players: These are mainly from the U.S. and have a long history and good customer reputation. Overlapping investment is very common in this field. Marketing methods: They are fond of direct marketing, television and all kinds of publishing methods, face-to-face communication, product exhibitions, retailers, unique product consultant.

2. National players: Competition can be seen in some SMES. The products range between health protection and curing. Most of the products are based on the traditional medical treatments and the application of Chinese traditional medicine. Some retailers attempt to improve revenue by encouraging consumers using many kinds of propaganda methods such as faulty speech and non-valuable bonus packages. Although some functions of Chinese medicine can be very useful, often it can't cure the disease completely. More products will be produced to satisfy the growing demands.

3. Government: Running the corruption from central government to regional administrations, the government will allocate more funds to social service to project an effective and transparent image. The regulating departments establish self-supervision drafts and public-supervision measurements. On the other hand, they cooperate with the product-supervising administration to cope with the gray market and economic crimes.

4.3 The market share of the medical care market

External reasons: High pressure living environment ,not advanced medical treatment, high expense of medical treatment, popularity of care products.

Internal environment:

Internal environment factors include consumer's psychology, their social status, economic problem and other demographic reasons.

Customers whose income is wealthy are willing to pay for healthy products fees.

Salaries	Beijing	Shanghai	Wuhan
populaation Average	850euro	680euro	327euro
Civis Sevarat	14thousand	30000euro	8000euro

Source: National bureau of statistics (2009)

Purchasing motivation:

1. Many families want to gift their friends' parents, their bosses and their parents.
2. Some of the aging population wants to use the gifts with their family members and friends.
3. Many hospitals want to rent the products out to their patients.

Popular marketing methods

1. Noncommercial marketing: The marketing principle is protecting aging people and treating their retiring life. Old people are a minority in the society, their behaviors and habits and psychology are much more different than other people. That's why many marketers can't satisfy their real needs. On the other hand, it is also another new marketing chance for many companies if they review those needs. On-commercial marketing is aimed to help consumers to cope with their difficulties without the advance of selling products.
2. Relationship marketing: Creating more relationships and networking through old customers. Teaching them to create their own community, and this community becomes their product, while focusing on cultivating a long term relationship with the customers and exploring their interests for the products.

The level of risk customers

Commonly, customers will consider certain issues prior to making purchase decisions. These preparations can be elaborated into how to define the buying objectives and the uncertainty for the product functionality, future satisfaction, risks and hidden harm.

4.4 Market entry strategies in China

4.4.1 Equity joint venture

It's very common in China. It's a good avenue to explore and learn about the Chinese market. Investment is a process to gradually penetrate the whole market. Equity joint venture is a good way to gather more market information, own the networks and generate more value.

You can share values and risks with your partners. The Chinese government supports all kinds of cooperation. The overseas companies can invest 25% of the cooperation, and they will acquire more profit with the growth of the Chinese economy. If the total investment is under 300million dollars, firms should equalize with 70% of investment capital

4.4.2 Contractual joint venture

Contract is considered to be popular among all kinds of cooperation. Maintaining a long-term relationship is a fundamental element of this kind of cooperation. Sufficient time needs

to be allocated for negotiation if the partners want to meet a common goal. The difference with the joint ventures is on return. The ratio of the profit is not based on the amount of the investing amount but specified within the contract.

Meanwhile, there is a characteristic of these kinds of market entry strategies that provides an opportunity to all investors. The reason is that a joint venture is very flexible and fair. The contract can be set to expire at any time if any of the investors don't satisfy their interest. Those issues include capital transfer, profit and contract.

Contractual joint venture is applied to many sectors such as financial institutions and industry.

4.4.3 Wholly foreign owned enterprise

Taking part in WTO has created massive opportunities for China and foreign investors. The definition of wholly foreign owned enterprise changed from manufacturing exports and introducing developed technology, to allowing all kinds of foreign investments to do many kinds of investments including tangible and intangible products.

The whole model is straightforward. Starting up equity is starts at 140,000 in China .To decrease the burden on the investors; the government just asks the investors to pay for only 20% of the capital to pay for the registration fees. The enrolling capital in Shanghai and Beijing is as following:

Table:

Consulting WFOE	RMB 100,000 ~ RMB 500,000
Service WFOE	RMB 100,000 ~ RMB 500,000
Hi-Tech WFOE	RMB 100,000 ~ RMB 500,000
Trading WFOE / FICE/ Retail	RMB 500,000 ~ RMB 1 million
Food & Beverage WFOE	RMB 500,000 ~ RMB 1 million
Manufacturing WFOE	RMB 1 million or USD 140,000

On the other hand, being different with Finnish companies .You can't choose a house combining citizens with commercials and citizen apartments .The income tax for WFO starts from 25%, in some place is 15%

The region difference is very obvious in China. It's hard to expand the market shares completely. Target one province is a good choice. Some products just

Committing to the pre-purchase work

(Hong -youl ha 2002) comments that Pre-purchase sources is very important for consumers when they choose to buy the products at first time. Different customers have different abilities and situations to search for that information.

4.4.4 .Word of mouth

“In China, a low-trust environment, word-of-month becomes a crucial component when deciding what to buy.” Ben Cavenler in Shanghai consulting firm (Bloomsberg).

Word of mouth decrease risks on the part of consumers to some level.

Brand reliability can decrease the fear in consumers of delivery mistakes and products endurance.

Combining the brand strategy with the word of mouth can result in significant savings. Meanwhile, using connection's and friends' recommendation can be considered to be a social method in Chinese society .You will be involved in society more and more through being recommended and using recommendation.

4.4.5 Behaviors guiding

Consumers will think through many factors properly when actually making the buying decisions. Marketers should transfer those factors into positives and try their best to change the stereotypes in the customer's minds.

From Harrison, consumers might think about product functionality and endurance. Firms can be explicit regarding the products endurance, improve post-purchase service or strengthen customer relationships, and recommend new products to them as well.

What's more! Creating social impact and optimizing the social image by establishing sustainable strategy can make consumers more confident among other people when they own the products.

Also, consumers might worry the financial loss and time wasting risk. Companies can assist them through minimizing their cost and altering their buying methods.

4.4.6 Sample study-Amway in China

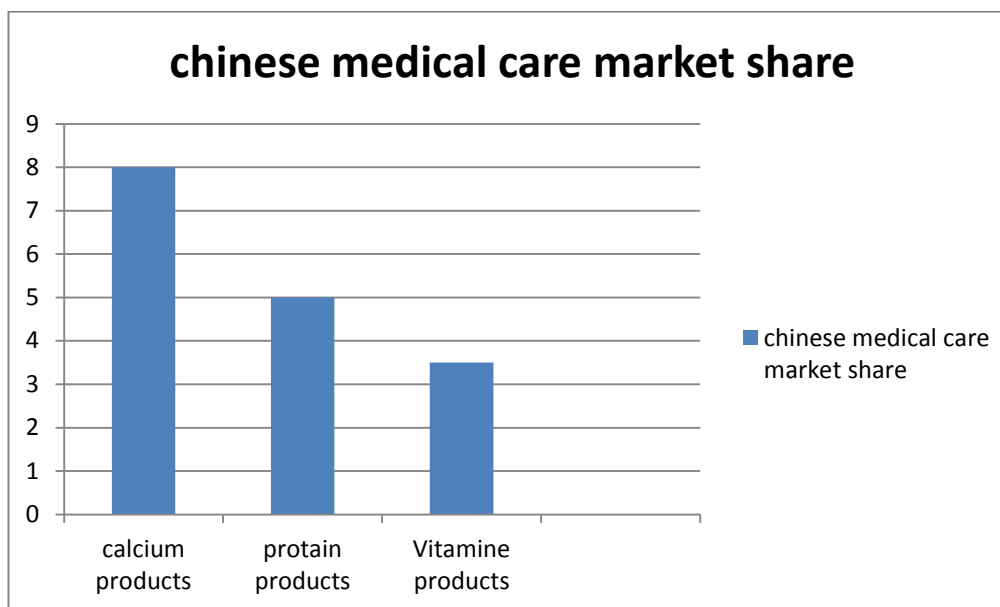
The most famous aging care brand in China is Amway, which comes from the U.S. Reviewing the foreign investments in China, Amway understood the Chinese market characteristics and created many market opportunities to achieve tremendous success. Their observation of the Chinese market is that there are huge markets and a dynamic business environment. In 1995, Amway started its first company in China. In Chinese culture, there is a focus on connection building; and it is the key to everything. Amway applied a unique sales method: recruiting friends and families to work for Amway. This kind of operating strategy is also called by direct sales, and operates without the support of real stories.

On the other hand, they change their western marketing strategy to follow the intrinsically Chinese business culture. They are more flexible and more positive for the Chinese government. Their advantage is operating in a Chinese way while selling high quality products.

From the experience of Amway, we can conclude that and get some experience of it.

1. One should have patience when entering the Chinese market and adhere to Chinese principles and market rules.
2. Design an event consumer care about and use that opportunity to share the experience of using the products. Companies may conduct research to understand their real needs. From these, the company can introduce diverse services for different market segments.
3. The lifestyle changes to the aging populace and social trends cause the older generation to not adapt to many new and popular products. It is very hard to persuade these customers to change their original behavior. Thus, companies need to design special aging products according to this.
4. Market research and product model is vastly different from the practical market

The market share of the medical care market



The customer segmentation buying the care products

There are more than 200 million people suffering from high blood pressure. The age varies from 35 to 74 years. The main reason is that the speed of everyday life increases along with stress. The bodily organs become old, and irregular diet and lack of scientific relaxation contribute as well.

It is expected that more than 30% of people aged 50 years and above will suffer from osteoporosis. Osteoporosis is a common disease for aging people in China. It is caused primarily by Chinese eating habits, lack of sports and air pollution.

Discussion

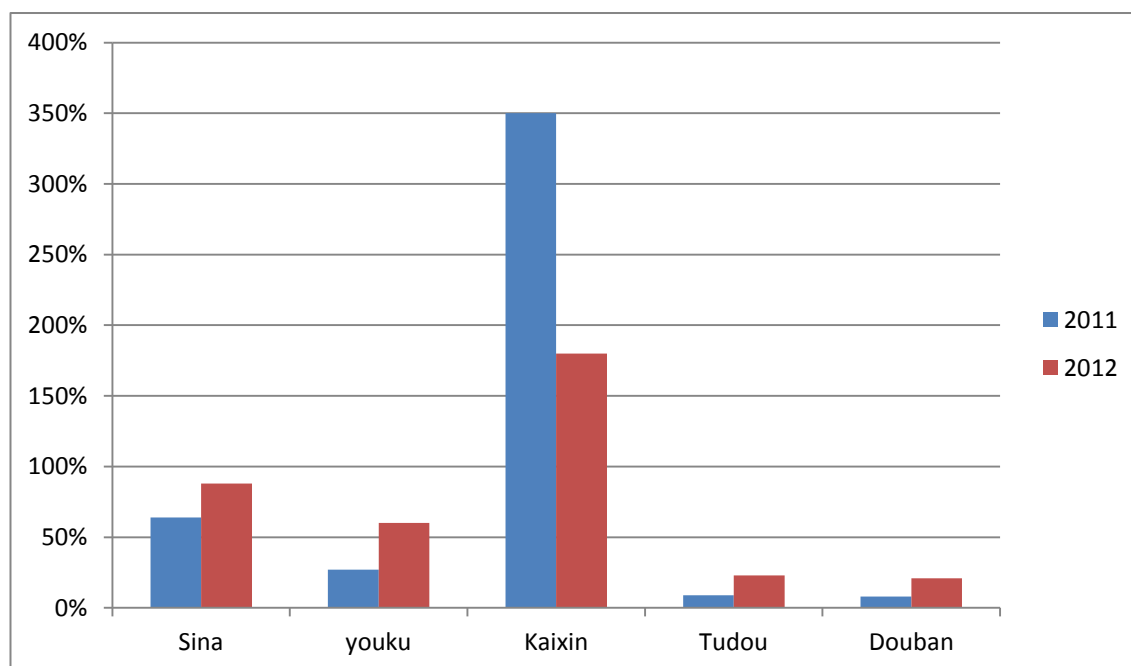
Although Active life needs time, they need to display the first set of products to catch the attention immediately in the market. Caring TV is considered to be the penetrating products to the market in China. Caring TV has a good reputation for its specific sales strategy for local residents. In this aspect, caring TV is following the Finnish regional living habits of senior people: to be aware of being alone in a quiet environment. Meanwhile, caring TV creates the con-

sumers guiding plan to instruct the customer's behavior through innovating a new living style for old people and establishing the sales methods.

Chinese living habits of old people are different from Finnish people. They would like to participate in more social activities with their children and join in the regional groups to entertain themselves. There are many aging organizations and communities organizing events and entertainments for older people, so elder are not worried about their retirement time becoming dull. From this conclusion, Active life should be aware to put this kind of product for Chinese consumers initially.

Word of mouth-type information is being used widespread in China, many businesses utilize it sophisticatedly in social media and blogs. With the development of digital media, Chinese is building up a significant population of socially responsible so called social netizens. McKindsey report (2012) shows that Chinese people are passionate users of social networks (91% users), drawing a contrast picture with Japan(30%) and Us(60%). Social media . People in different age ranges are connected through mobile phones and microbloggers.

They exchange their ideas for the events and social phenomenon ,and also their comments on the brands. Certain Amount of Luxury brands use this opportunity to get the social media coverage to acquire more market share. According to the survey by Steven(2012), Brand would do its marketing strategies in four channels respectively. Those channels are mobile marketing(20%), social media(30%)and sites(30%). 30% companies choose the digital marketing. There are many social platforms provided for companies to do the campaign ,there are some options for them



Sina blog: Its content is similar to twitter, is a platform for business and entertainers and government, etc...

Youku: Offers the variety of videos and films and music for audiences from the world.

Kaixin: It is an online community where users can share the information about you with your friends and families.

Tudou: Supporting activities that uploading and sharing and watching videos.

Duban: Offering the books description and readers' comments and online book stores comparing.

Furthermore, foreign equity joint-venture is seen as the lowest risk and common methods to entry the Chinese market. As a beginner in Chinese market, accumulating experience and knowledge is much better for making profits immediately. It is wise that Active life should make a much more contribution to the Chinese market and know more from regional culture. Taking profit urgently is not advised to apply initially if Active life is not familiar with the market.

5 Conclusion

There will be more opportunities for entering into Chinese market for Active life. The Chinese market segmentations will be more diversified and there will be more intensive penetration. Chinese market, foreign companies need to be more patient and confidentiality. At some level, they should consider the Chinese market as a platform to share information and resources and experience.

6 Suggestion

Since Finland doesn't have much experience in China, controlling the risks to a minimal level is ideal. Consulting with the local supplier is considered to be reliable by many people. With the development of China, there will be more and more Chinese talent who are equipped with advanced business knowledge, experience and respectable foreign language skills. Additionally, the cost of employing them is very fair. Looking for more sources can be an initial step. There are many B-B online firms such as Ali-baba .

On the other hand, attempting multiple investment methods could be a marketing strategy. The strategy of adopting indirect investment by becoming sponsors and cooperating partners with Chinese aging products companies. They are familiar with the Chinese market and better known by Chinese consumers.

It is optimistic that Active life could have backup strategies. Even though Active life can't achieve expected market success, they can cultivate the market gradually and make the Chinese market as their sourcing place since there are abundant sources, skilled labor and material in China. Also, as Active life has a vast local market and the cost of material, labors and logistics are very cheap, Active life can consider China as its manufacturing and labor training base.

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Appendices

1. Investment rating

27	Finland Helsinki	Very poor
16	China Shanghai	Very poor
3	U.S New york	Very poor
2	Russion	

2.

China	A+	stable
Finland	AAA	stable
United states	AAA	Negative
Japan	A+	Negative
Russion	BBB	Stable
Brazil	BBB	stable

Shanghai GDP 2011

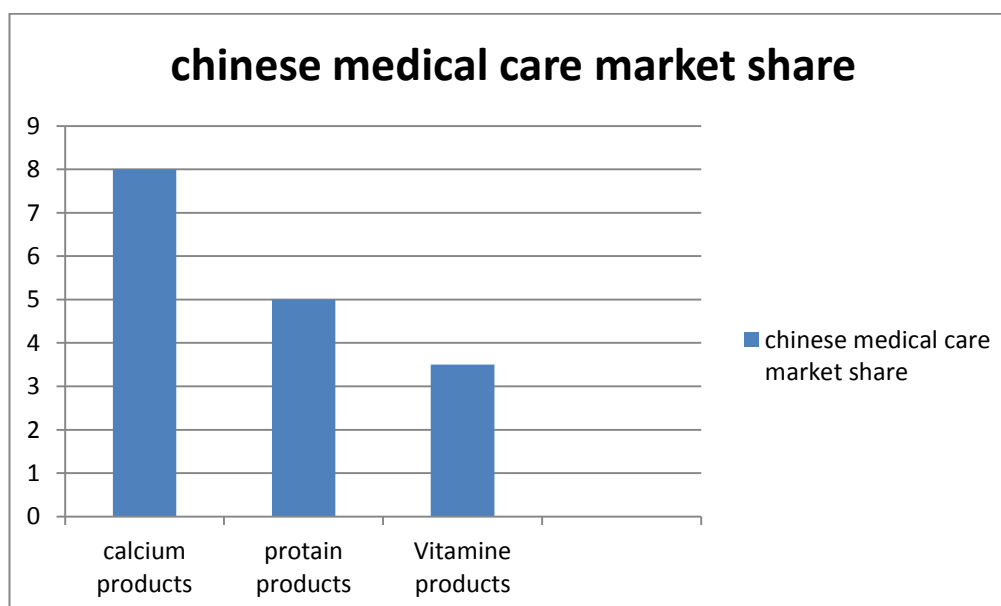
GDP	Primary industry	Civil income	Rural income	Commercialized turnover	Export and import to euro zone ratio	
12784 dollars			6000dollers	3000dollers	710billion dollers	18.4%

Salary	Beijing	Shanghai	Wuhan
population Average	850euro	680euro	327euro
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5.

Consulting WFOE	RMB 100,000 ~ RMB 500,000
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Food & Beverage WFOE	RMB 500,000 ~ RMB 1 million
Manufacturing WFOE	RMB 1 million or USD 140,000

6.



Salary	Beijing	Shanghai	Wuhan
Average	850euro	680euro	327euro
Civil sevarant	14thousand	30000euro	8000euro

Questionnaire

This interview was conducted by face to face interview. The interviewer was Pausi.Peho .The core of the interview was set on the active life business strategy and company initial plan.

Q: what kind of infrastructure and support do you need when you come to Chinese market?

A: It's sure that we need sufficient support and the skilled labor forces and human resources. Since China is setting some specific rules on the importers, we should avoid risk as much as possible. We need to seek for some expertise agency or partner to do the importing work or do enough protection for our importing work.

Q. Who is your favorite consumers and targeted market? The product order

A: It's no doubt that the Chinese rich people are our first target .We have made the product tests and the products exhibition in Beijing and found that many investors are preferred the activity monitor. As the initial products, we might start as this set of products.

Q. Who is your potential product competitor or country competitor?

A: I should say competition is everywhere with the booming of the silver industry. How to be productive?? Well, we should do the analysis for Chinese system again. We will use the advantage of the large population of China. China has the advantage on the mass nursing cares.

Q. How to portray Chinese consumers?

A: China is a huge market and an active society. Chinese consumers especially for rich ones they are fancy the foreign brands whatever from U.S or Europe.

Q. What is your main strategy and market entry model for Finland?

A: The Finnish aging environment is much different from Chinese aging environment. Finnish care system is based on automation more and is lack of caring hands in most of time. For Finnish market, we will do the package combining services with technology to try to satisfy the needs of all consumers.

Q: Creative technology is the key to the marketing, which Market technology will you choose?

A: As we know, the regulation of Chinese trade is restricted very much. The import tax is very heavy to 38%. And Chinese government is not allowing foreign investors to import the medical devices. While, our products are well-being products and services and won't come to hospital. To control the cost, we might transfer part of products to manufacture in China and assign the parts of supplying process for Chinese suppliers.

Q: Market penetration or market skimming, which is more suitable for you?

A: It might be the penetration strategy. We will bring in parts of products to open market and attract others.