



LAHDEN AMMATTIKORKEAKOULU
Lahti University of Applied Sciences

ENTERING CHINESE MARKET FOR FINNISH FASHION JEWELLERY COMPANY

Case: Ninja Finland Oy

LAHTI UNIVERSITY OF APPLIED
SCIENCES
Degree programme in International
Business
Bachelor's Thesis
Autumn 2014
Yujue Wang

Lahti University of Applied Sciences
Degree Programme in International Business

WANG, YUJUE:

How to enter Chinese market for Finnish
fashion jewellery company
Case: Ninja Finland Oy

Bachelor's Thesis in International Business 62 pages, 1 pages of appendices

Autumn 2014

ABSTRACT

As one of the fastest-growing economies in the world, China is expected to become the largest fashion market in the world in a few years. As a result, more and more foreign companies have entered the Chinese market and the market has been more competitive than ever. This requires any fashion company to adopt a strategic development plan when entering the Chinese market.

Ninja Finland Oy is a fashion jewellery company which offers a wide range of fashion jewellery and accessories. The company is planning to enter the Chinese market in 2016.

Hence, for Ninja Finland Oy to achieve its objectives, the thesis attempts to establish a development plan by reviewing literature and practices concerning marketing plan and the Chinese fashion market.

The author applies qualitative method and deductive approach in the research. Data is obtained from both primary and secondary sources. Primary data is collected through unstructured interview with the CEO and the country manager as well as the author's observations during her internship. Secondary sources are collected from books, industry reports, journals and e-sources.

In the theoretical part, the author reviews SOSTAC planning process which is used as the framework for the thesis. The concepts of marketing tools are explained clearly. In the empirical part, the author analyzes the internal situation - the Case Company and the external environment - the Chinese fashion jewellery market. The marketing strategy is presented carefully. At last, a comprehensive development plan and personal recommendations are given.

Key words: development plan, the Chinese market, fashion jewellery, Ninja Finland Oy

CONTENTS

1	INTRODUCTION	1
1.1	Background	1
1.2	Thesis objectives and research questions	2
1.3	Thesis structure	2
1.4	Research methodology	4
1.5	Theoretical framework	7
1.6	Scope and limitations	9
2	PLANNING FRAMEWORK – SOSTAC	10
2.1	Situation Analysis	11
2.2	Objectives	14
2.3	Strategy	16
2.4	Tactics	19
2.5	Actions	21
2.6	Control	21
3	CASE COMPANY ANALYSIS: NINJA FINLAND OY	22
3.1	Company overview	22
3.2	Present situation	23
3.3	SWOT analysis of Ninja	28
4	CHINESE FASHION JEWELLERY MARKET AND INDUSTRY ANALYSIS	32
4.1	PESTEL analysis of China	32
4.2	Chinese fashionmarket overview	35
4.3	Chinese fashion jewellery market overview	37
4.4	Chinese fashion jewellery industry overview	38
5	DEVELOPMENT PLAN	42
5.1	Market entry strategy	42
5.2	Marketing strategy	42
5.2.1	Market segmentation	42
5.2.2	Target marketing	44
5.2.3	Market positioning	46
5.3	Tactics	47
5.3.1	Place	47
5.3.2	Product and service	48

5.3.3	Price	49
5.3.4	Promotion	50
5.4	Actions	50
5.5	Control	51
6	CONCLUSION AND FINDINGS	53
6.1	Findings	53
6.2	Reliability and validity	55
6.3	Recommendations and further research suggestions	56
7	SUMMARY	57
	REFERENCES	58
	APPENDICES	62

LIST OF TABLES

TABLE 1. Distinctions between quantitative and qualitative data (developed from Ghauri and Grønhaug, 2010).....	6
TABLE 2. PESTEL analysis of China.....	32
TABLE 3. Actions required for opening a new "Ninja" concept store	50
TABLE 4. Answers on research questions	53

LIST OF FIGURES

FIGURE 1. Thesis structure	3
FIGURE 2. Overview of the research process	4
FIGURE 3. Deduction vs. induction (Kananen 2011, 40)	5
FIGURE 4. Theoretical framework	7
FIGURE 5. Theoretical framework of each part	8
FIGURE 6. SOSTAC planning system (Chaffey, 2012)	10
FIGURE 7. Situation analysis tools (adapted from Chaffey & Smith 2008, 27)..	11
FIGURE 8. SWOT analysis framework (adapted from Novicevic et al. 2004)....	12
FIGURE 9. PEST	13
FIGURE 10. Porter's Five Forces (Porter 1979, 6).....	14
FIGURE 11. SMART criteria (Adapted from Bogue, 2005).....	15
FIGURE 12. Segmentation/Targeting/Positioning process (adapted from Armstrong and Kotler 2007, 165).....	16
FIGURE 13. Undifferentiated marketing	17
FIGURE 14. Differentiated marketing	17
FIGURE 15. Concentrated marketing	18
FIGURE 16. Micromarketing	18
FIGURE 17. Perceptual mapping (adapted from Marketing Teacher, 2012).....	19
FIGURE 18. Strategy decision areas organized by the 4Ps (adapted from Perreault& McCarthy 2002, 49).....	20
FIGURE 19. Gantt chart example (Norhidayah, 2012)	21
FIGURE 20. Necklace (Ninja, 2014)	23
FIGURE 21. Hairpin (Ninja, 2014)	23
FIGURE 22. Bandana Scarf (Ninja, 2014)	24
FIGURE 23. Production process in the factory in China.....	25
FIGURE 24. The homepage of Ninja online store (Ninja. 2014)	26
FIGURE 25. Example of product of online Ninja (Ninja, 2014).....	26
FIGURE 26. Ninja Kamppi store	27
FIGURE 27. SWOT analysis of Ninja Finland Oy	28
FIGURE 28. The Fashion Market Is Expected to Exceed RMB1.3 Trillion by 2020 (adapted from The Boston Consulting Group, 2011)	36
FIGURE 29. Metal jewellery	37

FIGURE 30. Precious stone jewellery	37
FIGURE 31. Other jewellery	38
FIGURE 32. Porter’s Five Forces of fashion jewellery industry in China.....	39
FIGURE 33. Gender segmentation.....	42
FIGURE 34. Age segmentation.....	43
FIGURE 35. Younger Generations Are Spending More on Fashion (adapted from The Boston Consulting Group, 2011).....	45
FIGURE 36. Positioning of Ninja	46
FIGURE 37. Map of distribution.....	47

1 INTRODUCTION

1.1 Background

Just a few decades ago, China was a developing country, which could be considered even as a backward country, where most people could only solve the problem of adequate food. However, nowadays, fashion is becoming another important element of Chinese daily life.

Even though the majority of Chinese are still relatively poor comparing to people living in Western countries, there are plenty of Chinese who are willing to spend their money on fashion. Jewellery demand in China has sustained a brisk pace of growth in recent years. "According to National Statistics figures, in 2003-2008, the average annual increase in retail sales of wholesale and retail enterprises above a designated scale was as high as 30.4%." (HKTDC 2013) As slowing down in the macro economy, growth has slackened recently. In 2012, growth rate in retail sales of jewellery was 16.0%. Then, in April 2013, a fall in gold price touched off a wave of gold buying mania among people from walks of life. Retail sales of jewellery for the month reached RMB 30.3 billion, representing a year-on-year growth of 72.2. (HKTDC 2013) At the moment, China's demand for fashion jewellery is higher than ever and its markets are very tempting and lucrative for domestic and foreign jewellery manufactures.

The Case Company – Ninja Finland Oy is planning to enter the Chinese market in 2016. This thesis is designed to develop a development plan for "Ninja" based on the point of view from the company and the theories suggested by literature. Since the Case Company has already decided to use franchising entry mode to enter the Chinese market, the market entry strategy will not be discussed in the study and the emphasis will be put on marketing strategy and marketing mix. The author hopes that the thesis will provide useful market information and recommendations for the Case Company to apply in entering Chinese market.

1.2 Thesis objectives and research questions

The thesis aims to provide understanding regarding fashion jewellery industry, especially the fashion jewellery and accessories market in China so as to create an marketing plan for the Case Company to enter the Chinese market.

Hence, a key research question is set: how to establish a development plan for the Case Company to enter the Chinese market?

In order to answer the key question, the key question is broken down into the following sub-questions:

- What is the Case Company's present situation?
- What are the features of Chinese fashion market?
- Who are the Case Company's target customers?
- How should the Case Company position its place in the market?
- What would be the suitable marketing techniques for the Case Company?

1.3 Thesis structure

The thesis, first, reviews the literature related to marketing. The author, then, attempts to finalize the development plan using information on the current target market situation as well as the marketing theories.

Specifically, chapter one provides readers with background information and the objectives of the thesis. The main question is raised and broken into sub-questions for further examination through the thesis. Moreover, in this chapter, the structure of the thesis is outlined to show insights about the research process.

Chapter two explains the theoretical framework of the thesis by introducing SOSTAC– a marketing planning framework and reviewing literature regarding marketing. Chapter three is focused on explaining the internal situation of the Case Company and main competitors in China by using SWOT analysis. On the other hand, chapter four analyses the external environment of the Chinese fashion jewellery market and industry using some analysis tools. Chapter five is dedicated

to structuring a development plan for the Case Company. Chapter six concludes the thesis with major findings and recommendations. Finally, chapter seven summarizes the thesis as a whole with some main points.

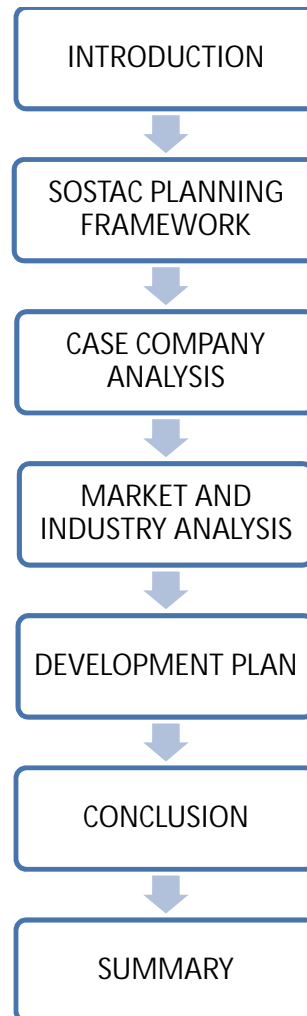


FIGURE 1. Thesis structure

1.4 Research methodology

This chapter explains in detail the research method utilized in the thesis . Below is the overview of the research design.

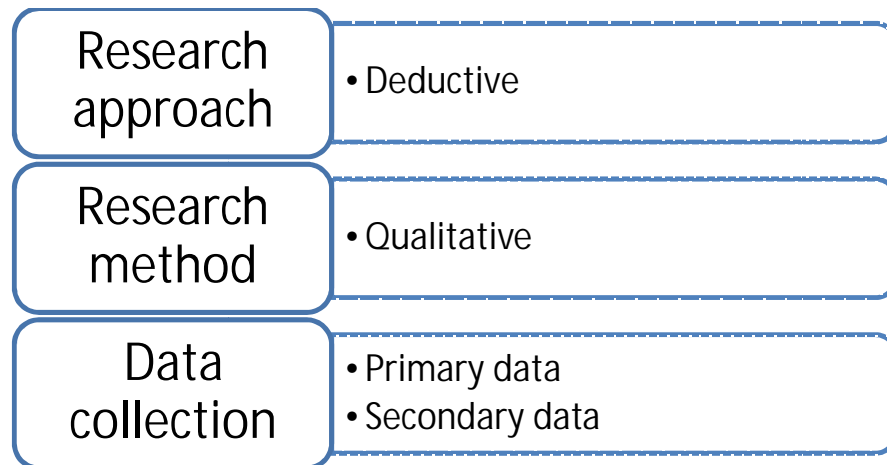


FIGURE 2. Overview of the research process

The author discusses each one further in the following part.

Research Approach

In business research , there are two most popular approaches: deductive approach and inductive approach. Deductive reasoning is the process of reasoning from one or more general statements to reach a logically certain conclusion. It links premises with conclusions. If all premises are true, the terms are clear, and the rules of deductive logic are followed, then the conclusion reaches is necessarily true. On the other hand, inductive reasoning is reasoning in which the premises seek to supply strong evidence for the truth of the conclusion. While the conclusion of a deductive argument is supposed to be certain, the truth of an inductive argument is supposed to be probable, based upon the evidence given. In conclusion, the deductive research begins from theories or hypotheses to observations. In contrast, the inductive research goes from observations to explanations (Lancaster 2005, 23).

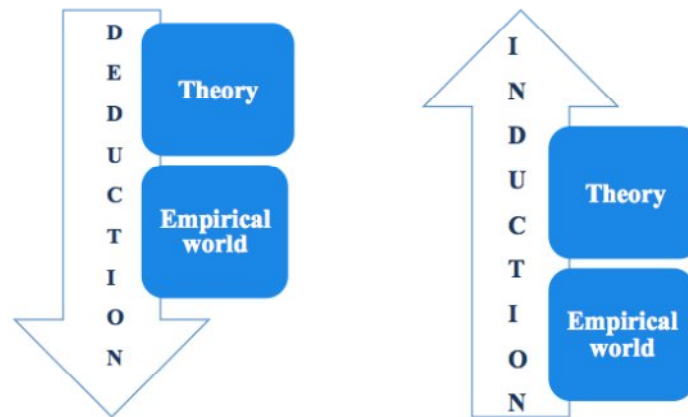


FIGURE 3. Deduction vs. induction (Kananen 2011, 40)

This study is aimed to build a theoretical framework and then apply the framework to the case study. Consequently, deductive approach will be applied.

Research method

Research methods allude to a systematic and focused way to gather data for gaining understanding about the topic in question. The aim is to obtain information and solve a specific research problem. (Ghuri and Grønhaug 2010) The methods can be divided into two groups, quantitative and qualitative. Quantitative research mainly uses statistical methods or other procedures of quantification to arrive the outcomes. On the other hand, qualitative research focuses on understanding the phenomenon as a whole, testing and verification are main emphases of quantitative research (Reinhardt& Cook 1979, according to Ghauri& Grønhaug 2002, 86). However, Qualitative and quantitative methods are not mutually exclusive. The use of the combination of both methods improves the quality of the research , especially in the case in which the quantitative research justifies qualitative findings with numerical presentations (Cooper 2003, 52).

TABLE 1. Distinctions between quantitative and qualitative data developed from Ghauri and Grønhaug 2010)

Qualitative methods	Quantitative methods
<ul style="list-style-type: none"> • Emphasis on understanding • Focus on understanding from respondents's point of view • Interpretation and rational approach • observations and measurements in natural setting 	<ul style="list-style-type: none"> • Emphasis on testing and verification • Focus on facts and/or reasons for social events • Logical and critical approach • Controlled measurement

Based on the previous table, the thesis is going to explore and interpret the natural situation and possible countermeasures, therefore, it is reasonable to adopt the qualitative research method in this study.

Data collection

Collecting data is crucial in providing information and understanding the situation regarding the topic. The most common classification of data is based on who collected the data. Primary data is first-hand data collected by researchers themselves for a specific purpose whereas secondary data is all the information collected for purposes other than the completion of a research project. Both primary and secondary sources are utilized in the case study. Primary data is gathered from unstructured interviews with the founder and CEO of the Case Company - Ari Sittari and country manager - Niki Sittari in this case. The use of interviews provides reliable and valid data which helps the author to achieve the research's objectives (Saunders et al. 2009, 201). The author's experience and observations during her internship is also a useful source of primary data. In addition, since the author keeps good contacts with Ari Siitari, information from daily conversations between Ari Siitari and the author is also applied as primary data. On the other hand, secondary data used in the study is collected from books, industry reports, academic journals, articles and newspapers.

1.5 Theoretical framework

The graph below shows the theoretical framework for the thesis.



FIGURE 4. Theoretical framework

The theoretical framework is based on the SOSTAC planning model, which consists of six components: situation analysis, objectives, strategy, tactics, actions and control.

A more detailed theoretical framework for each part is shown below. This will be discussed more explicitly in Chapter 2.

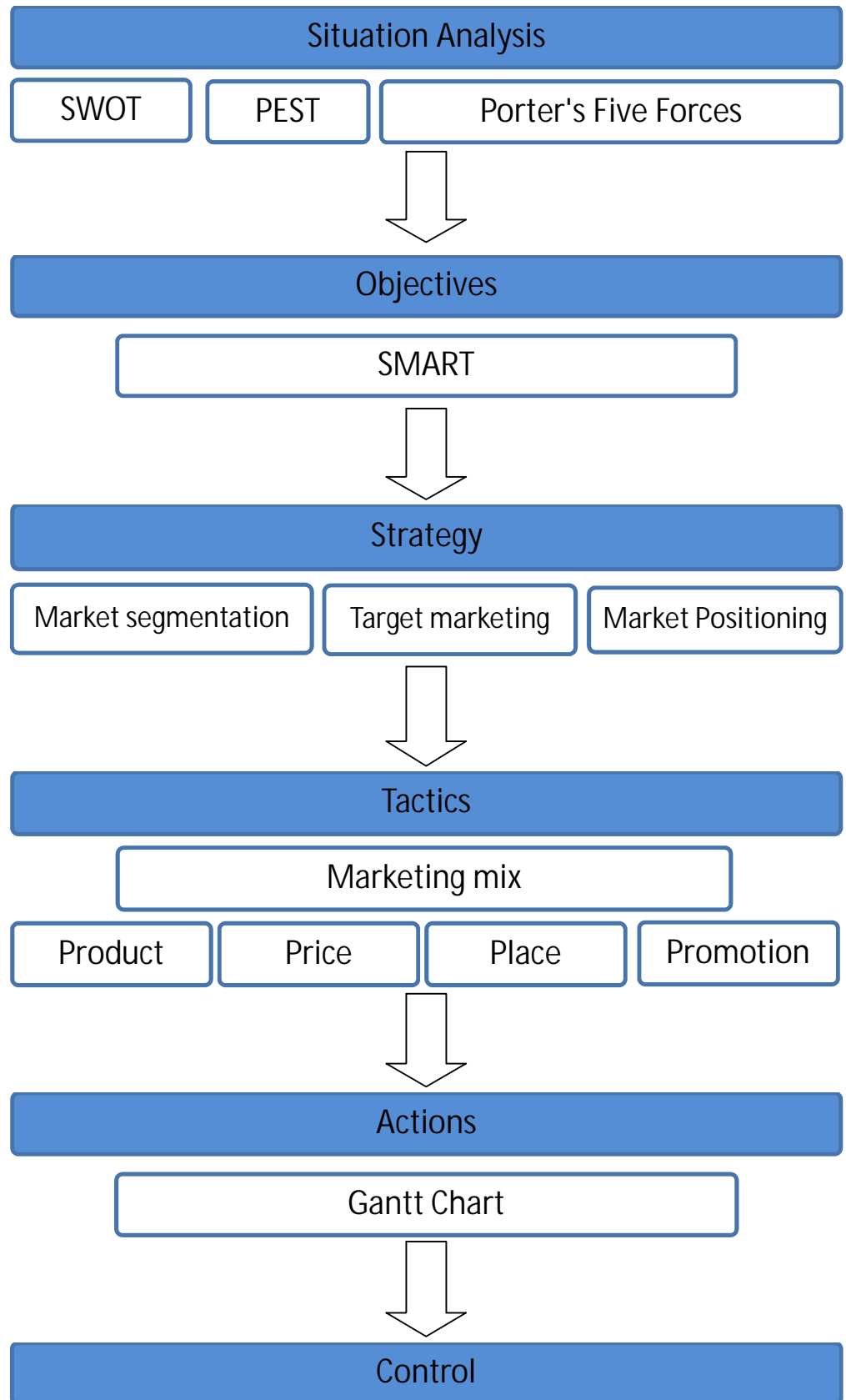


FIGURE 5. Theoretical framework of each part

1.6 Scope and limitations

The thesis concentrates on creating a development plan for a Finnish fashion jewellery company towards the Chinese market. The main topics covered in the thesis are SOSTAC marketing planning process, the analysis of the Case Company, market and industry, market entry and marketing strategy with detailed action plans and control methods.

The thesis does not take the budget into consideration for the planning of the Case Company due to lack of precise financial information. Therefore, when the plan is implemented, the specific actions will be adjusted in the whole plan.

Moreover, the information used in the thesis is partly from Chinese side. However, the statistics and results of survey form Chinese institution or government are not so accurate. Therefore, such statistics and information are only used for roughly speculation.

2 PLANNING FRAMEWORK – SOSTAC

Planning is a series of activities in which strategies and actions are structured for an forthcoming event (Zimmerman & Blythe 2013, 41). Without planning, the company is unable to have a clear vision on what goal to achieve and how to achieve step by step.

In this study, the SOSTAC Planning System is utilized. SOSTAC is the abbreviation of Situation Analysis, Objectives, Strategy, Tactics, Actions and Control (Smith 2011).

S Situation - Where are we now?

O Objectives - Where do we want to go?

S Strategy - How do we get there?

T Tactics - How exactly do we get there?

A Actions - What is our plan?

C Control - Did we get there?



FIGURE 6. SOSTAC planning system (Chaffey 2012)

SOSTAC is a simple versatile model designed by PR Smith which can be applied to various kinds of planning: marketing plans, corporate plans and even advertising plans (Chaffey & Smith 2008, 441). The later parts of the chapter are devoted to explaining each components of the SOSTAC model.

2.1 Situation Analysis

In order to create an effective situation analysis, internal resources and external business environment should be both reviewed. Moreover, firms should always be updated with latest macro trends and micro factors affecting their business (Kotler & Keller 2011, 67). Thus, SWOT, PEST, competitor analysis and demand analysis can be the four key areas of examination in the situation analysis.

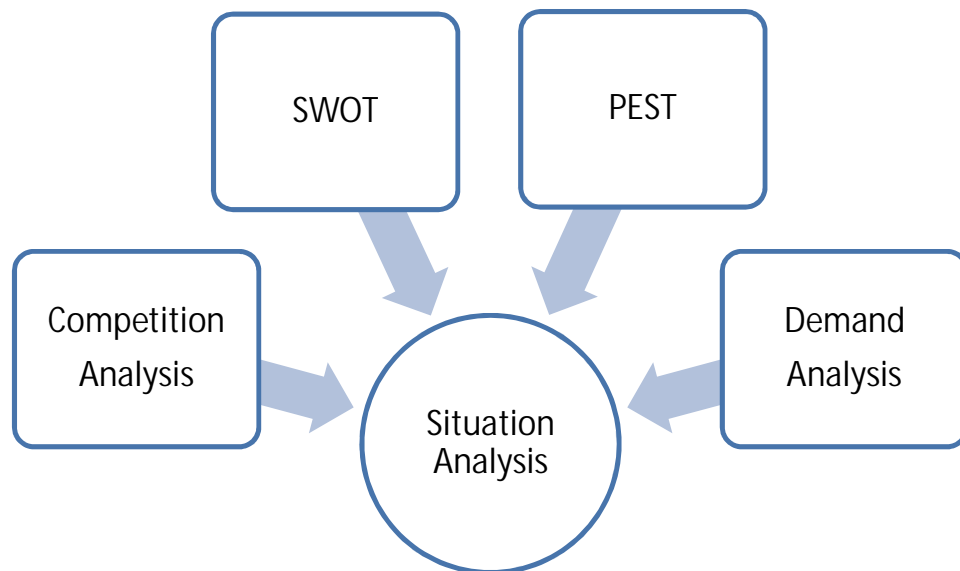


FIGURE 7. Situation analysis tools (adapted from Chaffey & Smith 2008, 27)

SWOT

SWOT is an acronym for strengths, weaknesses, opportunities and threats. It is recognized as one of the most predominant tools for strategic planning (Glaister & Falshaw 1999). SWOT tests both internal and external factors for analysis (Novicevic et al. 2004). The following diagram shows the SWOT analysis framework.

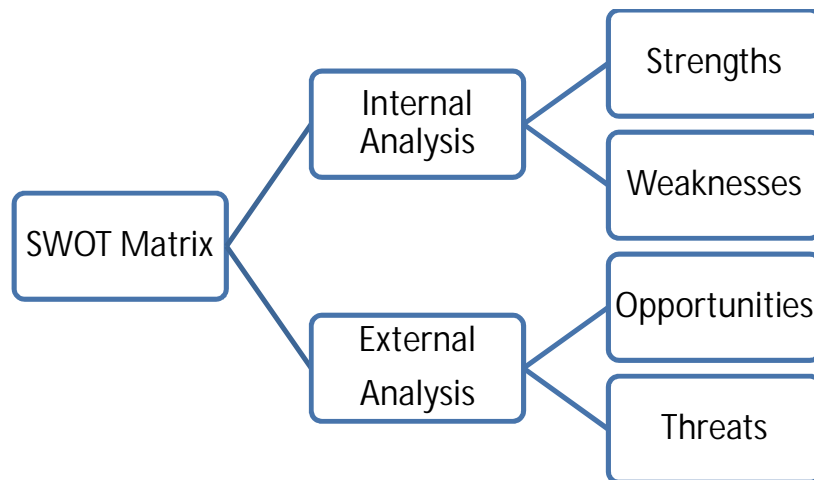


FIGURE 8. SWOT analysis framework (adapted from Novicevic et al. 2004)

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates.

PEST

A PEST analysis is an analysis of the external macro-environment that affects all firms. P.E.S.T. stands for the Political, Economic, Social, and Technological factors which have impacts on a company's business environment. (Walsh 2005)

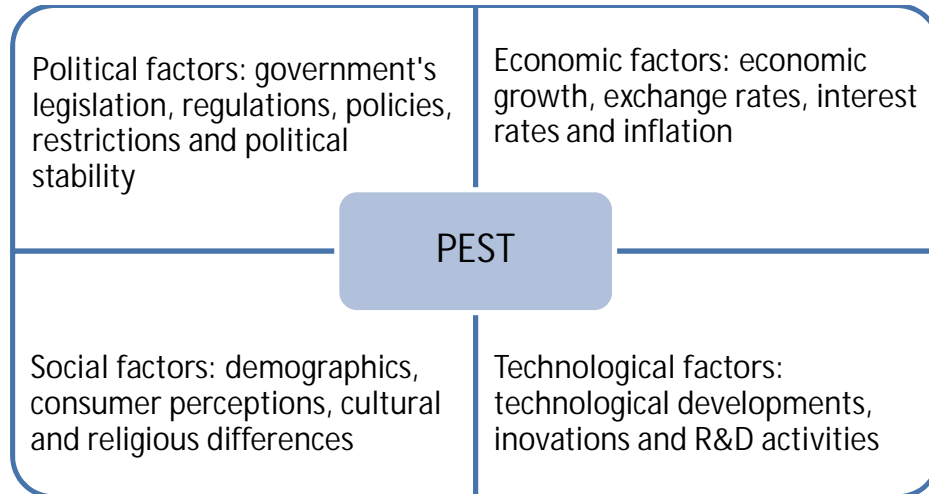


FIGURE 9. PEST

For the Case Company, the thesis will focus on the factors which are most critical to the marketing.

Demand analysis

Companies use market demand analysis to understand how much consumer demand exists at the moment and in the future. This analysis helps management determine if the company can successfully enter a market and generate enough profits to advance its business operations. (Osmond 2014) However, since no financial and sale figures of the Case Company are provided, the demand analysis will not be conducted in the study.

Competitor analysis

Competition is a key factor in business nowadays. The competitor analysis collects information about the main competitors and how they operate. The most well-known tool used in competitor analysis is Porter's Five Forces. This model was established by Michael E. Porter and firstly introduced in 1979 in " Harvard Business Review: How competitive forces shape strategy".



FIGURE 10. Porter's Five Forces (Porter 1979, 6)

The model not only discusses the situation among current competitors, it also introduces the bargaining power of suppliers and customers as well as the threat of new entrants and substitutes. Thus, this model can be utilized to understand the industry context in which the firm operates.

2.2 Objectives

Objectives define what a company wants to achieve. In other words, they determine where the whole business of a company wants to head to (Perreault & McCarthy 2002, 95). The optimal objectives should follow SMART rule. Most commonly, SMART is the abbreviation of specific, measurable, attainable, relevant and time-bound. For each dimension, these questions should be answered.

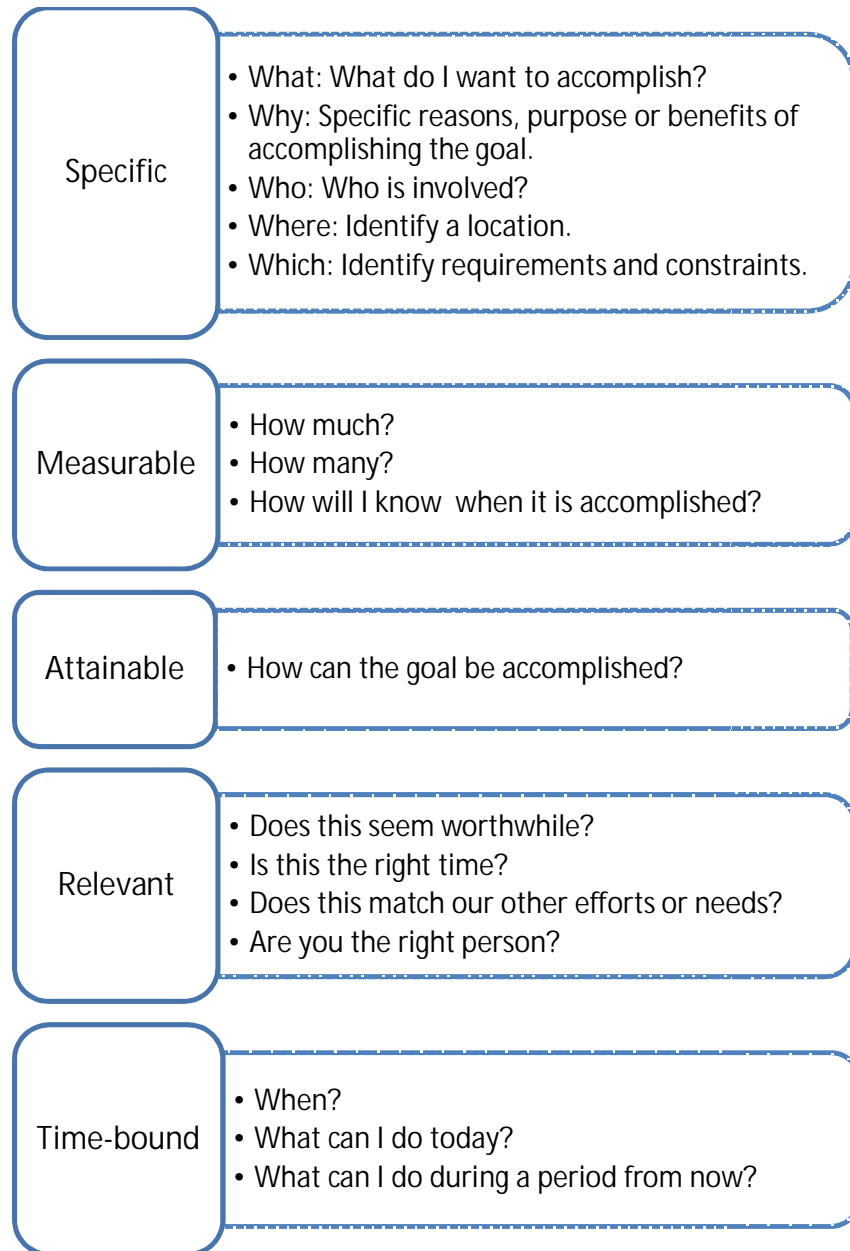


FIGURE 11. SMART criteria (Adapted from Bogue, 2005)

As mentioned earlier, the financial and sale figures of the Case Company are not provided. It would be hard to set specific objectives for a retailer. Hence, the author will not discuss objectives in details in the study.

2.3 Strategy

Since the competition within any industry is getting more intense, mass marketing loses its advantage. With differentiated marketing, companies divide market into smaller different segments, target certain segments and design a product/service package for each. (Kotler & Armstrong 2004, 228) In this case, different customer need can be fulfilled exactly.

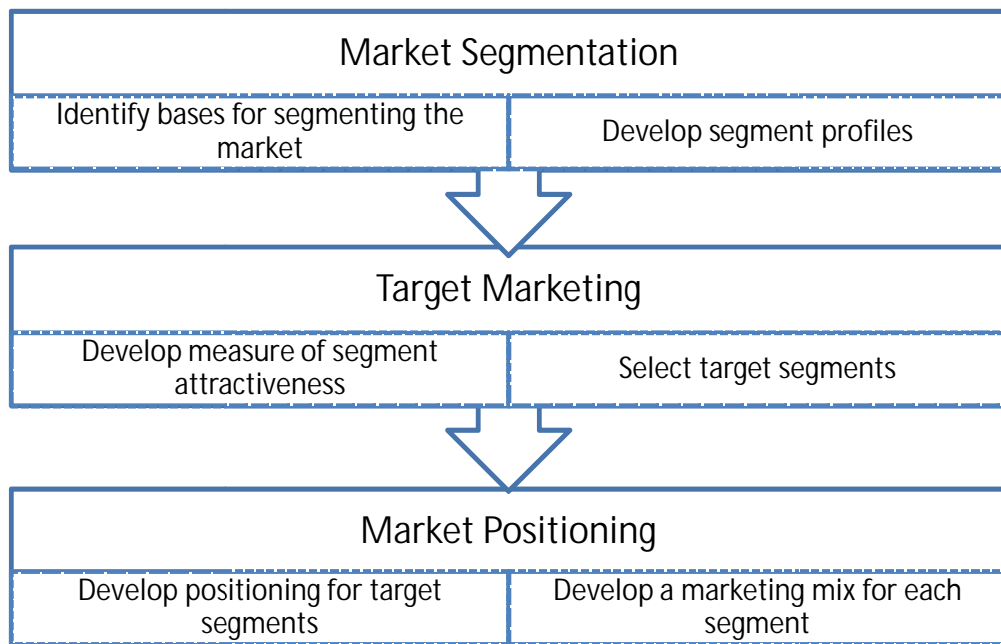


FIGURE 12. Segmentation/Targeting/Positioning process (adapted from Armstrong and Kotler 2007, 165)

As the figure above shows, there are three processes which should be done: Market Segmentation, Target Marketing and Market Positioning.

Market segmentation

Market segmentation divides a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products and marketing programs (Armstrong and Kotler 2007, 78) In this case, market segmentation gives a direction to customers servers, what kind of products and needs the market into smaller segments, which could improved efficiently and effectively with products and services that match their unique wants and needs

(Kotler & Keller 2011, 214-215). The variables of segmentation can be psychographic, behavioral, and profile segmentation (Jobber & Chadwick 2010, 260-261).

Target marketing

Targeting comprises the evaluation of each segment and the decisions on which segment the company should serve. Evaluating market segments will refer to three factors: "segment size and growth, segment structural attractiveness, and company objectives and resources" (Kotler & Keller 2011).

Depending on available resources, firms may choose to focus on different targeting methods as shown below:

- Undifferentiated marketing is a strategy that the company treats the whole market as its target market. It is an approach to marketing that attract lots customers.



FIGURE 13. Undifferentiated marketing

- Differentiated marketing is to separate targets in several market segments and make different marketing mix to serve different segment.

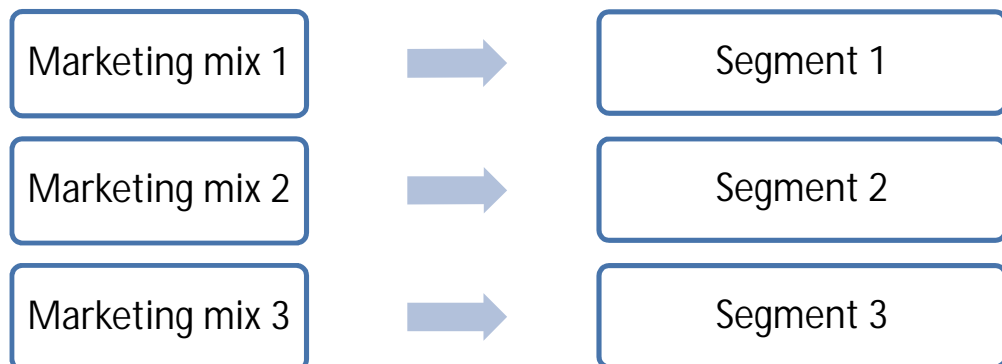


FIGURE 14. Differentiated marketing

- Concentrated marketing is a way that the company selects two or a few market segments as target markets and then implements professional production and sale.

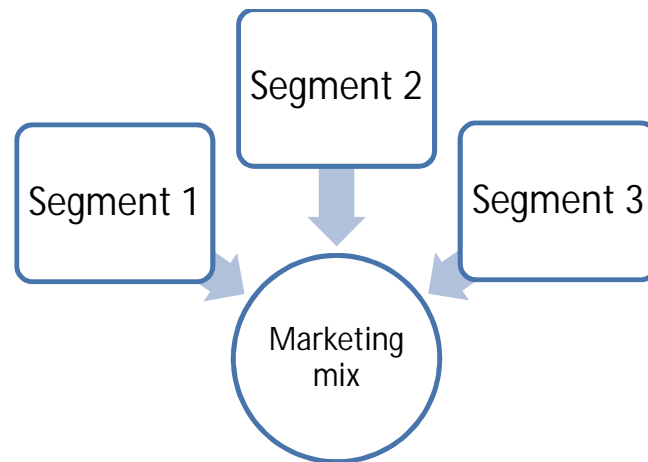


FIGURE 15. Concentrated marketing

- Micromarketing is defined as the marketing of products or services designed to meet the needs of a very small section of the market. Micromarketing constitutes local marketing and individual marketing.

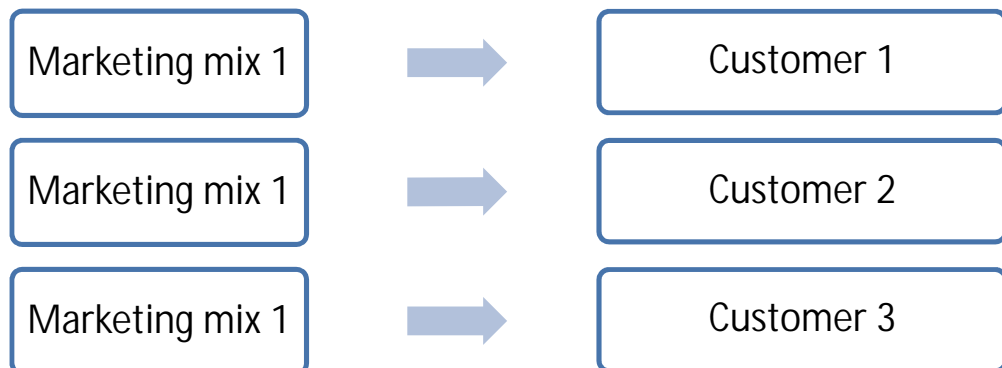


FIGURE 16. Micromarketing

In this thesis, differentiated marketing will be applied. Accordingly, a number of customer segments from segmentation process will be chosen for the Case Company's concentration.

Market Positioning

Positioning is the process of determining the position of a brand or a product in the mind of the consumers (West et al. 2010, 171). The most popular method used in positioning is the positioning map.

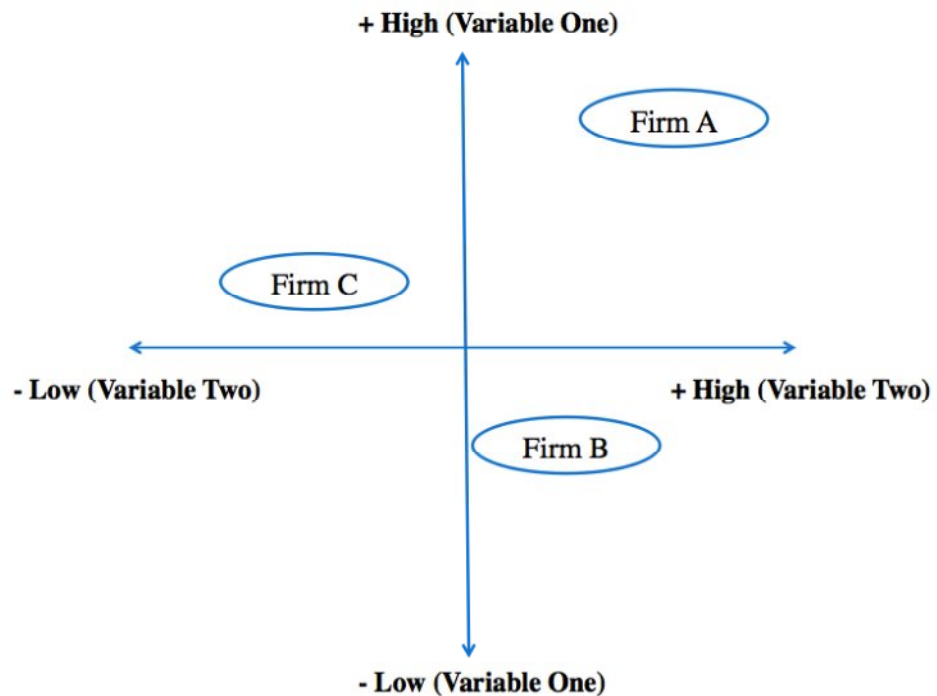


FIGURE 17. Perceptual mapping (adapted from Marketing Teacher 2012)

By utilizing the map, firms can not only clarify how they would like to be seen by targeted segments in the market through specific variables but also see positions of their competitors. (Kotler et al. 2009, 369.)

2.4 Tactics

After determining target groups to be served, a group of variables will be put together into a marketing mix that will be applied to satisfy each certain group (Perreault & McCarthy 2002, 46). Marketing mix is the combination of the four elements, called the 4Ps: product, price, promotion and place, that every company

has the option of adding, subtracting or modifying in order to create a desired marketing strategy (Kotler & Keller 2011, 92)



FIGURE 18. Strategy decision areas organized by the 4Ps (adapted from Perreault & McCarthy 2002, 49)

2.5 Actions

Each tactic is regarded as a mini project which contains a chain of actions. Each project has an action plan which entails a responsible person and a time frame for each task. (Chaffey 2012, 469) One of the most effective tools for the action plan is Gantt chart which was developed by Henry Gantt. The figure below provides an example of Gantt chart.

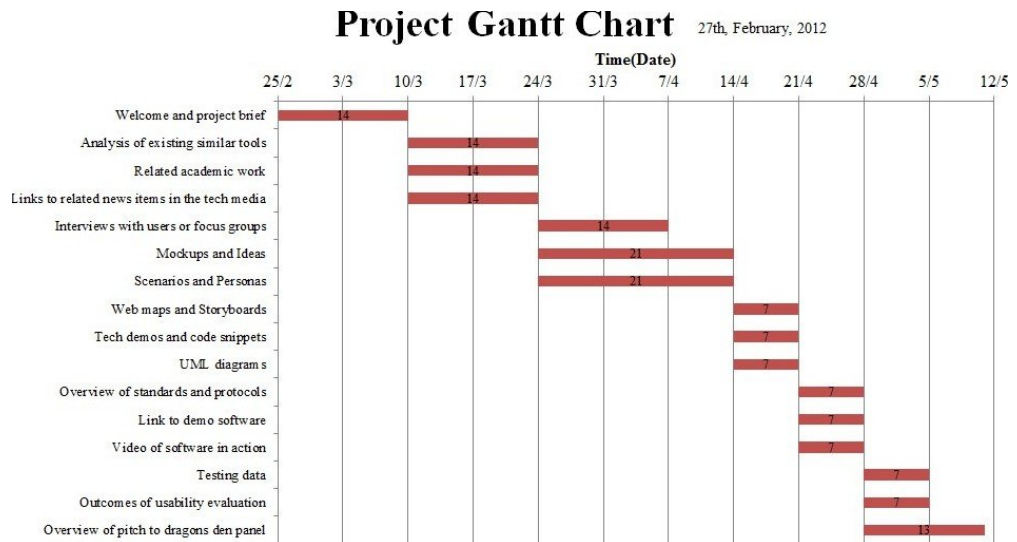


FIGURE 19. Gantt chart example (Norhidayah 2012)

The chart specifies each task on a time scale which makes the actions more visual. In brief, actions are where strategies and tactics are brought into practice (Chaffey & Smith 2008, 469).

2.6 Control

Control is the process of evaluating whether objectives are being achieved and then monitoring if necessary. By checking the actual performance regularly and comparing to the projected performance, problems can be aware and corrective actions can be taken timely.

3 CASE COMPANY ANALYSIS: NINJA FINLAND OY

The purpose of the chapter is to provide insights into the Case Company. Firstly, the author introduces the basic information on the Case Company. Then, more detailed discussion concerning the Case Company's present situation is uncovered. Finally, a SWOT analysis is presented to summarize the Case Company analysis.

3.1 Company overview

The history of Ninja goes back to 1981, when the company was still operating as a wholesaler, selling a wide range of gifts and home decoration items. Imports came mainly from Europe and America to Finland. The first store was established in Lahti, Finland, Railway Street 16, which was also the company's registered office for a long time.

In 1992, one store was opened in Trio shopping center in Lahti. This store was named Ninja and it was the first step towards the now well-known Ninja chain. At that time, the Ninja concept store was unprecedented in Finland: The store is all black, decorated only with mirrors, and jewellery are presented according to color instead of nature.

During the following years the company focused on the wholesale rather than the retail trade and specialized in selling fashion jewellery and accessories. At the same time, Ninja started importing jewellery and apparel from Europe more intensively, leaving the Finnish middlemen from the supply chain.

Another new Ninja concept store opened in 1994 in Jyväskylä Market Center. During the following years, Ninja continued to expand in Finland. In 2007, Ninja Finland Oy was founded to build a strong foundation for further expansion both in Finland and abroad. (Ninja 2014)

In order to improve the competitiveness of the company, Ninja established a factory in 2006 in Zhejiang, China. The production in China and the fast delivery improved the efficiency obviously. Purchasing and storage in China also make global distribution channels possible. So far, Ninja has had close relationships with local suppliers and logistic companies.

In 2013, Ninja established its own online shop, and thus expanding its accessibility to the whole Finland.

In general, Ninja has gained a high reputation in Finnish market and the supply chain from China to Finland has gone smoothly.

3.2 Present situation

Products

Ninja provides a wide range of jewellery and accessories, which mainly include necklaces, earrings, rings, hair and costume flowers, collars, hair jewellery, sunglasses, piercings and scarves.



FIGURE 20. Necklace (Ninja 2014)



FIGURE 21. Hairpin (Ninja 2014)



FIGURE 22. Bandana Scarf (Ninja 2014)

Ninja purchases raw materials, semi-finished goods, and finished goods from the local market in China. All the products coincide with Finish fashion style, whether they are made of raw materials by Ninja's workers or they are purchased directly from the local market.

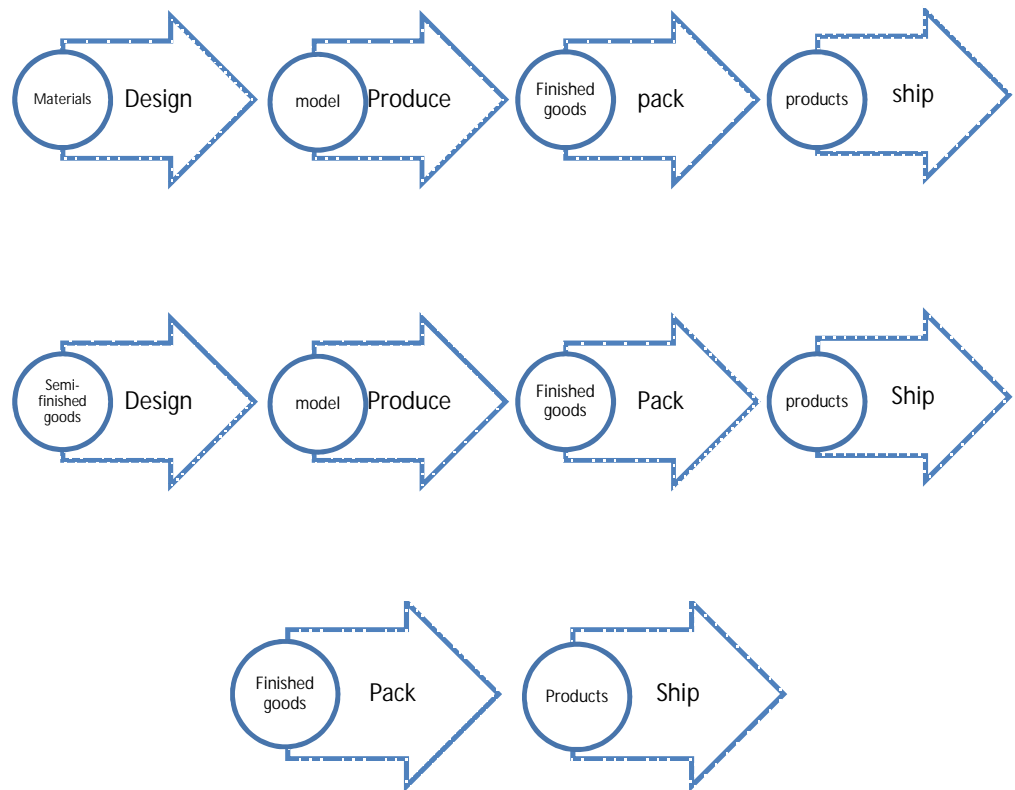


FIGURE 23. Production process in the factory in China

Stores

There are 11 Ninja stores all around Finland, including Ninja and Ninja for men. All the stores are located at the center of shopping mall, such as Kamppi in Helsinki and Trio in Lahti. Ninja is also running its own online store: <http://www.ninja.fi/>.

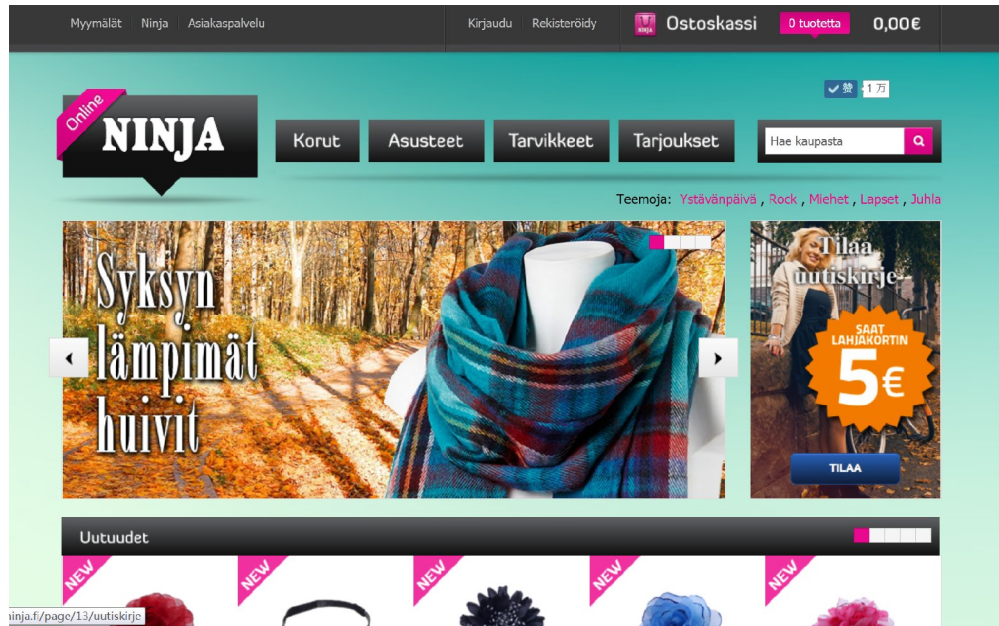


FIGURE 24. The homepage of Ninja online store (Ninja 2014)

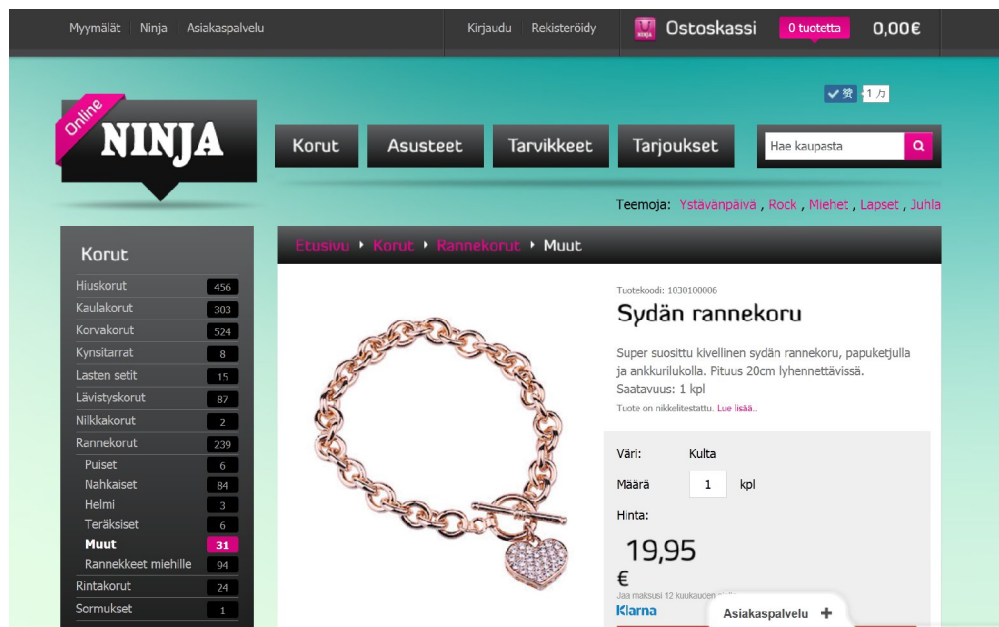


FIGURE 25. Ninja online product example (Ninja 2014)

As discussed in 3.1, Ninja places an emphasis on store decoration and jewellery presentation in the store. All the products are clearly organized by color, and most

importantly, all colors are always available. This makes Ninja different from competitors. The figure below shows the store in Kamppi, Helsinki.



FIGURE 26. Ninja Kamppi store

Employees

Ninja employs around 50 people totally in Finland and in China currently. Most of the employees are working in the shops around Finland. Normally, two people are responsible for designing new products, but creative ideas can be collected from everyone in the company anytime. Besides, there is one manager and ten workers working in the warehouse in China. The CEO and manager of Ninja in Finland travel to China regularly.

3.3 SWOT analysis of Ninja

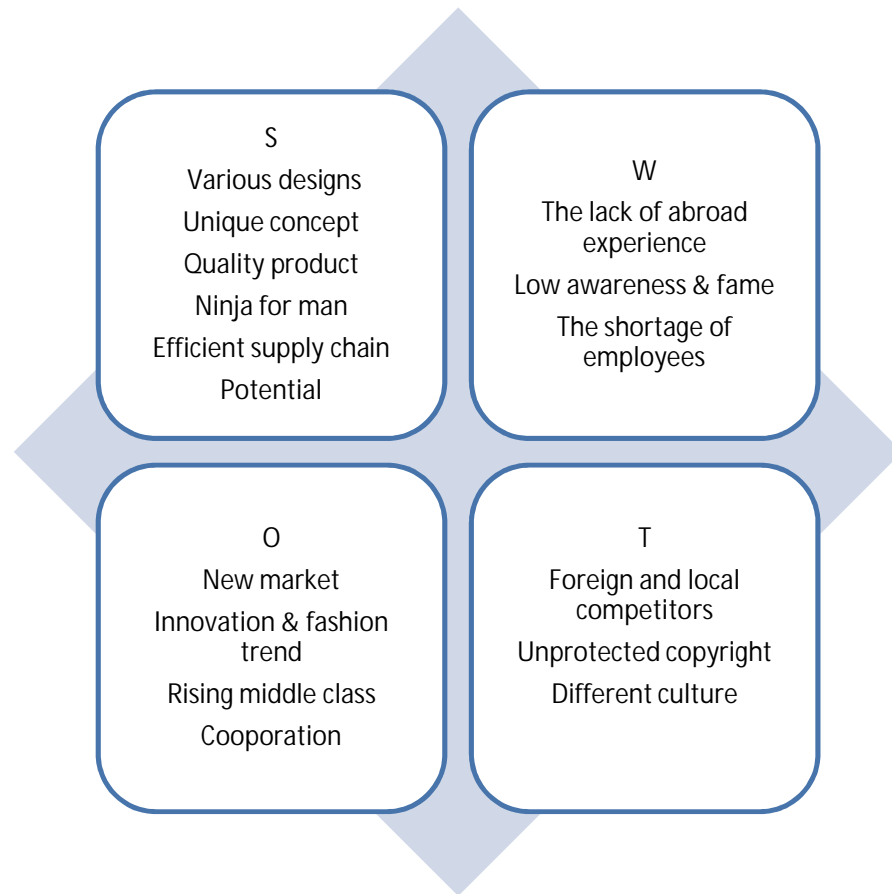


FIGURE 27. SWOT analysis of Ninja Finland Oy

Strengths

Design is the first strength for Ninja as a fashion company. Ninja has the ability to compete with other brands meanwhile to survive in the market, not only because of the fantastic model of design, but also because of the types and the speed of design. Ari Siitari, the founder of Ninja said: " we have to ensure every week our customers come, they find something new." (Siitari 2014)

One concept Ninja has insisted on so far is that all colors are available. When a customer buy an apparel or a pair of shoes, it is very easy to find a jewellery or accessory in Ninja to match the clothes. In addition, the colorful fashion jewellery itself is the best decoration of store. In 1992, when the first store was opened in Trio shopping center, the concept was unprecedented in Finland: The store is all

black and all the products are clearly organized by color. Thus, all the attention from customers are drawn to the products. "Ninja's kind of presentation changed the whole industry; competitors after another learned from the presentation and changed themselves to match Ninja." (Ninja 2014)

As mentioned above, the products of Ninja are from three kinds of sources: raw materials, semi-finished goods and finished goods. Different from the products of other industries, jewellery often touches skin, so the materials used in jewellery are extremely important. All the sources purchased by Ninja are tested before manufacturing or packing. On the other hand, the factory is located in Zhejiang, China, where is famous and specialized for small commodity productions. The workers in the factory are experienced in producing jewellery and other accessories. Without any doubt, the products of Ninja are with high quality and guarantee.

Besides good-quality products for women and kids, jewellery and accessories for men are also provided in "Ninja for men" store. This is a highlight in the wide range of products of Ninja. It is also special in the whole industry, since the jewellery and accessories for men are relatively limited. However, Ninja made a breakthrough.

Since Ari Siitari has done business in China for more than ten years and operated the warehouse in Zhejiang for eight years, Ninja has had close relationships with local suppliers and logistic companies, which makes the supply chain very efficient and smooth. Normally, the employees in China call the logistics company, then the delivery men come to the warehouse and take care of the whole chain of the shipments from the warehouse in Zhejiang to the warehouse in Helsinki. The whole shipment takes approximately one week. It is not hard to speculate that the warehouse operating in China will fulfill the Chinese market needs.

Last but not least, the potential of Ninja is unlimited. As asserted by Ari Siitari himself, "there is no rule for fashion". The designers of Ninja do not have to look after anyone else but just follow themselves, since there is not a concept of Finnish fashion at all. At the same time, Ninja puts effort into providing a harmonious working atmosphere within the company so that all creative ideas can be collected from any employees (Ninja 2014). Therefore, there is no exact limitation for Ninja.

Weaknesses

The lack of experience of running a store abroad is the main disadvantage for Ninja to survive, especially in countries like China, which is the worldwide market at the moment. The lack of experience in China would lead the company to face plenty of unforeseen difficulties and obstacles. On the other hand, doing business in China relies partly on personal connection. Though the role of personal connections is fading against the backdrop of population mobility and the Westernization of some Chinese business practices, it remains an important social force in China. (Graham & Lam 2003, 5) Therefore, it is extremely difficult for companies to set up business in China from zero.

The little awareness of the brand name in China is another weakness. The entry of Ninja Finland on Baidu.com, the biggest Chinese searching engine, is extremely rare. Considering the exposed frequency in public, such as magazines, newspapers and advertisements, it is not difficult to figure out that the publicity of the brand is not as much as any other world's famous fashion brand.

Fashion is fun, but working for fashion is not always fun. Ninja often faces a problem of lacking employees, especially in the Chinese side. Human resource might be a crucial part when entering Chinese market.

Opportunities

Obviously, entering a new market can help a company to grow business and be in advance (Orientas 2014), thus the company is trying to go wilder and further around the world. According to the manager Niki Siitari, from Ninja Finland Oy, he implied that the company will not only stay in one single market in China, instead, it is still looking forward to the opportunity to expand its business in the whole Chinese market.

The innovation and the trend of fashion industry also bring Ninja opportunities. With the every new coming Ninja product, innovation can be easily told from different styles. This will be discussed in details in Chapter 4.2.

Considering the macro-environment in China, urbanization is arguably the most important phenomena shaping modern China now. An additional 200 million

people will enter the middle class by 2026, who would be Ninja's main potential customers. (Towson & Woetzel 2014)

Additionally, Ninja has close relationships with many companies from Nordic countries. Ari Siitari asserted that IKEA, a Swedish company manufacturing Scandinavian modern style furniture and accessories, once invited Ninja as a cooperative partner in the Chinese market. (Siitari 2014) This kind of cooperation might accelerate Ninja's growth in the Chinese market.

Threats

China, as the biggest market in the world, has attracted already plenty of brands from all around the world. Brands from US, Spain, Italy, Germany, France etc. have entered into the Chinese market and have attracted a lot of Chinese consumers by their excellent quality and fashion style. In order to survive in the intensive competition, Ninja has to find its own position in the Chinese market.

Besides legitimate competition, illegitimate competition like in the form of copies also threatens Ninja. China accounted for 70% of all counterfeit goods from 2008 to 2010, according to a report released by the U.N. Office on Drugs and Crime. (Business Insider 2013). Basically, everything can be copied in China in an extremely short time, from daily necessities to high-tech products, from certain concepts to academic reports. Thus, it requires Ninja to protect itself from flooding by the counterfeit products or stores.

Last but not least, culture, which is the contextual environment, can define the essence of the relationships between a corporation and the environment where it operates (Trompenaars & Woolliams 2004, 21). China, a country with thousands of years of history, is influenced by its culture deeply. Chinese culture may be affected but never be entirely disturbed by foreign occupation. Chinese people are mostly implicit and restrained, therefore excessive performances and style can be conflicted to their traditions. The issues regarding culture will be systematically presented in Chapter 4.1.

4 CHINESE FASHION JEWELLERY MARKET AND INDUSTRY ANALYSIS

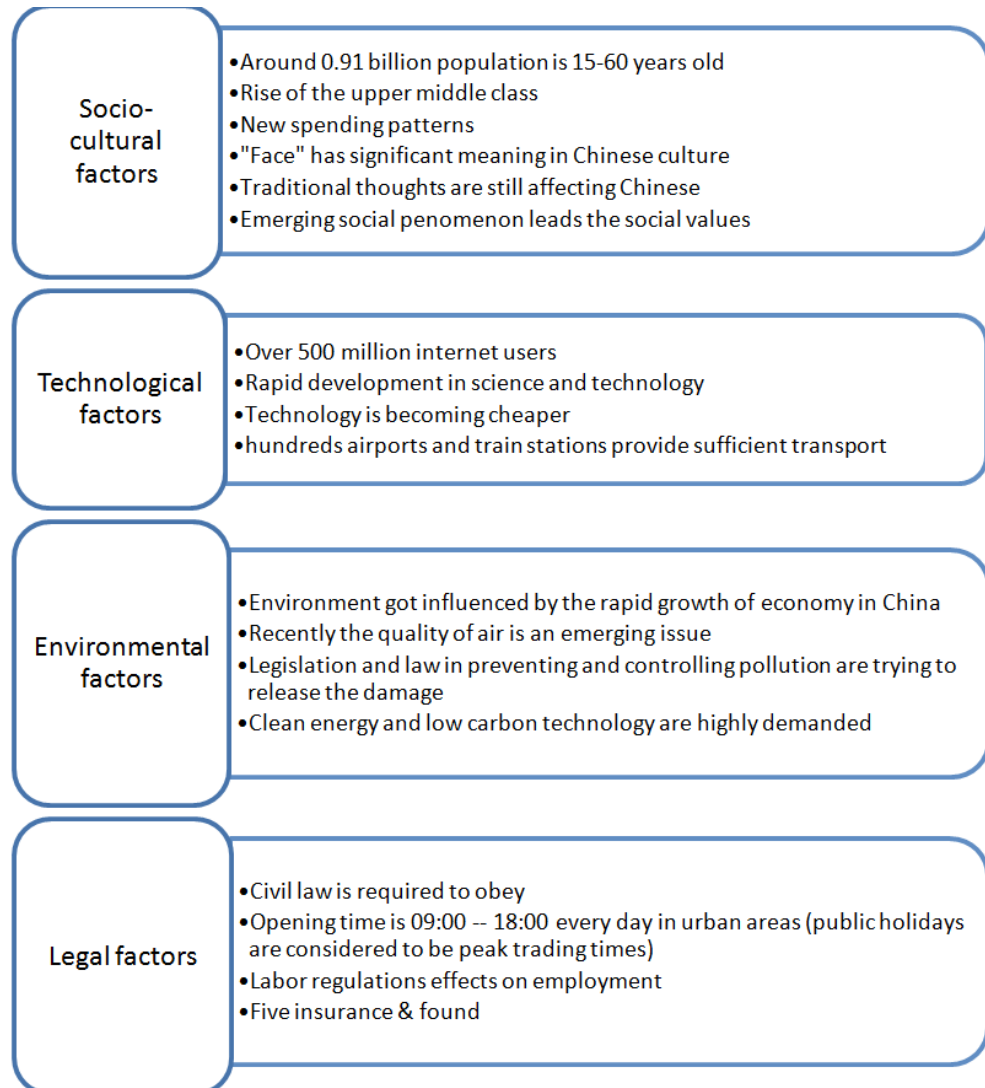
This chapter is focused on providing information and analysis of the fashion jewellery market and industry in China. First of all, PESTEL analysis is utilized to assist understand the general current situation of China. The influences on the Case Company are discussed. Then, the information regarding Chinese fashion market and Chinese fashion jewellery market will be presented. Lastly, the overview of fashion jewellery industry in China, including Porter's five force analysis, is discussed.

4.1 PESTEL analysis of China

The advantages and disadvantages for the Case Company running business in China are closely related to the macro environment in China. In order to have a comprehensive understanding of the macro environment of China, PESTEL analysis which includes political, economic, socio-cultural, technological environmental and legal impacts is going to assist. The following table with the data collected from CIA official website and National Bureau of Statistics of China specifies the situation briefly.

TABLE 2. PESTEL analysis of China

<p>Political factors</p>	<ul style="list-style-type: none"> • Communist State provides a stable environment for not only citizens but also business • "One country, two systems" offers two independent markets in China: Hongkong and Macaw • Transfer of sovereignty advocate rectification which affects not only corruptions but also economy and purchase
<p>Economic factors</p>	<ul style="list-style-type: none"> • Open policy since 1970s, till 2013 GDP (\$13.73 trillion) ranked 3rd worldwide • Government Trade Agreement between Finland and China • Export > Import • A member of WTO • High import duty and luxury tax (60%--120%) • Moderate corporate tax rate & high income tax rate • Low labor cost



Political factors are the foundation for all sorts of business activities in China. The sole political party which named Chinese Communist Party has a extremely priority to control and influence on all activities. In this way, a stable and riskless environment is provided for not only people but also the business. However, due to the transfer of sovereignty, there is an obvious influence that cannot be ignored on business. "Nobody expects any changes to government policy", Lannes said of China, "That's why it is the beginning of a new era, and brands have to rebase their business" (Bloomgerg News 2014).

Since initiating market reforms in 1978, China has shifted from a centrally planned to a market based economy and experienced rapid economic and social

development. (The World Bank 2014) Nowadays, in a variety of consumer categories - including such items as shoes, consumer electronics, and jewellery - China already ranks as the number one or number two market in the world. (Stalk & Michael 2011, 25) Due to the high import duty and luxury tax, a big price difference between domestic and overseas countries exists. First line and second-line brands are normally imported as upmarket consumer goods and subject to import tariffs (6.5%-18%), value added tax(17%) and consumption tax(30%), accounting for 60% of the final price. (BEIJING REVIEW 2011) Therefore, the Case Company gains a advantage of pricing as a foreign brand in China. In addition, China is still staying in the situation of export surplus, which revealed its strong capability of labor force and production.

When doing business in China, socio-cultural factors play a very important role. With the 1.3 billion populations, China has around 0.91 billion people age from 15-60 years old, which might be the main potential customers of the Case Company. McKinsey research suggests that, by 2022, more than 75% of urban customers in China will earn RMB 60000 to 229000(€8000 to €30000) a year - in purchasing-power - parity terms, somewhere between the average income of Brazil and Italy. Meanwhile, confident and independent-minded Generation-2 (G2) consumers, comprising teenagers and people in their early 20s, will be almost three times as numerous by 2022. (McKinseyQuarterly 2013) New spending patterns should also be noticed. On the other hand, there is a high growth (13.4%) between 2010 and 2020 in discretionary spending, as these goods become affordable to growing numbers of consumers. (Atsmon & Magni 2012) These goods mainly include personal items, recreation equipment, recreation and culture services, education, transportation and communications. For the Case Company, it is after all another good time to enter the market.

Considering the cultural factors, in China, several special values should be taken into consideration, for example, "Face" or " Mianzi". "Mianzi" defines a person's place in his social network; it is the most important measurement of social worth. Sources of face can be intelligence, attractiveness, skills, wealth and position. (Graham& Lam 2003, 9) Thus, if the products of the Case Company can bring customers "Mianzi", it wins. Still, Chinese traditional thoughts are rooted among

Chinese people. The idea such as " White flower and four are related to death" still need to be dealt with carefully in business practice.

The advanced infrastructure and technology in China guarantees that marketing activities can be implemented efficiently. Over the last 20 years, 8.5 % of China's GDP has been plowed into infrastructure. 70 new airports, 43000 kilometers of new expressways , and a major expansion of port facilities are planned to be completed by 2020, as well as 22000 kilometers of additional rail track by 2015.

(McKinseyQuarterly 2013) On the other hand, the popularization of electronic products makes large-scale e-commerce possible in China. According to McKinsey& Company, China has become the second-large e-tail market in the world. In China, e-tailing's impact is even more pronounced in small and midsize cities. (McKinseyQuarterly 2013) It is possible for the Case Company take the advantage of e-tailing to touch more potential customers in small and midsize cities.

However, the rapid ascendance of China has brought on many challenges as well. Challenge to environmental sustainability is one of them. (The World Bank 2014) Now, the government noticed it and corresponding actions are taken. Therefore, the legislations of environment should be paid attention to. As for legal factors, labor regulations are strictly implemented right now.

4.2 Chinese fashion market overview

China is expected to be the largest fashion market within the next five years. (Boston Consulting Group 2011) Didier Grumback, the head of France's fashion federation, claimed "China is a country that is passionate about fashion, like all emerging nations where appearance is of the utmost importance." Many Chinese women would spend a greater percentage of their income on fashion magazines than Western women, according to The New York Times. (Oriana 2013) Over the last decade, the fashion industry in China has tripled in market size, reaching approximately RMB 400 billion by the end of 2010. However, per capita fashion spending among urban consumers age 14 to 45 remains relatively low - RMB 1150 per year. The Boston Consulting Group anticipates that the fashion market in China

will grow threefold again, to more than RMB 1.3 trillion by 2020. (Boston Consulting Group 2011)

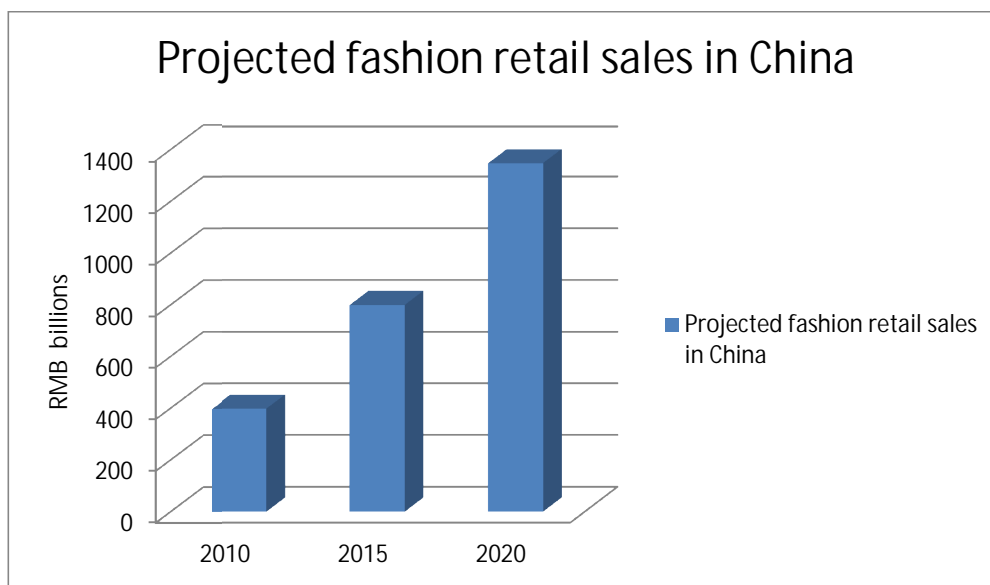


FIGURE 28. The Fashion Market Is Expected to Exceed RMB1.3 Trillion by 2020 (adapted from Boston Consulting Group 2011)

With much more recent exposure to Western media, the Chinese consumer is now much more aware of global fashion trends. "I think Chinese consumers can learn very fast. Three or four years ago, they may have been merely chasing logos. Now they seek more than that. The chase now is more about lifestyle, social status and how the brand can fit them. It not just about a logo anymore," said Stalla - Bourdillon, Marc Jacob's chief executive, to the South China Morning Post. (Oriana 2013)

Therefore, companies that aim to survive in the Chinese market can no longer rely simply on being a known brand. As consumers in China have grown savvier about fashion, shopping, and the internet, companies need to consider more about the way their products brought to the market and create an innovative retail environment for shoppers. This is especially important in high-tier cities where consumers who have grown overly familiar with traditional retail formats are seeking for new and more stimulating avenues for shopping, and in which growth is increasingly happening outside of physical retail channels. (Boston Consulting Group 2011)

4.3 Chinese fashion jewellery market overview

Jewellery has continued its buoyant double-digit retail value growth in 2013 in China, due to the dynamic demand these years. With the growing household incomes, increasing amount of consumers have begun to purchase jewellery to improve their personal appearances. (EUROMONITOR INTERNATIONAL 2013)

Currently, jewellery in the Chinese market can be divided into three categories based on different materials: metal, precious stone and others. (HKTDC 2013)

- Metal jewellery: jewellery made from all kinds of metals, which can be further divided into: precious metal jewellery, non-precious metal jewellery, imitation precious metal jewellery and thin film jewellery.



FIGURE 29. Metal jewellery

- Precious stone jewellery: "Precious stones are made into ornaments through the processes of grinding, carving, inlaying and stringing. Common precious stones include diamond, ruby, sapphire, crystal, jade, pearl, amber and topaz." (HKTDC 2013)



FIGURE 30. Precious stone jewellery

- Others: Jewellery made from materials other than metals and precious stones, including clay, wood, strings, leather, ivory, etc.



FIGURE 31. Other jewellery

In these categories, jewellery made from non-precious metals is of good cost performance. It gains a wide popularity due to its advantages of stable colors, high decorative value and cheap price. In addition, precious stone jewellery has been becoming increasingly popular due to its aesthetic value and elegance.

In the past, jewellery made of semi-precious stones, glass and resins were called "fake jewellery". Recently, its share in the jewellery market is gradually increasing, intensifying the diversified and multi-level development trend of the market consumption structure. (HKTDC 2013)

4.4 Chinese fashion jewellery industry overview

Jewellery processing enterprises in mainland China are intensively located in the southeast coast. Guangdong province leads the jewellery production in the whole country, with Shenzhen and Panyu as the main bases for jewellery processing. Shenzhen is even given a name - "City of Jewellery" - since its jewellery enterprises take the largest share of the domestic market by setting up sales counters and specialty stores across the country. However, although China has the craftsmanship to deliver the orders of top international brands, the jewellery industry is baffled due to substandard designs, brand inadequacies, and technical barriers. (HKTDC 2013)

Because of the freshly booming fashion industry, numerous world renowned jewellery giants are turning their attention to China. (Oriana 2013) Big brands such

as De Beers, the world's largest dealer of diamonds; Cartier, the celebrated French giant in watches and; Perles De Tahiti, as well as leading jewellery brands in Hong Kong such as Chow Tai Fook and TSL have all entered the mainland market successively. As the foreign brands land in the Chinese market, competitions between local brands and foreign brands, as well as contests among foreign brands are likely to escalate. (HKTDC 2013)

The competition situation of the Chinese fashion jewellery industry is given a more insightful look by using Porter's five forces model.

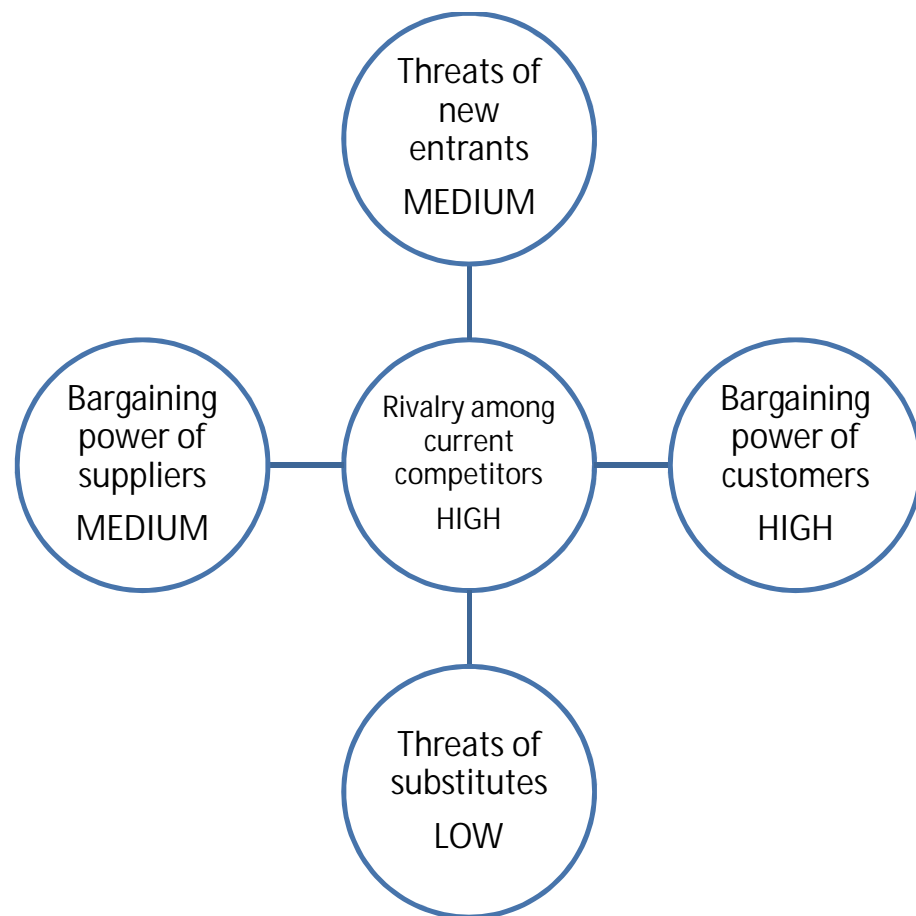


FIGURE 32. Porter's Five Forces of fashion jewellery industry in China

High bargaining power of customers

Since the competition in fashion jewellery field in China is generally high, customers can easily switch from one brand to another. Ninja, as a new fashion brand from Northern Europe, is relatively unfamiliar and unattractive to Chinese

customers, comparing with other "big brands" from US and Hong Kong. Accordingly, it is impractical for the Case Company to gain and keep a strong base of loyal customers in the short term. If the customers can not find any satisfying products or enjoy the shopping experience, there is likelihood that they will alter their choices immediately. Therefore, customers have indeed strong power under this situation.

Medium bargaining power of suppliers

The Case Company is aimed to provide quality fashion jewellery and fashionable shopping experience. On the other hand, the Case Company has run the warehouse in China for more than seven years and purchased from China for more than ten years. Thus, the Case Company has already had some partnerships with its suppliers. In addition, at the moment there are numerous fashion jewellery manufacturers in China, and they are centrally located in the southeast coast in China. The quality and the design of the products from these manufacturers vary sharply, so do the prices. So it is not a problem to find suppliers but good suppliers. As a result, this issue is put at a medium level.

Low threats of substitutes

As discussed in Chapter 4.3, fashion jewellery has become an essential part of fashion consumption of Chinese customers nowadays. In fact, fashion jewellery has gained popularity over years and been estimated to grow in the next decade in China. Consequently, there is not likelihood that customers abandon fashion jewellery and choose other substitutes in the near future.

Medium threats of new entrants

There are no official records on the amount of the fashion jewellery retailers operating in China, due to the huge numbers and variability. Since China is one of the biggest fashion jewellery market in the world, numerous foreign and domestic fashion jewellery companies have strived to get a market share in China at the moment. In this case, one or a few new entrants will not affect severely the whole market.

High rivalry among current competitors

As mentioned earlier, because of the promising fashion industry in China, a wide variety of world renowned jewellery retailers entered Chinese market and gained success, including De Beers, Cartier, Perles De Tahiti, etc. In addition, "fast fashion" retailers such as H&M and Forever21 also offer fashion jewellery and accessories. Since Chinese customers care about "Mianzi" when they purchase fashion articles, products of "big brands" become the first choice. Besides foreign brands, local brands such as Aiyaya and Xinguang also show a strong competitiveness and good prospects for development in the market. Consequently, it is very challenging for the Case Company to survive in the intensive competition in the Chinese market.

5 DEVELOPMENT PLAN

Based on the situation of the Case Company and the Chinese market, a development plan in details is given in this chapter. However, the plan offered is for first three years at most, since the fashion jewellery market in China changes fast, so does the process of business of the Case Company. The emphasis of this plan is on the strategy to provide particular products and services to target customers. At this stage, Strategy, Tactics, Actions and Control in SOSTAC model will be deeply applied.

5.1 Market entry strategy

Since Ari Siitari has already decided to apply franchising strategy in China, the choosing of market entry strategy will not be discussed in the study. However, it should be mentioned that franchisees currently contribute between 50% and 90% of the revenue of the major casual and sport brands in China. The Boston Consulting Group claims that the franchise model will still play a important role in fashion retailing in the next decade, especially in lower-tier cities in China. (Boston Consulting Group 2011)

5.2 Marketing strategy

Marketing strategy applied to the Case Company is explained through market segmentation, target marketing and market positioning.

5.2.1 Market segmentation

Chinese consumers' needs and behaviors vary across genders and age groups. In this study, two such kinds of segmentation are given.

Gender segmentation

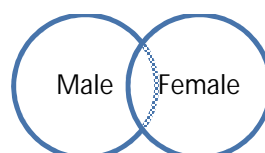


FIGURE 33. Gender segmentation

Customers are categorized into two groups: male and female in gender segmentation.

The male jewellery market is just emerging in China, while the traditional female market is fiercely competitive. The consumption interest of Chinese male consumers in jewellery derives mainly from their knowledge of diamonds. A De Beers report states that 67% of Chinese males within the age group of 30-44 wish to possess diamonds. However, compared to the incessant growth in demand, the development of the Chinese male jewellery market is relatively slow. (Boston Consulting Group 2011)

On the other hand, "The female market seems maturer in China. Women tend to visit jewellery stores more frequently and buy more small pieces of trendy items than men do", as Ari Siitari said. (Siitari 2014)

Age segmentation

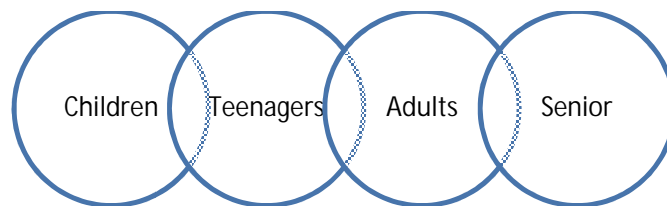


FIGURE 34. Age segmentation

Customers are categorized into four groups: children, teenagers, adults and seniors in age segmentation.

There are no exact age ranges of children, teenagers, adults or seniors in the jewellery and accessories industry, but the consumer behaviors vary with the ages indeed. With more than twenty-year jewellery and accessories business experiences, Ari Siitari concluded: the consumer behaviors of children are deeply influenced by their parents. In some cases, the parents make the final purchasing decisions. On the other hand, the needs and requirements of jewellery and accessories of children are not as strong as of other age groups. (Siitari 2014) There is a big leap from children to teenagers in fashion sense. Actually, teenagers pay a lot attention to their appearances but their spending on fashion is relatively limited due to few sources of

income. Teenagers are also most educatable and receptive to new fashion trends, comparing to other age groups. There is a likelihood that adult consumers have already built up their own tastes of fashion and buying behaviors. They are the main consumer group of fashion jewellery and accessories. When it comes to seniors, quality is the most important factor when they measure a piece of jewellery.

5.2.2 Target marketing

Differentiated marketing is implemented for the Case Company. In other words, one or two segments will be focused and put more efforts on.

Based on the gender segmentation, the female segment is targeted. Up to present, Chinese men and women have spent nearly equal amounts on fashion. However, Boston Consulting Group claims that with the Chinese women's incomes increasing, spending on women's wears soar significantly, compared with that if men who earn the same amount. It is especially remarkable in high-tier cities : 43% of fashion purchases are made by men and 57% are made by women.(Boston Consulting Group 2011) As the expense on fashion takes off in the next ten years, the consumer base will lean more heavily to women.

In addition, the Case Company will leave the male segment to a later phase of development by opening "Ninja for Men" store. According of Ari Siitari and male jewellery and accessories market information in China, even though the male market is not as big as female market, the retailers of male jewellery and accessories are relatively scarce. The Case Company, then, gains the advantage of knowing and engaging in male jewellery and accessories business by running "Ninja for Men" in Finland for more than ten years. However, it is more sensible to launch first "Ninja" store, which is especially for female consumers, in the beginning of entering Chinese market, and launch "Ninja for Men" when the Case Company has a foundation of good turnover, financial situation, reputation for Ninja as well as better knowledge about male consumers in China.

On the other hand, as analyzed previously, fashion jewellery consumers are also divided into different age groups in age segmentation.

Spending on fashion is just beginning to rise among young people in their twenties and thirties in China. The so-called post-80s generation is the first group of consumers who were born after the Chinese Cultural Revolution. They have not "eaten bitterness" as their parents did, and many of them have good jobs at foreign or local companies - all of which translates into a positive attitude to life. Spending on fashion will continue to increase among the post-80s generation and be magnified by younger and more fashion-savvy generations - the so-called post-90s and beyond. (Boston Consulting Group 2011)

The following figure shows the annual spending on fashion of the Chinese consumers in 2010.

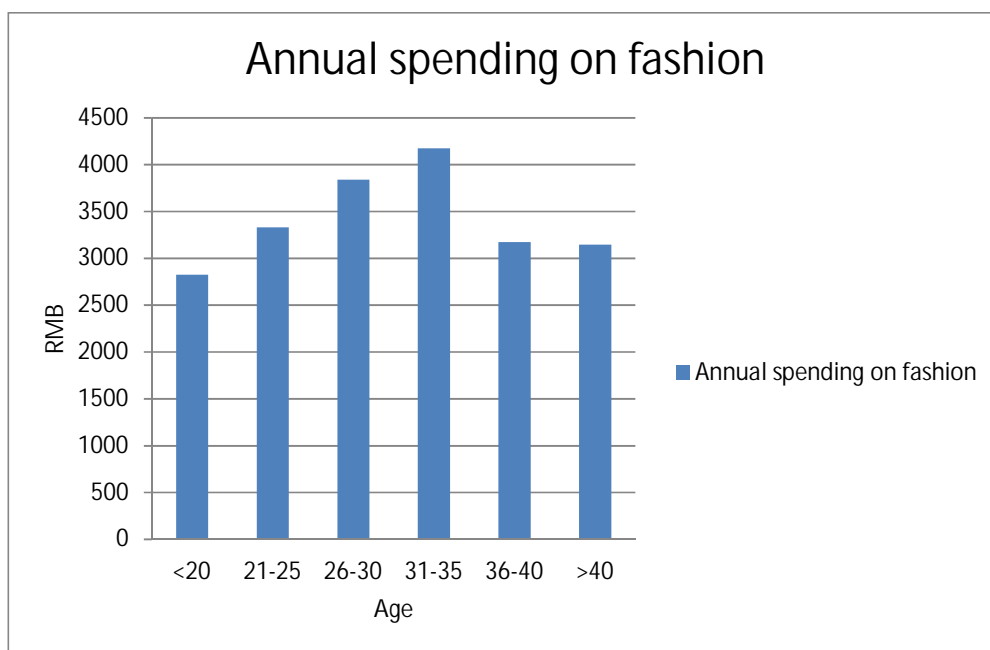


FIGURE 35. Younger Generations Are Spending More on Fashion (adapted from The Boston Consulting Group 2011)

From the viewpoint of the author, teenagers and adults segments should be targeted and strategies for these two segments can be similar since both have a lot in common. The only big difference between these two segments is that most of teenagers have not yet developed a strong sense of personal style as adults. They are more eager to learn and try on new and trendy items. It requires the Case Company to coach its staff to suggest single items or combinations of items for customers to try on according to the age groups.

As a result, the target consumers group are female teenagers and adults, who mainly consist of students and young office ladies.

5.2.3 Market positioning

It is critical for the Case Company to realize what consumer emotional space its brands own and what space it should own in a certain marketplace.

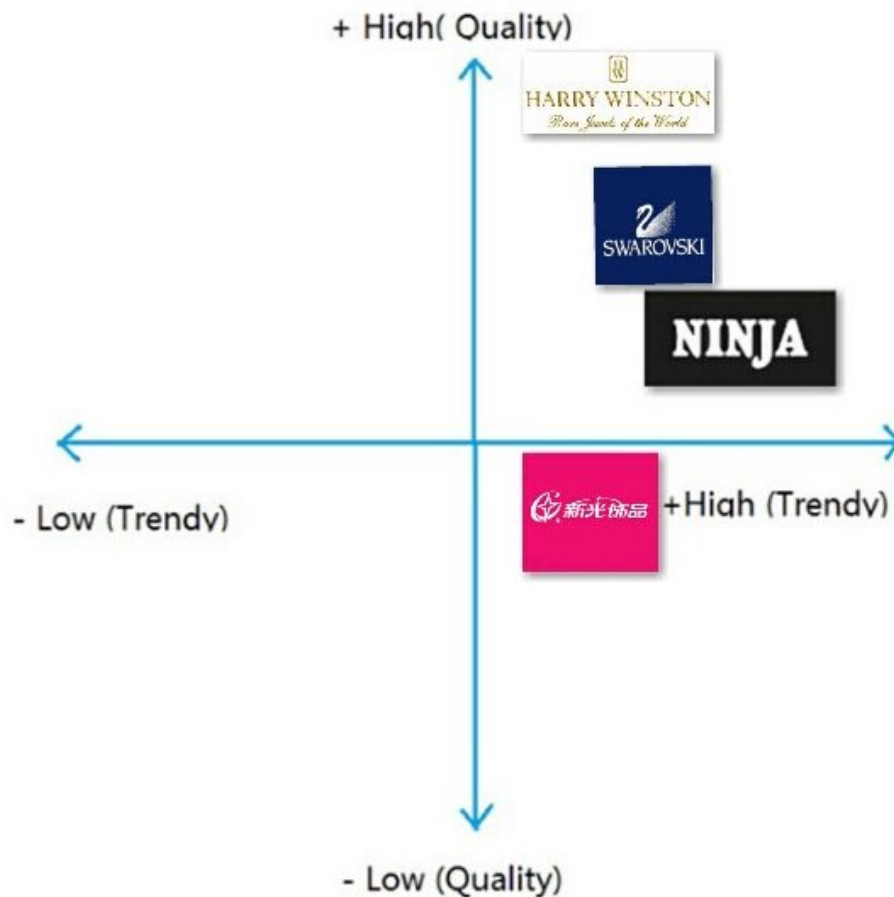


FIGURE 36. Positioning of Ninja

As shown in above figure, based on the analysis of internal and external factors, Ninja can set its image as a vibrant and vogue brand from Nordic Europe. Since Ninja is aimed to offer "fast fashion" jewellery and accessories, the quality must be sufficiently good but not extremely good. More specifically, customers believe that

Ninja tests and selects every item for them. They do not have to worry if the materials used in jewellery contain any harmful substance or if the earrings fall apart when being worn. Comparing to quality, style is a more important factor for Ninja as a fashion brand. In the Chinese market, Ninja insists that we are the leader of fashion from Europe, and that we offer the most trendy items with acceptable prices. In addition, Ninja also holds the concept: All colors are always available, in the Chinese market as in the Finnish market.

5.3 Tactics

The 4Ps - place, product, price and promotion - below is utilized to provide a detailed marketing mix to guide the Case Company to implement the plan.

5.3.1 Place

In order to center the retail and service around target customer segments and embrace them, multichannel models are built: both concept stores and online store are accessible to Chinese customers.

According to Ari Siitari, the Case Company is planning to open three concept stores in Shanghai, Guangzhou and Shenzhen at the same time. (Siitari 2014) The following map shows the geographical location of these cities.

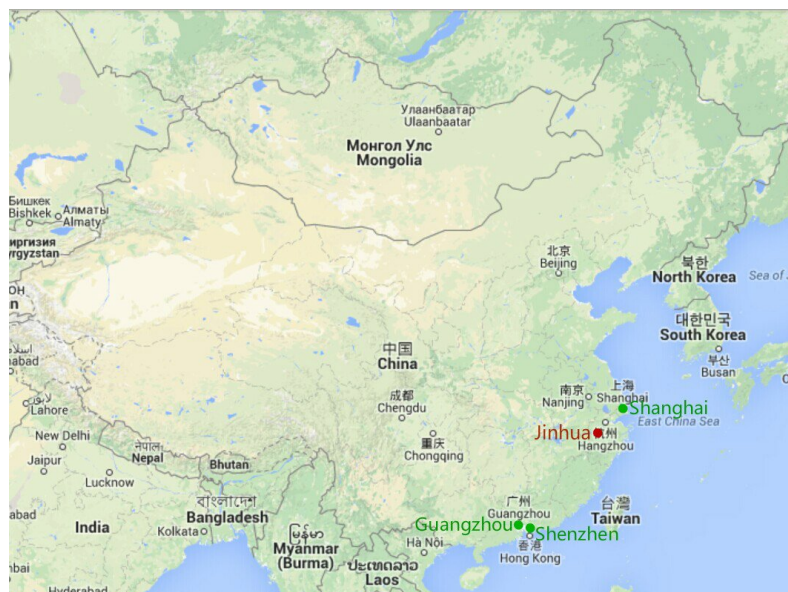


FIGURE 37. Map of distribution

As the map above shows, the red dot represents the place where the warehouse of the Case Company is located, while the green dots represent the places where "Ninja" stores will be opened. All of these four places are located along the southeastern coast of China, where economy and logistics are most advanced in China.

In terms of more specific location, department stores in city centers are the first choice. According to Boston Consulting Group, in high-tier cities in China like Shanghai, Guangzhou and Shenzhen, the department store is still holding a significant position - accounting for more than 35% of apparel sales. (Boston Consulting Group 2011) Additionally, jewellery and accessories industry is inextricable with other fashion industry, such as apparel industry. Every customer who has bought an apparel is the most potential customer to buy a piece or a set of jewellery or accessories to match the apparel. Furthermore, jewellery and accessories purchasing partly stems from impetuous consumption. "Looking around" in the shop will lead to "buying" at any moment. Therefore, department stores with a lot of potential consumers is the right choice. On the other hand, brands' access to department stores in China remains highly competitive. Thus, if "Ninja" concept store marches into a department store in a city center, it is also beneficial to build the brand image.

To reach more potential customers, especially in low-tier cities, an online store is indispensable. Actually, online shopping will undoubtedly grow in importance as the internet generation grows. Boston Consulting Group estimates that the number of internet shopper in China will increase from approximately 145 million in 2010 to nearly 329 million in 2015. (Boston Consulting Group 2011) In addition, besides the official site of Ninja, store in Taobao - the biggest Chinese website for online shopping - also can attract a large quantity of potential customers and offer quality services.

5.3.2 Product and service

Basically, the products offered in "Ninja" stores in China are the same as the products offered in Finland as introduced in Chapter 3.2, since the Case Company aims to build the brand image that Ninja is a brand originating in Europe. Certainly,

a small adaptation to the Chinese market will be applied. For example, more cute items will be added to product range for Chinese young girls, who appreciate Asian cutey cultures.

As mentioned in Chapter 5.3.1, the "Ninja" concept stores will be opened in Shanghai, Guangzhou and Shenzhen, where the consumers are more demanding and expect more positive and fancy shopping experiences with high-class service. Therefore, shopping environment and services are uplifted to a height in Chinese market.

Generally, the store decoration in China will be kept the same as that in Finland, as described in 3.2. Everything will be in black while jewellery and accessories are organized by colors. The only difference is that electronic screens are installed in every "Ninja" store. Videos of Ninja are created regularly and played in the stores to show the history of Ninja, the latest fashion shows in Europe, the new arrivals and the usage method of the products. Besides, the salesmen in the store also provide some advice to customers how to select single items or combinations of items to match their apparel. For example, when a customer has watched the video showing the latest fashion show, she wants to have the same jewellery as the model's one in the video. The salesman in the store could recommend the similar items in correct color in the store to her. In short, both our products and services deliver the message that Ninja represents the latest Europe fashion trend.

5.3.3 Price

At this stage, it is hard to set a fixed price on every product of the Case Company since it depends on the cost and the market price of jewellery and accessories at a certain time. However, a basic pricing strategy is followed. As other "fast fashion" brands, Ninja will set the price just above the average.

5.3.4 Promotion

In order to promote the image of the Case Company, a variety of promotion activities can be held.

From the view point of Ari Siitari and the author, location itself is the best promotion. Every passing-by consumer is a potential consumer. For "fast fashion" brand, good location means good exposure to customers. (Siitari 2014) Besides, hosting or cooperating with recreational activities and competition is also an effective way to improve the popularity of brand in China. Furthermore, a range of "free" promotions can be done on internet as well. For example, micro film is in hot pursuit among young generation. Social media, such as Weixin and Weibo, is also a good tool to use.

5.4 Actions

On this stage, a clear plan of the Case Company should be set with Gantt chart on how they will attract customers, where they plan to go and how many sales they want to achieve after a specific period of time. The timeframe varies, depending on the efficiency of the employees and market situation at that time. The table below shows an example of the schedule:

TABLE 3. Actions required for opening a new "Ninja" concept store

	Week1	Week2	Week3	Week4	Week5	Week6	Week7
Staff recruitment	X	X					
Location selection	X	X					
Financial preparation	X	X	X				

Store decoration and cleaning				X	X		
Goods preparation					X	X	
Sales xxx							X

Recruiting is the first task when entering the Chinese market. This can be started even earlier and last longer. The recruited employees would better have the basic understandings of Finnish culture and Chinese culture besides business knowledge, which can guarantee the message of the Case Company can be delivered to the potential customers. Selecting location is actually the most important step of opening a "fast fashion" concept store. At this step, the Case Company needs to work with the franchisee to select several possible locations, evaluate the factors such as passenger flow, customer groups, rent, water and electricity, stability, etc. as well as negotiate with the place owner. During the process of location selection, the Case Company and the franchisee should start preparing capital to pay all the expenses. Once the monetary issues are solved, the Case Company can focus on decorating and cleaning the store. At the later phase of preparing the store, goods should be transported to the store and categorized. After that, all the goods should be organized and presented carefully in the store, since jewellery presentation is one of the core competitive advantages of the Case Company. When the store is ready to open to customers, a certain amount of sales should be set to achieve during a certain period so that the sale situation can be evaluated timely.

5.5 Control

In the process of opening a new store, controlling means comparing the target of each step setting at the beginning with the result to see if the goal has been reached. For example, the Case Company can set a target that they have to confirm an exact location and sign all the relative agreements and contracts with within first two weeks. After these two weeks, they can check if they have completed it or not. Then

the Case Company can improve and perfect the plan according to the performance and move on to the next step. After all the objectives are met, they can set a new plan, for example, focusing on sales. By doing this, the Case Company would be able to know if the current strategy is suitable or not and adjust if necessary.

6 CONCLUSION AND FINDINGS

The chapter covers three main objectives. First of all, it provides brief answers to all the research sub-questions raised at the beginning of the thesis. Secondly, the author evaluates the reliability and validity of the research. Finally, some recommendations are suggested and further research is put forward.

6.1 Findings

The thesis sets out to establish a development plan for the Case Company when entering a new market. In order to arrive at the answer to the thesis's main question, the author acquires information from literature, the interview with founder of the Case Company and personal observations in the Case Company.

Ninja Finland Oy is planning to enter the Chinese market in 2016. Therefore, the development plan is built based on the recent market information. Table 4 summarizes the main findings of the thesis by answering the research sub-questions.

TABLE 4. Answers on research questions

RESEARCH QUESTION	ANSWER
What is the Case Company's current situation?	There are 11 concept stores and 1 online store in Finland as well we a warehouse in Zhejiang,China.
What are the features of Chinese fashion market?	China is one of the biggest fashion markets in the world, and is expected to grow rapidly with the growing income level. Chinese consumers are more sophisticated and personal in fashion consumption.
Who are the Case Company's target customers?	Female teenagers and adults (mainly students and young office ladies)

<p>How should the Case Company's target position its place in the market?</p>	<p>Since European brand is appreciated by Chinese consumers, a fashion brand from Nordic Europe will be set for Ninja.</p>
<p>What would be the suitable marketing techniques for the Case Company?</p>	<p>Besides, focusing on providing quality trendy products and unique shopping experiences.</p>

- What is the Case Company's current situation?

There are 11 Ninja concept stores all around Finland, including "Ninja" and "Ninja for men". All the stores are located at the shopping mall in the city center. Ninja is also running an online store in Finland. All the stores are gaining profits for the Case Company. On the other hand, the Case Company has run a warehouse in Zhejiang, China for more than eight years and has established a good relationship with the local suppliers.

- What are the features of Chinese fashion market?

China is expected to become the largest fashion market in a few years with the growing income of the Chinese consumers. The individual spending on fashion is increasing constantly as well. The quality and the quantity of Chinese consumer group both have been improved. Chinese consumers now are more care about lifestyle, social status and how the brand can fit them. Generally speaking, "big brand" from Europe and US are appreciated due to the fact that Chinese people love "Mianzi" and the exposure to global fashion trend. Therefore, numerous world renowned jewellery manufacturers have entered the Chinese market.

- Who are the Case Company's target customers?

According to the gender segmentation, female is first the target customer group. On the other hand, according to the age segmentation, teenagers and adults are the primary customer of the Case Company. In short, the target customers are

female teenagers and adults, mostly comprising students and young office ladies, so that the development plan are mainly designed for them.

- How should the Case Company position its place in the market?

The Case Company can set Ninja as an international and vogue brand from Nordic Europe with a leading concept of fashion, for European fashion brand is preferred in China. The Case Company is going to provide the most trendy items with a slightly higher price than the average.

- What would be the suitable marketing techniques for the Case Company?

Besides good location, suitable marketing techniques are also important. The Case Company is aimed to provide trendy goods and unique shopping experiences, which requires interesting shopping environment and high-quality service. The Case Company is going to insist on the basic concept of Ninja - All colors are available - and to categorize and present all the goods by colors. On the other hand, videos related to Ninja and fashion will be created and played in the store. Guiding services will also be available for customers in the store. Social media marketing are going to be used as well.

6.2 Reliability and validity

Regarding reliability, the empirical information is taken from the interview with the founder of the Case Company -Ari Siitari on 5 April 2014. The results of the interview are consistent with the author's observations during her working experience in the Case Company. In addition, the Case Company's statistics support the information drawn from the interview. Therefore, the research can be considered highly reliable.

Besides, with respect to validity, the final goal of the thesis was reached with all research questions being answered properly. Moreover, theoretical knowledge and empirical research are done through different sources. Firstly, theories were collected from official books, reports and trusted internet sources. Most of the knowledge was published over the last five years so it is supposed to be up-to-date. On the other hand, in terms of empirical study, particularly the interview with Ari Siitari, it encompasses the information related to the company's current situation,

time and place for the new market, market entry mode, knowledge of the new market, target customers as well as brand image and position. The collected information is used to form the development plan to enter the new market. Thus, the research is relatively valid.

6.3 Recommendations and further research suggestions

The goal of the thesis is to develop a development plan for the Case Company in 2014. However, the plan is going to be implemented in 2015-2016. Many factors, particularly relative policy and market information are changing. It requires further adjusting according to the latest information.

Moreover, as stated in the beginning, the thesis is completed without considering financial issues. Therefore, a study on financial issues should be conducted so that the commissioner can have a deeper and wider look on the investment and returns.

7 SUMMARY

The key objective of the thesis is to establish a development plan for the Case Company to enter the Chinese market. In order to achieve the thesis's objective, the author conducts both theoretical and empirical studies concerning the marketing plan and the Chinese fashion jewellery market.

Theoretically, the author explains explicitly SOSTAC planning model, which is used as the framework for the research. Situation analysis models - PEST, SWOT, Porter's Five Forces - are, then, introduced and reviewed from a variety of sources of literature. Each technique in marketing strategy and marketing mix is described carefully and serves as the background knowledge for establishing a development plan.

Empirically, the study begins with an introduction regarding the Case Company, which is followed by a SWOT analysis of the Case Company. Then the Chinese market, especially the Chinese fashion jewellery market, is discussed based on the latest data and other information. In this part, macro-environment analysis - PESTEL analysis of China and industrial analysis - Porter's Five Forces of fashion jewellery industry in China are conducted. At this point, both internal and external analysis are completed.

Finally, the author provides the detailed development plan based on the situation analysis above and the objectives of the Case Company. The author is confident that the recommended development plan will help Ninja Finland Oy enter the Chinese market successfully.

REFERENCES

Published References

Armstrong, G. & Kotler, P. 2007. *Marketing: An Introduction 8th Edition*. New Jersey: Pearson Prentice Hall.

Atsmon, Y. & Magni, M. 2012. *Meet the Chinese consumer of 2020*. McKinsey & Company.

Boston Consulting Group. 2011. *Dressing Up-capturing the Dynamic Growth of China's Fashion Market*. The Boston Consulting Group.

Crowther, D. & Lancaster, G. 2005. *Research methods*. Oxford: Elsevier.

Cooper, R. D. 2003. *Business Research Methods*. Florida: McGraw-Hill/Irwin.

Chaffey, D. & Smith, P. R. 2008. *Excellence E-marketing 3rd edition*. Massachusetts: Butterworth-Heinemann.

Ghauri, P. & Grønhaug, K. 2002. *Research Methods in Business Studies: A Practical Guide 2nd edition*. Essex: Pearson Education Limited.

Glaister, K. W. & Falshaw, R. J. 1999. *Strategic planning: still going strong?* Long Range Planning, 32(1), pp. 107-116.

Graham, J.L. & Lam, N.M. 2003. *The Chinese Negotiation*. Harvard Business Review.

Jobber, D. & Chadwick, F. E. 2010. *Principles and practice of marketing*. London: McGraw-Hill.

Kananen, J. 2011. *Rafting Through the Thesis Process: Step by Step Guide to Thesis Research 1st edition*. Jyväskylä: JAMK University of Applied Sciences.

Kotler, P. & Keller, K. 2011. *Marketing Management 14th edition*. New Jersey: Pearson Prentice Hall.

Kotler, P. & Armstrong, G. 2004. *Principles of Marketing: [activebook version 2.0] 10th edition*. New Jersey: Pearson Prentice Hall.

- McKinseyQuarterly. 2013. *Ten forces gorging China's future*.
McKinsey&Company.
- Novicevic, M. M., Harvey, M., Autry, C. W. & Bond, E. U. 2004.*Dual-perspective SWOT: a synthesis of marketing intelligence and planning*. Marketing Intelligence & Planning, 22(1), pp. 84-94.
- Perreault, W. & McCarthy, E. 2002.*Basic Marketing: a Global-managerial Approach 14th edition*. New York: McGraw-Hill/ Irwin.
- Stalk, G. & Michael, D. 2011. *What the West Doesn't Get About China*. Harvard Business Review. pp.27
- Saunders, M., Lewis, P. & Thornhill, A. 2009. *Research methods for business students*. Essex: Pearson Education.
- Smith, PR. 2011.*The SOSTAC® Guide - to Writing the Perfect Plan VI.1*.eBook: Kindle.
- Trompenaars, F& Woolliams, P. 2004. *Business across cultures 1st edition*. Capstone.
- Towson, J. & Woetzel, J. 2014. *All you need to know about business in China*.McKinsey&Company.
- Walsh, P. R. 2005. *Dealing with the uncertainties of environmental change by adding scenario planning to strategy reformulation equation*. Management Decision, 43(1), pp. 113-122.
- West, D. C., Ford, J. & Ibrahim, E. 2010.*Strategic Marketing: Creating Competitive Advantage*. Oxford: Oxford University Press.
- Zimmerman, A. & Blythe, J.2013.*Business to Business Marketing Management: a Global Perspective 2nd edition*. Oxon: Routledge.

Electronic References

Business Insider. 2013. 26 Things That China Ripped Off. [referenced August 27, 2013]. Available

at: <http://www.businessinsider.com/things-that-china-copied-from-the-world-2013-8?op=1%0c>

Bloomberg. 2014. *Female Fashion Addicts Change China's \$19 Billion Market: Retail*. [referenced Jan 30, 2014]. Available

at: <http://www.bloomberg.com/news/2014-01-29/female-fashion-addicts-change-china-s-19-billion-market-retail.html>

BEIJINGREVIEW. 2011. *Should the Government Cut Import Duties on Luxury Goods?* [referenced July 21, 2011]. Available at:

http://www.bjreview.com.cn/forum/txt/2011-07/18/content_377264.htm

Bogue Robert L. 2005. Use S.M.A.R.T. goals to launch management by objectives plan. [referenced April 25, 2005]. Available at:

<http://www.techrepublic.com/article/use-smart-goals-to-launch-management-by-objectives-plan/>

Chaffey, D. 2012. *SOSTAC® marketing planning model guide*. [referenced September 16, 2013]. Available at:

<http://www.smartinsights.com/digital-marketing-strategy/sostac-model/>

EUROMONITOR INTERNATIONAL. 2013. *Jewellery in China*. [referenced December, 2013]. Available at:

<http://www.euromonitor.com/jewellery-in-china/report>

HKTDC RESEARCH. 2013. *China's jewellery market*. [referenced August 06, 2013]. Available

at: <http://china-trade-research.hktdc.com/business-news/article/China-Consumer-Market/China-s-jewellery-market/ccm/en/1/1X000000/1X002MMK.htm>

Marketing Teacher. 2012. *Positioning* [referenced April 13, 2014]. Available

at: <http://www.marketingteacher.com/lessonstore/lesson-positioning.html>

Ninja. 2014. *Juhla*. [referenced2014]. Available at:
<https://www.ninja.fi/korut/kaulakorut/juhla/statement-kaulakoru-p-11311.html>

Ninja. 2014. *Hiusrusetit*. [referenced2014]. Available at:
<https://www.ninja.fi/korut/hiuskorut/hiusrusetit/rusettiklipsi-2kpl-p-11421.html?nosto=nosto-productcategory-2>

Ninja. 2014. *Miehet*. [referenced2014]. Available at:
<https://www.ninja.fi/asusteet/huivit/bandana-p-3051.html?nosto=nosto-frontpage-1>

Ninja. 2014. *Ninja*. [referenced2014]. Available at: <https://www.ninja.fi/>

Ninja. 2014. *Muut*. [referenced2014]. Available at:
<https://www.ninja.fi/korut/rannekorut/muut/sydan-rannekoru-p-10060.html?nosto=nosto-navigation-1>

OrientExpress Blog. 2012. *Project Gantt Chart*. [referenced March 15, 2012]. Available at: <http://blog.soton.ac.uk/orientexpress/tag/gantt-chart/>

Orientas Company, 2014. Available at:
http://orientas.com/index.php?option=com_flexicontent&view=items&cid=2&id=2&Itemid=1&lang=en

OrianaLuquetta. 2013. *The Fashion Industry and China*. [referenced March 21, 2013]. Available at:
<http://www.theworldofchinese.com/2013/03/the-fashion-industry-and-china/>

The World Bank. 2014. *China Overview*. [referenced April 01, 2014]. Available at:
<http://www.worldbank.org/en/country/china/overview>

Vitez Osmond. 2014. *What Is Market Demand Analysis?* [referenced May 07, 2014]. Available at:
http://www.ehow.com/about_5622980_market-demand-analysis_.html

APPENDICES

Interviews

Siitari, N. 2014. Country Manager. Ninja Finland Oy. Interview February 22, 2014.

Siitari, A. 2014. Chief Executive Officer. Ninja Finland Oy. Interview April 5, 2014.