

**A STUDY OF EFFECTIVE APPAREL BRAND BUILDING STRATEGIES IN THE  
CHINESE MARKET**

**By**

**RANRAN XIAO**

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To the Faculty of Washington State University:

The members of the Committee appointed to examine the thesis of RANRAN XIAO find it satisfactory and recommend that it be accepted.

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Ting Chi, Ph. D. Chair

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Carol J. Salusso, Ph. D.

---

Meriem Chida, Ph. D.

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Abstract

by Ranran Xiao, Master of Arts  
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Chair: Ting Chi

This research aims to develop effective apparel brand building strategies for Chinese domestic casual wear companies. Grounded theory was applied to conduct this research. Based on the answers gathered from eight open ended in-depth questionnaire interviews, brand knowledge of senior managers in Chinese casual wear companies was accessed and analyzed. In addition, the characteristics of the Chinese market and Chinese consumers were determined. Most importantly, this research identified several effective brand strategies for Chinese casual wear companies. Overall, the following findings are derived from this study. First, most interviewees recognized the value of brands and considered brand establishment as an essential step for the sustainable business development. Second, in the target market determination stage, many Chinese casual wear companies still relied on senior executives' personal experiences and judgments rather than sought professional consultations and conducted rigorous analysis of data and information from primary research. Third, although there is no complete evaluation system developed to assess the effectiveness of brand strategies, from industrial professionals' point of view, several brand strategies were generally considered as useful strategies for establishing casual wear brands for domestic companies. They are 1) create differentiation in

product design and brand image, 2) keep pursuing newest style, 3) seek celebrities endorsement, 4) provide sponsorship for public events, 5) advertise in public media, 6) establish VIP club, and 7) present brand logo on products. Fourth, the cost of building a casual wear brand in the Chinese market rose rapidly in recent years, and well educated employees were highly motivated to be involved in brand building process. Last, with the continued economic and social development, the Chinese consumers become more conscious about brands, and are more aware of international fashion style and trends through multiple channels.

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## **CHAPTER ONE**

### **INTRODUCTION**

According to Forbes (Sherman, 2009), today's most powerful global fashion brands from developed countries are Gucci, Hermès, and Louis Vinton. These brands are highly accepted by public as fashion icons. Forbes' report shows that Gucci's brand value is \$7.47 billion, Hermès's brand value is \$7.86 billion, and Louis Vinton's brand value, as the most valuable brand in soft goods category today, is worth \$19.4 billion. The power of these brands has contributed greatly to the sustainable success of their business and creates an amazing profit for these companies. This fact has been widely recognized in the apparel industry (Davis, 2002).

In contrast to these highly valued brands, apparel brands from developing countries are facing a difficult situation. Surveys conducted by Cayla and Eckhardt (2007) show that people have a negative country of origin perception of developing countries' brands. Companies from developing countries face the challenge of reassuring customers that their brands can carry status and cache.

Taking the Chinese market as an example, since the open door policy started at 1978, many aggressive multinational companies, together with their products entered the Chinese market (Li, 1998). Following the economic reform and social change, China's investment and export-led economy has grown 70 times bigger while the average family income has witnessed a similar trend (Speakman, 2008). A recent China's statistic yearbook showed that from 1990 to 2007 China's average annual

income per capita has nearly decupled, increasing from 1516 yuan (\$222) to 14908 yuan (\$2,186). From 2000 to 2007, per capita disposable income of urban Chinese has raised from 1,510 yuan (\$221) to 13,786 yuan (\$ 2,021) (National Bureau of Statistics of China, 2008). Today, China is one of the world's largest and fastest growing economies, due to a combination of reforms and heavy investment, both by the government and from abroad. China now accounts for some 58% global apparel output. (Research and Market.com, 2006). At the same time, Chinese consumers started to be more concerned about brand name and designers and entrenched social and cultural values of a product or service (Zhang, 1999; Jeffrey 2007).

From the data aforementioned, China has become an attractive and important emerging consumer market while branding has become increasingly critical in this market. Furthermore, since brand building has become so important to China's economic development, industrial practitioners are starting to pay more attention to the lack of brand problem. It's practically evident in the apparel industry as China plays a role of supplier in labor intensive and low- price products (Williamson, 2005). Some negative phenomena appear during the brand building process in the Chinese market. For example, apparel products in China have a competitive advantage in terms of price and relatively good quality. However, consumers are still more willing to buy apparel brands from developed countries even if the price is much higher (Wang, Siu and Hui, 2004).

Therefore, several questions are raised here. First of all, why are native apparel brands not valued by Chinese consumers? Second, what causes the lack of recognition

of Chinese apparel brands? Last, what are the effective strategies which can be used by a domestic company to build a successful apparel brand in the Chinese market?

This research aims to answer these questions in a context of Chinese casual wear market. Previous research indicated that among various apparel categories, casual wear is the largest and the fastest growing sector in the Chinese apparel market (Zhang *et al.*, 2002).

*Casual wear* is defined as informal look of pants with shirt and sport jacket. It began as clothes suitable for spectator sportswear, and was accepted as business dress later. *Casual* is the dress code that emphasizes comfort and personal expression over presentation and uniformity (Calasibetta, 1998). It encompasses a very wide variety of apparel and can be seen as various sub-categories of casual wear. *Smart casual*, usually consists of a blazer or a sports jacket, a collared shirt, and dressy trousers that could be worn as everyday wear in today's life (BBC news, 2000). *Business casual* for people wearing in their workplace may include a collared shirt or a polo shirt (Field, 2000). *Active casual* is usually worn while people are doing physical activities such as golf or biking (Calasibetta *et al.*, 1988).

### **The Chinese Consumer Market**

Nowadays, China is the third largest economy in the world in the terms of GDP value, only behind the US and Japan (Allen *et al.* 2005). The Chinese consumer market has witnessed an extraordinary growth in the past three decades. Given its importance and attractiveness, the number of studies dedicated to understanding the

Chinese consumer market has been growing rapidly in recent years (Williamson, 2005). Previous studies identified that several factors need to be considered while doing business in the Chinese market.

### ***Demographic factors***

In 2007, there are about 1.3 billion people living in China, it accounted for one fifth of the world's population. The urban population increased from 19.4 percent to 44.94 percent between 1980 and 2007 (National Bureau of Statistics of China, 2008). With the dramatic conversion between urban and rural population, the age proportion of Chinese people also changed significantly, Chinese population truly became ageing. The ratio of 5-24 age group to the total working population declined from 33% in 1990 to 23% in 2005. This downward trend will continue and increase the labor costs in the next few decades (Li and Zhang, 2008).

### ***Economic factors***

Although the disposable income of Chinese people is growing fast (Li & Fung, 2007), compared to developed countries, it is no doubt that the wage level in China is still relatively low. But if taking purchasing power parity (PPP) as the measure, China's aggregate PPP ranked the second only behind the US, it could overtake the US as early as 2020 (OECD, 2005). Furthermore, most Chinese households have multiple earners and saving rates are very high (Rooks, 1997).

Because of the policy "let a small part of people become rich first" that is

emphasized by the Chinese government during the 1980s, a serious inequality income phenomena has been evident in China. The richest 20% Chinese earned about 46.6 percent of the total income, a large portion of wealth has gone to a small portion of people (Xie, 2007). The Chinese Academy of Social Sciences reports that the middle-class constituted approximately one-fifth of the total population in 2003, this number should double by the year 2020 (Xin, 2004). Middle-class households have a family income of at least 80,000 yuan (\$ 11,730) per year (Unger 2006). On top of that, there are already 3 hundred thousands millionaires in U.S. dollar term in China (Shu, 2008).

### ***Geographic factors***

Geographically, the survey conducted by Sun and Wu (2004) shows that urban Chinese consumers differ from rural consumers in a wide range of attitudes and behaviors. Urban consumers are more brand conscious. However, regional differences were revealed between consumer groups as well. There are significant differences in consumers' perception and preference among different areas (Dickson et al., 2004)

### ***Culture factors***

Because of China's collectivist culture, *Guanxi* and *Face* are two very important culture factors while doing business in the Chinese market (Kim and Nam, 1998). In contrast to the more legal, contract-based relationship found in the western world, *Guanxi* refers to the informal networks and relationships governing business activity

throughout China (Lovett et al., 1999). Beverland (2005) also identified that *Guanxi* have an important role in forming long-term network relationships in China. Kwan et al. (2003) suggest that cultivating good *guanxi* with Chinese bureaucrats and influential people in the government would be helpful for doing business in the Chinese market.

*Face* is described as sociological concept by China origin, it represents prestige, honor and reputation in Chinese culture (Ho, 1975). *Face* is highly correlated with *Guanxi* mentioned above, and applies to both personal and business relationship in China (Kim and Nam, 1998; Luk *et al.*, 1999).

When focusing on fashion aspect especially, Chinese consumers are not fashion innovators (Kwan *et al.*, 2003). It is widely known that the main fashion centers in the world are West Europe, United States and Japan, so most of fashionable styles in China are introduced from these areas.

### ***Government Policies***

Recently, China's Development and Reform Commission along with Ministry of finance People's Republic of China, Ministry of Commerce of the People's Republic of China, The People's Bank of China, State Administration for Industry & Commerce of the People's Republic of China and General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (2009) issued comments about improving the development of domestic apparel and textile brands. All the government departments mentioned above show their support to domestic apparel and

textile brands. China's government set up a main goal for domestic apparel and textile brands - these government departments will keep supporting domestic apparel and textile brands that have high brand awareness and strong competitive power, and cultivate several national and international well known Chinese brands in apparel and textile field by 2015. For fulfilling this goal, many policies and regulations were set up, such as reducing the repeated quality supervision processes for domestic apparel and textile brands, enhancing the advertisement and distribution system for these brands, holding more national and international exhibitions and use government power to support apparel and textile brands to develop both national and international market (China's Development and Reform Commission, 2009).

### ***Consumers***

Previous study showed that several factors have significant impact on Chinese consumer's decision making: product style, quality, price, after service, brand, function, and shopping environment (Kim *et al.*, 2002). A consumer survey conducted by Song (1999) showed that 84 % consumers thought quality is a fatal element that impacted their decision making, 70% consumers indicated that price also was a main factor while they shopped, 41.8% consumers believed that after service was very important, these three factors were the most important three factors that affect Chinese consumer's decision making. Nowadays, the Chinese consumers are becoming more sophisticated, different trends and demands are emerging in different consumer segments (Frumkin *et al.*, 2006).



## **Definition of Terms**

**Brand:** American Marketing Association defines a brand as “a name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” In other words, a brand contains various elements, such as a name, logo, symbol, package design, or other attribute (Keller p.2, 1998)

A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely (de Chernatony and McDonald, 2003).

**Brand knowledge:** “brand knowledge is a function of awareness, which relates to consumers’ abilities to recognize or recall the brand, and image, which consist of consumers’ perception and of the association of the brand.” (Keller, 1998)

**Brand awareness:** Brand awareness reflects the salience of a brand and facilitates consumers’ abilities to identify the brand with a specific product category (de Chernatony and McDonald p.444, 2003). Keller (1998) claims that brand awareness is created by increasing the familiarity of the brand through repeated exposure (for brand recognition) and strong associations with the appropriate product category or other relevant purchase or consumption cues (for brand recall).

**Brand value:** The obvious value of brands is their ability to translate reputation and loyalty among their users into long-lived and reliable profit streams.( Foster, Morgan and Richards, 1998)

**Brand image:** American Marketing Association defines brand image as the perception of a brand in the minds of people. Schmin and Geus (2006) indicate that brand image have a direct impact on current brand purchase behavior.

**Product:** American Market Association (date ) defines product as “A bundle of attributes (features, functions, benefits, and uses) capable of exchange or use; usually a mix of tangible and intangible forms. Thus a product may be an idea, a physical entity (a good), or a service, or any combination of the three. It exists for the purpose of exchange in the satisfaction of individual and organizational objectives ”. (source with page number please). Torre-Moraga, Vasquez-Parraga and Zamora-Gonzalez (2008) indicate products need to be emphasized at the introduction the stage of brand.

**Branding strategy:** Deciding which new and existing brand names, logos, symbols, and other elements should be applied to which products. (Kendall, 2009)

**Brand management:** Brand management refers to the systems that organizations employ to manage and grow the value of their brands (Low & Fullerton, 1994). This involves optimizing the 'marketing mix' (also in Business Brief) for a branded product or service.

Davis (2002) indicates that brand is much more complicated than a name or logo. Brand is just like and asset of a company, it need as much nurturing and investment over time as any other asset. Brand asset management is a balanced, organization, wide approach of building the meaning of the brand, communicating it internally and externally, and leveraging it to increase brand profitability, brand asset value, and brand returns over time.

## CHAPTER TWO

### LITERATURE REVIEW

#### **Factors of Brand**

One compendious and frequently cited definition of brand is: “A name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of others sellers’.” (Kotler *et al.*, 2001). A definition of a successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values, which match their needs most closely (de Chernatony and McDonald, 1998). Davis (2002) highlighted the benefits and importance of building a strong brand. He stressed that strong brands could gain higher price points and higher margins, as well as embody a clear, valued and sustainable point of difference. Therefore, consumers could immediately accept the new product that is introduced by a strong brand, and are more likely to give forgiveness if a company makes a mistake when the customer has a consistently positive experience with the brand. Overall, brand often provides the primary points of differentiation between competitive offerings in consumer marketing. There is no doubt that brand can be critical to the success of companies (Wood, 2000).

In order to understand and present different perceptual and cognitive factors that impact brand and consumers’ purchase behavior, Aaker (1991) identified three key variables- 1) awareness, 2) brand associations and 3) perceived quality. Also, six

types of brand attributes were defined by Feldwick (1996) and de Chernatony and McDonald (2003): 1) Awareness, 2) Image, 3) Perceived quality, 4) Perceived value, 5) Personality, and 6) Organizational associations. The previous studies have established various models and presented many factors that influence brand value and brand purchase perception. Ghodeswar (2008) established a conceptual model for building a brand which indicates four important elements: 1) Positioning the brand, 2) Communicating the brand message, 3) Delivering the brand performance, 4) Leveraging the brand equity. Since today's consumers show cross-shopping behavior, they prefer shopping through different retail channels to find the best product to meet their value needs (Standard and Poor's 2004). For achieving the goal of be chosen by customers, Walvis (2008) summarized the motto of branding laws "creating and repeating relevant specificity around one central brand theme, using the richest and most engaging form and media possible". (Needs page number please)

The roles of some factors in branding process have been analyzed by the previous researchers. Schmin and Geus (2006) indicated that brand image has a direct impact on current consumers' brand purchase behavior. Brand image is also considered to represent "the reasoned or emotional perceptions consumers attach to specific brands" (Low and Lamb, 2000, p.352). Many research proved that brand image has positive impact on customer perceived quality, satisfaction, loyalty and commitment (Andreassen and Lindestad, 1998; Oliver, 1999; Brown *et al.*, 2001; Fornell *et al.*, 2006). Thus, brand image needs to be modified for matching the needs and wants of a target market to strengthen brand loyalty (Wood, 2000). The elements that influence

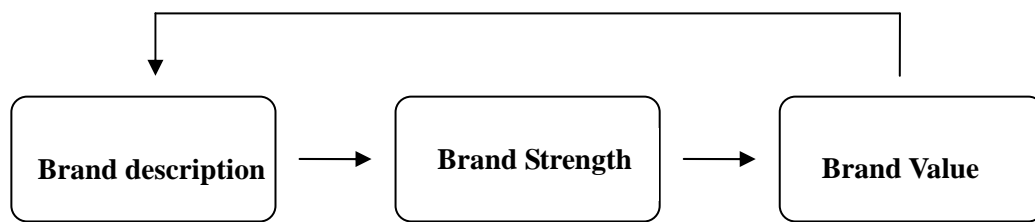
future brand purchase behavior are brand knowledge and brand relationship (Schmin and Geus, 2006). Esch *et al.* (2006) had manifested that brand awareness impacted brand image and brand knowledge, and direct determination of current consumer purchase behavior. Torre-Moraga *et al.* (2008) indicated that products need to be emphasized at the brand introduction stage. A study conducted by Cass and Lim (2001) also revealed differential effects of brand associations such as price perceptions, brand personality, brand-elicited feelings, self-image, and brand-user-image congruency on consumer brand preferences and purchase intentions. Furthermore, researchers (Dolan and Simon, 1996; Gabor and Granger, 1966) identified price as a fatal factor that affects customers in evaluating a brand's position and the quality of its products.

### **Brand Management**

Brand management refers to the systems that organizations employ to manage and grow the value of their brands (Low & Fullerton, 1994). De Chernatony *et al.* (1997) indicated that brand management is a team-based activity, and managed by senior levels people who adopt a more strategic perspective.

Wood (2000) proposed the chain of brand management which showed below. Brand description also could be called brand image or brand identity, it identified by the needs and wants of a target market using the marketing mix of product, price, place and promotion (Feldwick, 1996). The brand management chain indicated that brand description determines brand strength, brand strength determines brand value, and brand value could be used as a measurement of brand description.

**Figure 2-1. Chain of Brand Management**



People who are working on brand management should be essentially involved in the creation of brand description and brand strength, and cultivate competitive advantage through brand strength. Wood (2000) also highlighted several standards for measuring competitive advantage and the outcome of brand activity, these standards were: 1) market power, 2) brand value, 3) added value, and 4) profit.

Davis (1995) and Dean (1996) both suggested that brand should be managed as an long-term assets and brand manager is supposed to increase brand value over time. Brand management strategies that could add value to brands also were pointed out by the previous studies. Davis (2002) proposed 11 steps that could make brand more valuable: 1) Identifying the element of a brand vision, which could identify the role and direction for the brand, 2) Determining your brand's image, 3) Crafting a brand-based customer model, 4) Assessing the external environment, the step 2, 3, 4 could built a basic snapshot for the brand, the steps after finish establish a snapshot are, 5) Positioning your brand for success, clarify the customer the brand want to reach, and indicate the benefit the brand could afford, 6) Communicating your brand's positioning, use diversity media to maximize the impaction of the brand, 7) Extending your brand, 8) Leveraging your brand to maximize channel influence, 9) Pricing your brand at a premium, 10) Measuring your return on brand investment, 11) establish a

brand-based culture. These 11 steps compose a path that could guide brand toward high value. McPhee and Wheeler (2006) used case study to prove the activities that add value to a brand, including the interaction of a firm with its suppliers, knowing how customers use the product and the management of the product after the customer finishes using it. Uniqueness has been defined as an important element for adding value to brand, including bundling unique and difficult to replicate services with tangible products and giving unique characteristics to products (Danskin et al 2005).

### **Brand Management in the Chinese Market**

Nowadays, more and more companies in developing countries increasingly recognize the advantages of building strong brands for a variety of reason. Such as surviving adverse economic conditions, enjoying greater longevity, exerting great power in distribution channels, expanding sales beyond small domestic market, become more competitive in hiring and retaining staff, and increasing profits (Goad, 1999; Kotler *et al.*, 2003; Parrott, 2001; Rabano, 2000; Temporal, 2001).

In regards to brand management in the Chinese market in particular, Chinese brand management differs from Western brand management in both consumer and industrial markets. In general, it is more emotionally colored, regionally aligned, symbol-focused, and relationship-oriented (Fuchs, 2004).

Strategic marketing management starts with market segmentation. Market segmentation is an analytical tool for strategic decision making (Swinyard, 1977). Marketer could use market segmentation to understand the structure of a market,

investigate the different needs of variety of consumer groups, identify entry and expansion opportunities, and measure that the marketing program are suitable for target consumers (Cui, 1999; Danneels, 1995)

Cui (1999) segmented China into eight regions by using the mix of market characteristics, economy, culture and quality of life. The eight regional markets are west China, northwest China, northeast China, north China, southwest China, central China, east China and south China.

**Figure 2-2. China's Eight Regional Market**



(Source: Cui, 1999)



**Table 2-1. China's Regional Markets**

<b>Regional Market</b>	<b>Cities &amp; Provinces</b>	<b>Market Characteristics</b>	<b>Economy, Culture and Quality of Life</b>
South China	Guangdong Fujian, Hainan and Hong Kong	“Growth markets” in Coastal areas with open cities and metropolitan areas, attract the most forting investment and	Outward-oriented, fast growing and free wheeling, the regional economy is transforming from labor intensive operations to high tech manufacturing, Cantonese and Fukienese are the main Dialect. Close to Hong Kong and Taiwan, its wealthy consumers emphasize materialism and conspicuous consumption
East China	Shanghai Jiangsu and Zhejiang	account for much of the economic activity. Its consumers are wealthy and educated trendsetters	The industrial powerhouse and financial center of the country, Shanghai leads the region in both industrial and agricultural output. Shanghainese is the main dialect. People have tremendous pride in local products and amenities. Consumers are cosmopolitan and innovative, setting trends in fashion and lifestyle.
North China	Beijing, Tianjin, Hebei and Shandong		The geo-political center of the nation, Beijing leads the region in attracting foreign investment and growth in large state enterprises and strategic industries such as information technology. Representing the traditional Chinese culture, consumers and relatively conservative, emphasize intrinsic satisfaction yet open to new product ideas.

**(Table 2-1 continues)**

(Table 2-1 continued)

<b>Regional Market</b>	<b>Cities &amp; Provinces</b>	<b>Market Characteristics</b>	<b>Economy, Culture and Quality of Life</b>
Northeast China	Liaoning, Jilin and Heilongjiang	“Emerging markets” in landlocked area with sound economic base, a huge population, and diverse cultures	The “foundry” of the nation emphasizes its heavy industries in mining, automobile and machinery long winters produce limited agricultural output and variety. Consumers are conservative and less susceptible to outside influences.
Central China	Henan, Hubei, Hunan, Jiangxi, and Anhui	they are positioned for growth, and attracting investment	With great emphasis on agriculture, the plains with depleted resources face perennial flood problems. Its economy has been repositioned for growth, building transportation hubs for the country. For diverse local culture, consumers are trend followers.
Southwest China	Sichuan, Yunnan, Guizhou and Guangxi		The closed-in region is less accessible. With an enormous population and rich natural resources, it has great potential. The less spoiled environment attracts influx of tourists. Many ethnic minorities make it the most culturally diverse.
Northwest China	Inner Mongolia, Shanxi, Shan’xi, Ningxia and Gansu	“Untapped markets” in the hinterland, sparsely populated and economically impoverished are difficult to reach	Led by the ancient capital of Xi’an, this region has, among the expanding desert, pastoral dairy farms but a slow-moving economy. For the rugged hardship post, government is trying to reverse the trend by encouraging more investment in the region. Xongolians and Muslims are the ethnic minorities.
West China	Xinjiang, Qinghai and Tibet		The “empty quarter” is sparsely populated by Muslims and Tibetans. With little industry, the region is still relatively backward and poor, just beginning to move into the modern world. Little is happening as far as foreign goods are concerned

(Source: Cui 1999)

### ***Chinese Consumer segmentation***

Previous studies showed that Chinese consumers have a strong preference of the apparel brands from developed countries (e.g., USA, Italy, and France), which is largely due to their relatively higher brand images in design creativity, quality, and associated social status (Bow and Ford, 1993; Li and Gallup, 1995; Shen *et al.*, 2002). In contrast, Chinese apparel brands have a negative image; which is not just about brands, but also about the products and the country (Wang, Siu & Hui, 2004). The mutual effect of brand name and Country of Origin effects on the Chinese consumer's perception has been well defined and studied (Kwok, Uncles & Huang 2006).

Since China is a large and complex society, there are different mindsets and values in different geographic regions (Ralston *et al.*, 1996). Many previous studies were focus on identifying the consumer segments and consumption patterns in the Chinese apparel market.

From age aspect, younger Chinese consumers are more influenced by fashion, more brand conscious, and less price sensitive (Dickson, et al 2004, O'Cass and Choy, 2008). From gender aspect, female consumers are more concerned than males with a variety of product attributes and appeared to be less prices sensitive (Dickson, et al 2004). From regional aspect, urban Chinese consumers differ from rural consumers in a wide range of attitudes and behaviors. Urban consumers are more conscious about brand name and are more likely to accept innovative and fashionable products. Although urban consumers did better on brand name recall than rural consumers, but overall, both urban and rural Chinese consumers were not good at brand name recall

(Dickson, et al 2004, Sun and Wu, 2004). Also, coastal area consumers are more brand conscious and more loyalty to brands than inland consumers (Zhou, et al, 2009). Differences also are revealed among different cities, Beijing consumers appear less concerned by color, and care more about brand and style. In contrast, Guangzhou consumers place less importance on brands. Shanghai consumers are more interested in looking fashionable than others, they really showed a higher brand consciousness than other Chinese cities' consumers (Dickson, *et al.*, 2004).

Previous studies also were developed to understand the factors that affect Chinese consumers purchasing behavior. Wang, Siu, & Hui (2004) indicated in China the consumers who are willing to pay higher price for brands are not necessarily from the highest income group, but they are big spenders on apparel. It is their hedonistic orientation and fashion consciousness let them to purchase brands. One of the factors affect Chinese consumers brand loyalty is cultural factor. Since China has a more collective culture than most of the western countries, Chinese consumers tend to be more brand loyalty and tend to purchase the same brand or product which other members of the group recommend, as they tend to be the members of a small number of reference groups (Palumbo and Herbig, 2000). Consumer analysis also showed that the most important reason for Chinese female consumers to keep purchasing the same brand is that those brands satisfy their empirical?? needs, which means the brand satisfies their needs for novelty, variety and sensory gratification/pleasure. Social needs play the second important role for female consumers' brand loyalty, such as social approval, affiliation, or personal expression, and to a much lesser extent, they

also satisfy consumers' functional need (Kim *et al.*, 2002). There are also evidences showing that Chinese consumers were more sensitive about offensive factors in advertisements. Thus, instead of being overly creative, being safe and providing more information about products would be more helpful while delivering brand image in the Chinese market (Chan, *et al.*, 2007). Shen *et al.* (2002) indicated that when the cultural meanings expressed by the products are consistent with consumers' cultural beliefs, consumers are more likely to accept these products. If this consistency does not exist, the degree of acceptance may decrease.

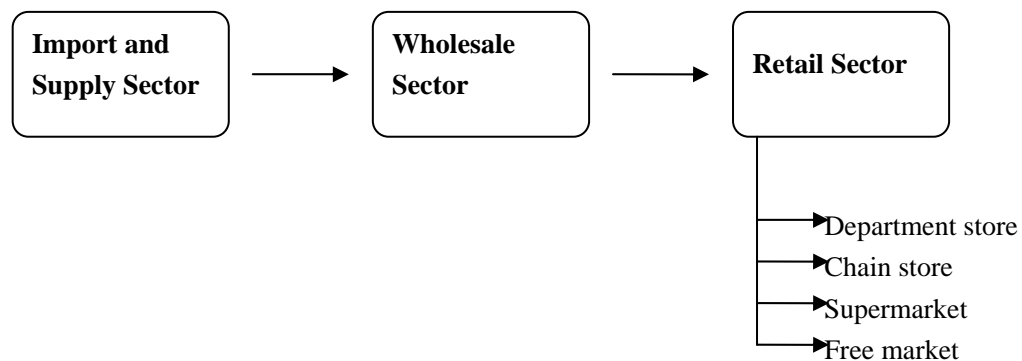
### ***Chinese Casual Wear Companies***

Compared to the large amount of studies devoted to the Chinese consumers, very limited numbers of studies have been developed to understand brand management from a company perspective.

Past research has shown that Chinese brands are facing many challenges, including the constraints from government (Hollows & Clegg, 2006), the impact from traditional culture, and the competition with not only familiar local brand but also aspirational global ones (Cayla & Eckhardt, 2007). Due to the stage of economic development, there are some problems in the distribution channels for brands in China. Figure 3 below depicts the structure of distribution channels for consumer goods in China (Luk, 1997). The problems that happened in distribution channels comprise long and inefficient distribution channels, limited working capital and managerial resources in sufficient channel communications, lack of vertical marketing systems,

informal credit offered to retailers by suppliers and unsatisfactory channel performance (Zhang, Dickson & Lennon, 2008).

**Figure 2-3. Distribution Channels**



Besides the problems mentioned above, some factors that could help build successful brand in the Chinese market were explored in a few previous studies. These studies (Aaker, 1991; Cobb-Walgren et al., 1995; Fan and Pfitzenmaier, 2002; Keller, 2002) indicated that celebrity/star endorsements, sports event sponsorships, advertising across different media and non-price promotion are potentially effective marketing strategies to build a strong brand image and brand loyalty. Tong and Hawley (2009) proved that these strategies are also very effective in the Chinese market. A critical approach to keeping a brand fresh and fashionable in the Chinese market is to create marketing communications that always have an element of novelty and fashionableness (Zhou, et al, 2009). Due to the Chinese consumers' preference of foreign brands especially in the high-end market as well as the Chinese consumers' lack in brand knowledge, many domestic brands have created English names, the western attracting advertising imagery, slogans, logos and other brand elements for

attracting consumers (DeLong *et al* 2004, Cayla and Eckhardt, 2007).

## **CHAPTER THREE**

### **METHODOLOGY**

The goal of this research is to find out how to establish a valued brand in the Chinese market and to establish a Chinese market based casual wear brand-building model through the findings. For this research goal, qualitative research method is used to discover what strategies and activities that apparel companies used to make their brands more competitive in the Chinese market.

The qualitative research design includes a sampling of medium?? or manager in Chinese casual wear companies and some people whose career highly related to apparel in the Chinese market. Data was collected through qualitative interviews using a structured, open-ended research questionnaire as well as secondary data and observation of the Chinese market.

Grounded theory was used as the theoretical foundation for this research. Grounded theory was developed in the 1960s by the sociologist Anselm Strauss and Barney Glaser in order to study the experience of dying patients. The method combined the accuracy of statistical methods with the loose theory-generating style of the Chicago school of sociology (Glaser and Strauss 1967). This theory is used to understand behavior through the participants' aspect, learn about their world, their interpretation of themselves in the interaction, and share their definitions. Charmaz (2000) also defined grounded theory as "the study of experience from the standpoint of those who live it". The research purpose of grounded theory is to explain a given social situation by identifying the core and subsidiary processes operating in it (Baker,



Wuest and Stem, 1992). The final product of grounded theory study is building a substantive theory or a model that is from or grounded in the data, which fits this research goal perfectly.

## **Participants**

Participants were ten people whose careers are highly related to apparel in the Chinese market. They had more than five year work experiences and a certain level understanding of Chinese apparel brands and situations in the Chinese market.

Participants were drawn in the study by combining “convenience sampling” with “purposeful sampling”. These participants were thus selected based on previous established industry relationships, at the same time, participants also were considered as information-rich cases in casual wear brand building area.

## **Interview Questions**

There were three major objectives in this study: 1) to assess brand knowledge of managers in the Chinese casual wear companies; 2), to determine the causes contributing to less value of native brands compared to foreign brands; 3), to identify the strategies that are more effective for building valued native casual wear brands in the Chinese market. Based on these objectives, as well as the review of literature and the discussion with professors who have expertise in the subject field, ten open-ended questions were developed:

Q1: What is (are) the purpose(s) of your brand management?

Q2: How did your company choose the target market for your brand(s)?

Q3: How did your company assure your brand image(s) and products fit your target market?

Q4: What practices have been implemented by your company in brand management during the last three years?

Q5: Which strategies for brand development have been most effective?

Q6: What are the processes for your product development?

Q7: How long did it take your company to build your brand in the Chinese market?

Q8: What difficulties has your company faced during building brands in the past and at present?

Q9: What are the characteristics of the Chinese market and Chinese consumers from your brand perspective?

Q10: How long did it take you to achieve return on investment on brand building, and did it meet your expectation?

### **Purposes of Questions**

*Q1: What is (are) the purpose(s) of your brand management?*

This question is mainly to assess the Chinese apparel enterprisers' knowledge about brand; identifying how they evaluate the function and value of brands. Also, this question helps answer how important they think their brand(s) is (are), whether they concentrate more on brand building or more on manufacture and price competition.

*Q2: How did your company choose the target market for your brand(s)?*

This question is mainly used to assess Chinese apparel enterprisers' knowledge about brand, identifying if they have conducted sufficient customers survey before they develop a brand, this may reveal some problems in branding strategies in China.

*Q3: How did your company assure your brand image(s) and products fit your target market?*

This question is mainly used to assess the Chinese apparel enterprisers' knowledge about brand as well as to discover their brand strategies.

*Q4: What practices have been implemented by your company in brand management during the last three years?*

--- How to gain and strengthen your brand awareness?

--- How to gain and strengthen your brand loyalty?

--- How to maintain your brand image consistently?

---How to measure your price status?

This question is mainly used to find out effective and efficient strategies of branding in the Chinese market, and to determine if they have some problems in this process or if they ignore some of those important elements.

*Q5: Which strategies for brand development have been most effective?*

This question, combined with the last question, is mainly used to find out the most effective strategies for the domestic apparel brand building, as well as to reveal which strategies are less effective.

*Q6: What are the processes with your product development process?*

This question aims to reveal some problems of domestic apparel brand building in product related aspects, understanding who decide what type of products should be produced and how they decide what type of product should be produced, who made the final decision of apparel design, how they operate their distribution channels, as well as if their company system is operated in a smooth and efficient way and so on.

*Q7: How long did it take your company to build your brand in the Chinese market?*

This question is used to test the average time of building an apparel brand in China, which will give people who want to build their apparel brands in the Chinese market an insightful reference.

*Q8: What difficulties has your company faced during building brands in the past and at present?*

This question is mainly used to find out the problems in the past and at present in apparel brand building in the Chinese market.

*Q9: What are the characteristics of the Chinese market and Chinese consumers from your brand perspective?*

This question could help industrial professionals and academic scholars understand the Chinese market and Chinese consumers from the companies' perspective, which could provide future brand builders useful references about the Chinese market.

*Q10: How long did it take you to achieve return on investment on brand building, and did it meet your expectation?*

This question used to assess the value and potential of brand building in the

Chinese market.

### **Procedure**

Data was collected through in-depth, open-ended interviews. This phenomenological approach emphasized the importance of providing a structure for participants to communicate their own understandings, perspectives, and contribution of meaning.

Following the grounded theory methodology, data analysis was conducted by using three levels of coding: open coding, axial coding and selective coding (Merriam, 2002). First, open coding functions by using words and ideas shown in each interview record. Then, axial coding categories sorts open coding into a more meaningful and well-organized way through further analysis. The relationships between each category will become clearer during this procedure. At last, core coding categories are selected and identified to further compare and analyze.

## CHAPTER FOUR

### RESULTS AND ANALYSIS

Eleven interviews were conducted between January and March 2010 to gather information. Eight out of eleven questionnaire returns were eligible and complete responses. Based on the objectives of this study, the questions have been grouped into eight categories as the major issues that need to be examined and analyzed. These eight categories are: 1) Goals to establish brands, 2) Target market, 3) Brand strategies, 4) Brand strategies evaluation, 5) Product development strategies, 6) Challenges, 7) The characteristics of Chinese market and consumers, and 8) The time period of companies to achieved return on investment.

#### **Profile of the Interviewees**

Table 4-1 shows the profile of the interviewees. Beside the position of those interviewees, the year of they devoted in brand building also revealed. All of them works more than 6 year in this industry, and the most experienced one have worked for more than 15 years.

**Table 4-1. Profile of the Interviewees**

Position of Interviewees	The Number of Years they Developed the Brand
Brand Department Manager	15 years
Product Development Manager	8 years
Product Development Manager	11 years
Design Department Manager	12 years
Sales Manager	10years
Sales Manager	7years
Sales Manager	6years
International Trade Manager	8 years

## Goals to Establish a Brand

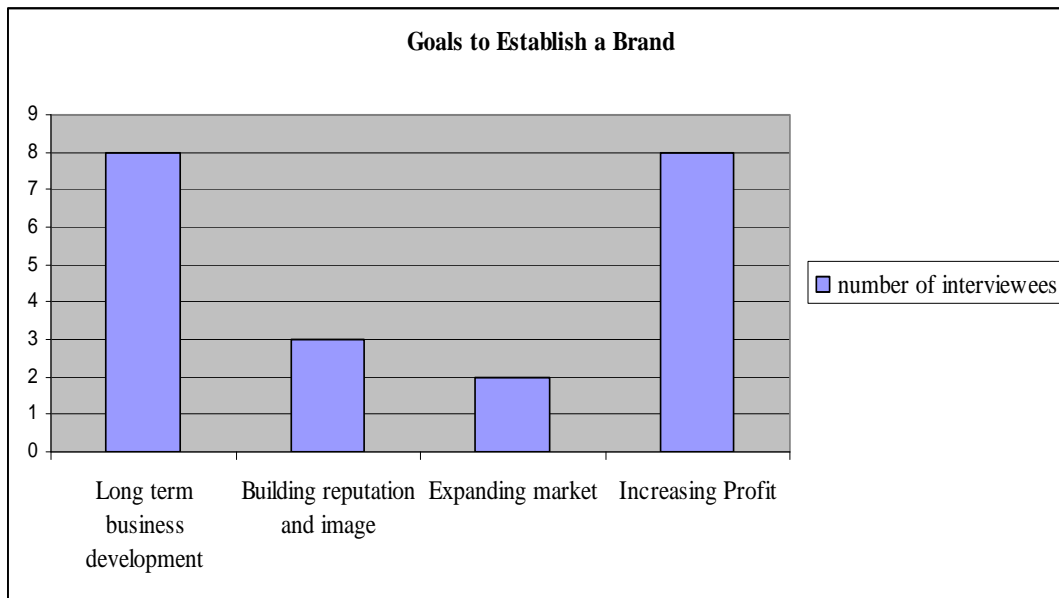
Table 4-2 shows the goals that the interviewees' companies pursued through establishing brands. The most repeated four reasons for Chinese enterprisers to establish a brand are: 1) Long term business development, 2) Building brand reputation and image, 3) Expanding market, and 4) Increasing profit.

**Table 4-2. Goals to Establish a Brand**

Answers derived from the interviews	Summarized Main Points
<p>A1: We decided not to only limit our business in manufacturing and started to establish the brand at the very beginning, because what important is to cultivate culture impact and brand reputation.</p> <p>A2: For the long term development and to raise the profit margin.</p> <p>A3: To maintain high standard in quality and expand market share. Ultimate purpose for any business is to grow profit.</p>	<ul style="list-style-type: none"> <li>● Long term business development</li> <li>● Building reputation and image</li> <li>● Expanding market</li> <li>● Increasing profit</li> </ul>

Figure 4-1 shows that how many interviewees have pointed out which reasons to establish brands. All eight interviewees believed that brand establishment was good for the long term development of a company, and could increase the company's profit. Three in eight indicated that brand could bring good reputation and image for a company and its products. Only two interviewees mentioned brand could help their company further expand their market.

**Figure 4-1. Goals to Establish a Brand**



Clearly, most interviewees have already realized the importance on establishing brands. Although some of them did not understand all the benefits that a brand could generate, their answers revealed that they had certain level understanding of brand value. Furthermore, the interviewees believed that their brands are very important, and are worth the investment of both money and time.

### **Target Market Selection**

Target market was discussed to reveal how the interviewed Chinese casual wear companies chose their target markets. Table 4-3 shows that the two main methods to choose target markets are: 1) Based on common and previous experiences, and 2) Based on professional consulting, which means the company first hired consulting team to investigate market, then made its decision based on the results from the market investigation. Most interviewees didn't provide clear answers about how they chose target markets, instead, they briefly explained their selection of target markets



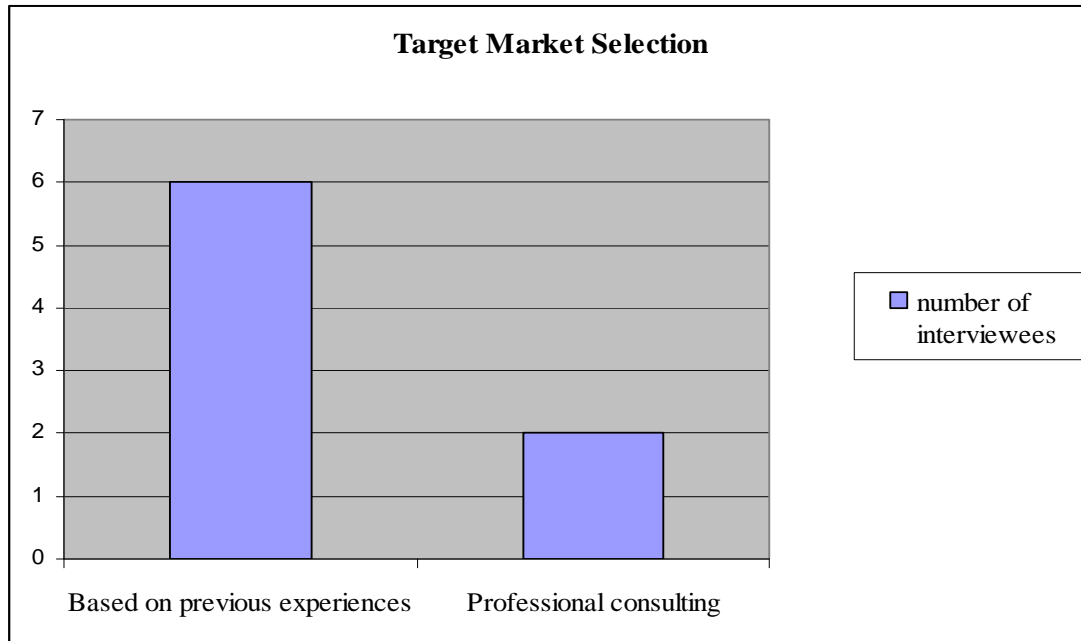
were mainly based on previous experiences or some information and data they collected from public media.

**Table 4-3. Target Market Selection**

Answers derived from the interviews	Summarized main points
<p>A1: We chose this target market based on our own previous experience.</p> <p>A2: Our CEO has excellent fashion sense, he is very good at choosing target market and measuring if our products are fits our target market.</p> <p>A3: We hired professional consulting company and market research company to evaluate different market segment.</p>	<ul style="list-style-type: none"> <li>● Based on own previous experiences</li> <li>● Based on professional consulting</li> </ul>

Figure 4-2 shows that six out of eight interviewees indicated that their companies chose the target markets based on their own previous experiences and/or common sense. Most of them didn't clearly explain what "previous experiences and common sense" is, but some of them did mention secondary data were their major references. Only two interviewees stated that their companies hired professional consulting team to investigate market, and made their final decision based on the results generated from the market research.

**Figure 4-2. Target Market Selection**



The results indicated that most interviewees didn't realize the importance and benefits of using the professional consulting team to advance their market knowledge. Their decision making process on target market was largely based on senior executives' opinions and personal experience rather than rigorous analysis using primary market research data. On the other hand, a small portion of interviewees has already started to use professional consulting team and recognized the benefits from utilizing external professionals on target market research.

### **Brand Strategies**

Table 4-4 summarizes the interviewees' responses to brand strategy question. This category unveiled certain strategies that Chinese casual wear companies have deployed to establish or enhance their brands. The answers are not uniform but quite diverse. Seven strategies have been generally considered as major modes that were

effective for establishing casual wear brands in the Chinese market. They were: 1) Creating differences. It means company should always try to create uniqueness in brand image and products. 2) Keeping pursuing new styles. This measures the capability of product design team on incorporating the latest trend to design the most fashionable products to attract target customers. 3) Using celebrities to present companies' products in certain public events. 4) Providing sponsorship to charity or sports events. 5) Most interviewees believed that advertising in public media is necessary to promote their brand reputations and enhance their brand images. 6) Several interviewees mentioned creating VIP club and offering special service to VIP club members would increase customers' brand loyalty. 7) In general, interviewees believed that putting the brand logo in the visible place of a garment could help customers remember the brand name and enhance the brand awareness effectively.

**Table 4-4. Brand Strategies**

Answers derived from the interviews	Summarized main points
<p>A1: We always try to make our products different from other products in this category.</p> <p>A2: we keep designing new products, catching the newest fashion trends; let other learn our styles, then keep customers' eyes on our products.</p> <p>A3: The two main strategies we used to establish and maintain our brand image are celebrity advertisement and doing sponsorship for TV shows or certain events.</p> <p>A4: To grow a brand to be well known and invest in advertisement might be much more important than cost and quality management.</p>	<ul style="list-style-type: none"> <li>● Create differences</li> <li>● Keep pursuing new style</li> <li>● Celebrities</li> <li>● sponsorship</li> <li>● Advertisement</li> <li>● VIP</li> <li>● LOGO</li> </ul>

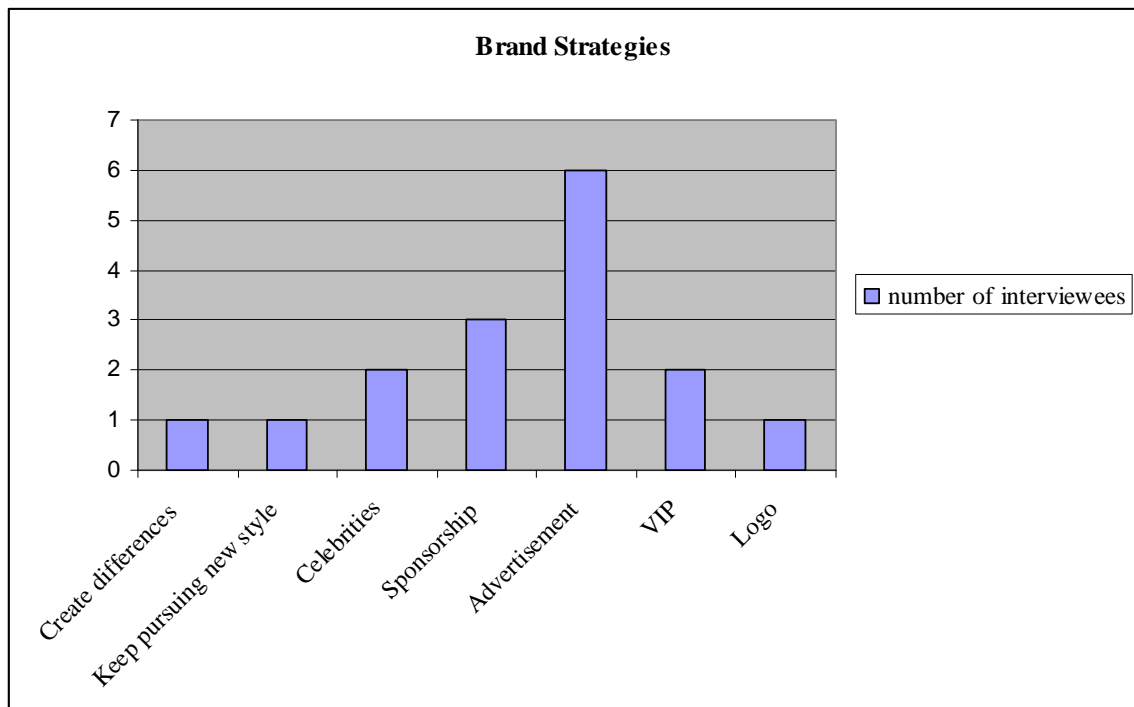
(Table 4-4 continues)

**(Table 4-4 continued)**

Answers derived from the interviews	Summarized main points
A5: We establish our own customer club, and VIP system, offer some special service and gift for loyalty customer. Such as send the new season's catalog or sent little gift in special festival.  A6: We always made the brand logo as memorable as possible	

Figure 4-3 shows the distribution of interviewees' responses on brand strategies. Obviously, advertising in public media is the most common way that was used by Chinese casual wear companies. Six interviewees indicated their companies had continued cooperation with certain public media such as television channels and magazines, as well as made budget for regular investments in advertisement every year. Providing sponsorship to TV programs or public events was also considered as one of the most common ways to convey the brand culture and image. Since the major concept of casual wear is about informal, relax, and sporty, outdoor sports games or certain environmental friendly events were preferred. Only two out of eight interviewees mentioned establishing VIP service as well as using celebrities' endorsements. Creating differences, keeping pursuing new styles and making brand logo more visible and memorable were highlighted by certain casual wear companies.

**Figure 4-3. Brand Strategies**



### **Brand Strategies Evaluation**

The question about brand strategies evaluation was meant to identify the evaluation process of brand strategies. But almost all interviewees indicated it was difficult to determine which strategies were most effective. Most of them only said they “believe” which is useful, or generally pointed out their evaluations were “based on previous experiences”. However, when they were asked about the evaluation process of brand strategies, most of them couldn’t provide a clear answer. Clearly, a reliable method for evaluate the effectiveness of brand strategies haven’t been discovered by Chinese casual wear companies.

**Table 4-5. Brand Strategies Evaluation**

Answers derived from the interviews	Summarized main points
<p>A1: It is hard to tell which strategy was the most effective one.</p> <p>A2: We believe investing in a good design team, maintaining a high standard of production quality, and having strong sales person, are definitely the keys.</p> <p>A3: Based on previous experience, I think the uniqueness in our products design is the key.</p> <p>A4: Although we are not sure which strategy is most effective, but we believe the success belongs to the combination of all the strategies we have used, so if the overall situation is good, we will keep doing those strategies.</p>	<ul style="list-style-type: none"><li>● No clearly evaluation system</li></ul>

### **Decision Making on Product Development**

Product development is an important part of branding. In this research, the question about product development was mainly used to test how those Chinese casual wear companies made their decision about products designation. Table 4-6 shows that casual wear product development in China is oriented by sales people. Most interviewees indicated they produced products based on sales people's feedbacks and choices. Although some companies mentioned the senior level managements would have meetings to discuss about product development then make the decisions, the decisions were mainly made based on sales reports.

**Table 4-6. Decision Making on Product Development**

Answers derived from the interviews	Summarized main points
<p>A1: We produced products based on sales people’s feedbacks.</p> <p>A2: It is the sales people decide which style and how many pieces should be produced.</p> <p>A3: When developing products, we normally combined three different aspects: last season’s sale performance, consumer survey, and fashion forecasting. Several senior managers would have meetings for two to three times, then make decisions together.</p>	<ul style="list-style-type: none"> <li>● Oriented by sales people</li> <li>● Fashion forecasting</li> </ul>

**Challenges in Brand Establishment**

This category aimed to identify some challenges that Chinese casual wear companies have encountered while establishing brands. The answers revealed that four major challenges for casual wear brand establishment are: 1) Financial demands, 2) The complicated market situation in China, 3) The shortage of well educated workers, and 4) Storage issues. The details are provided in Table 4-7.

Many interviewees indicated that there were very limited upper class powerful public media. While more and more casual wear brands appeared in the Chinese market, the competition of advertisement and being sponsorship of public events became very fierce. The cost of advertisement and sponsorship rose fast. This situation has caused significant pressure on company’s budgeting.

Some interviewees also stated that the Chinese market is very complicated. Due to the massive size of Chinese market and it’s variety in geography, race, income level and culture, it is a challenge to further expand market to different areas.

Another challenge for Chinese casual wear companies is lack of well educated professional employees. Interviewees pointed out that a large amount of people who worked in apparel industry were under educated. This situation is not good for the industry upgrading, and make brand establishment harder. People who have extensive brand knowledge and related experiences are highly desired by the domestic apparel companies.

Storage also is an important factor that needs to be considered. Since the Chinese market is complicated and the competition of brand establishment becomes fierce, the sales performance might not as good as the company expected at the beginning, a well prepared storage space would be important.

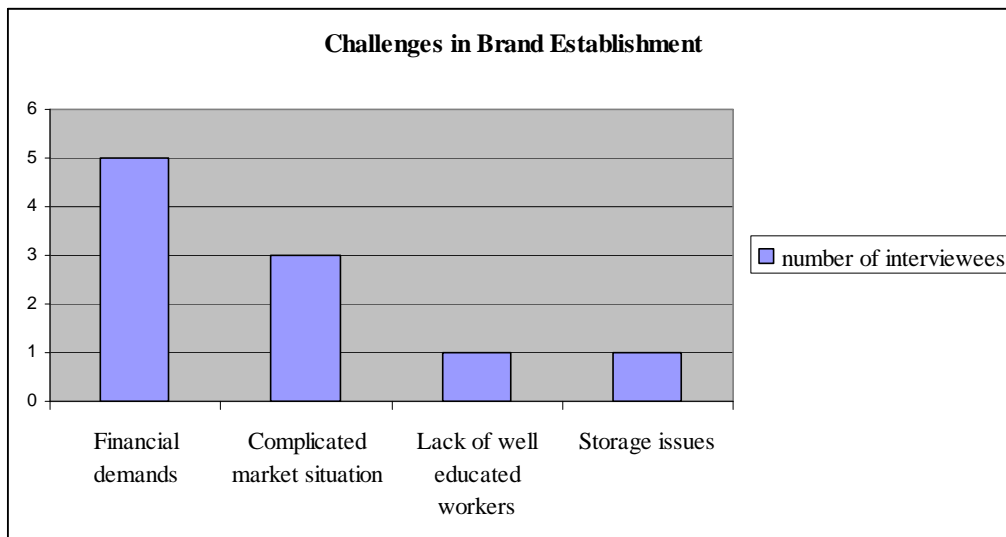
**Table 4-7. Challenges in Brand Establishment**

Answers derived from the interviews	Summarized main points
<p>A1: Market expansion, advertisement, market trend research takes lots of money, but no guarantee of success. This is the biggest risk and difficulty for our company now.</p> <p>A2: The Chinese market is very large and complicated. It has many varieties. It is hard to satisfy every market segment.</p> <p>A3: The people who worked in this industry were lack of knowledge of brand management. Well educated people are strongly desired by this industry.</p> <p>A4: The investment in advertisement and sponsorship is rising fast, it's getting more and more difficult to meet the financial demands.</p> <p>A5: At the beginning of our brand establishment, since the sale was not as good as we expected, storage became the biggest problem.</p>	<ul style="list-style-type: none"> <li>● Financial demands</li> <li>● Complicated market situation</li> <li>● Lack of well educated workers</li> <li>● Storage issues</li> </ul>



Figure 4-6 reveals financial demand is the most common challenge for Chinese casual wear companies while building brands. At the same time, three out of eight interviewees pointed out the complicated situation of the Chinese market brought many challenges to their businesses. One company mentioned about their desire of well educated workers, another company had storage issues while they just began to establish their brand, because the sale was not quite satisfied, and it was hard to find place to store those unsold products.

**Figure 4-6. Challenges in Brand Establishment**



### **The Characteristics of Chinese Market and Consumers**

This part mainly revealed the characteristic of the Chinese market and Chinese consumers from casual wear companies' point of view. The interviewees indicated four major characteristics: 1) Chinese consumers' purchase intentions are highly driven by brand popularity. Once a brand become famous, a large amount of consumers would start to adorn this brand blindly, and be willing to spend more money purchasing this brand. 2) Since Chinese consumers have positive attitude

toward fashion styles from developed nations, the product designs that imitate the fashion style from those nations, especially from Japan and South Korea, would be more attractive to Chinese consumers. 3) The Chinese market is very complicated and has many varieties, and 4) Although Chinese consumers would like to spend more money purchasing popular brands, based on today's economic situation, most of Chinese consumers are still very cautious about price. The details are listed in Table 4-8 blow.

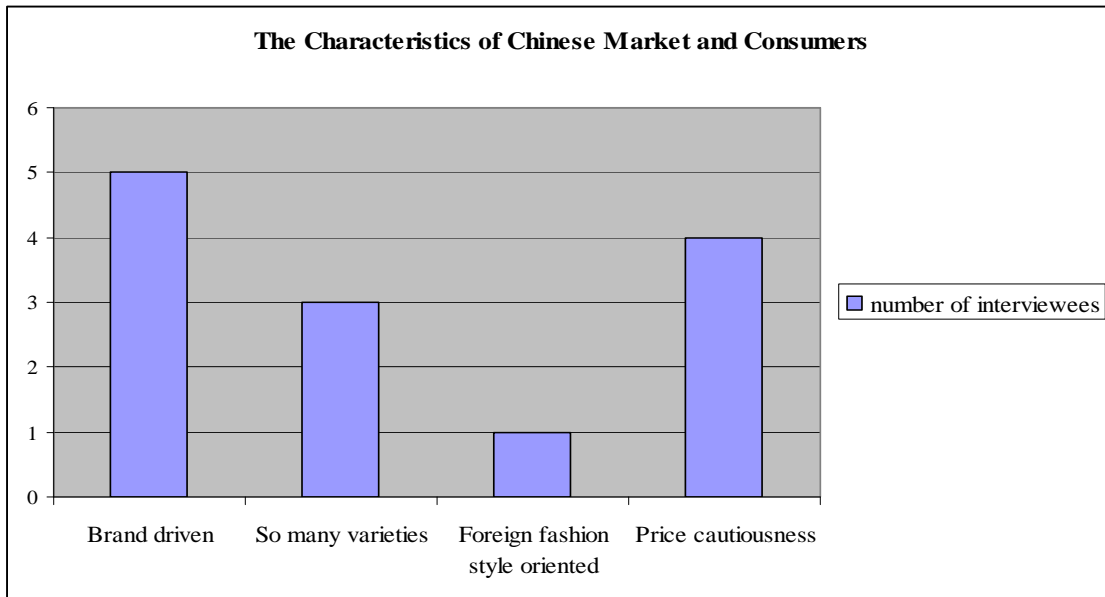
**Table 4-8. The Characteristics of Chinese Market and Consumers**

Answers derived from the interviews	Summarized main points
<p>A1: Once a brand becomes well known, consumers are relatively less price sensitive.</p> <p>A2: The Chinese market has many varieties, and consumption power is so diverse among different people and areas.</p> <p>A3: Customers are easily attracted by foreign fashion styles.</p> <p>A4: Although Chinese consumers' incomes are rising, because the economic situation is difficult these years, the Chinese customers are still very cautious about price.</p>	<ul style="list-style-type: none"> <li>● Brand driven</li> <li>● So many varieties</li> <li>● Foreign fashion style oriented</li> <li>● Price cautiousness</li> </ul>

Figure 4-7 shows that brand driven purchase has already become the main trait of the Chinese market, five out of eight interviewees indicated that Chinese consumers' purchase behavior were driven by brands' reputation. Half of interviewees recognized that Chinese consumers still considered price as a major factor while purchasing casual wear. Also, three out of eight interviewees mentioned the complication of the Chinese market again in this part, and one interviewee indicated

that Chinese consumers' preference of foreign fashion styles.

**Figure 4-7 The Characteristics of Chinese Market and Consumers**



**Time Length of Companies to Achieve Return on Investment**

The time length for Chinese casual wear companies to achieve the return on investment (ROI) through establishing a brand was also tested. Table 4-9 below shows that it took most interviewees less than two years to gain ROI. It might explain why all interviewees indicated the brand value in the previous question.

**Table 4-9. Time Length of Companies to Achieve Return on Investment**

Answers derived from the interviews	Summarized main points
A1: about a half year	<ul style="list-style-type: none"> <li>● Less than two years</li> </ul>
A2: About one year	
A3: About one and a half years	
A4: It's about one to two years	
A5: Within two years	

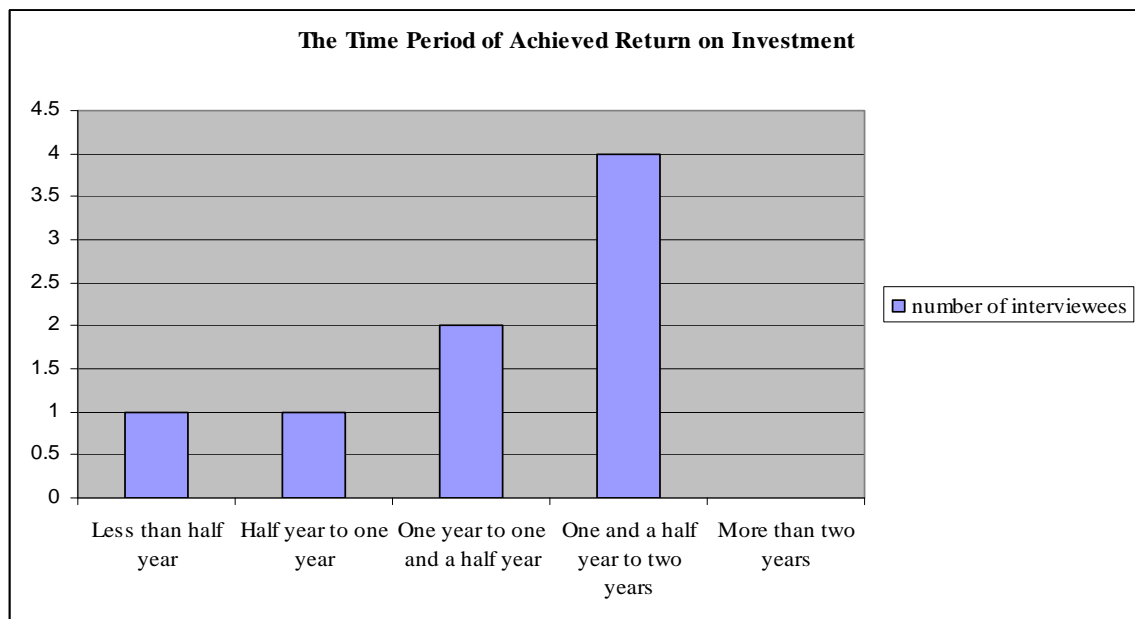
(Table 4-9 continues)

(Table 4-9 continued)

Answers derived from the interviews	Summarized main points
A6: Almost two years	
A7: Around two years	
A8: About two years	

Figure 4-8 shows that half of interviewees spent about one and half years to achieve ROI on brand establishment. Three out of eight interviewees took less than one year. One interviewee said it only took them a half year to get back the return of their investment.

**Figure 4-8. Time Length of Companies to Achieve Return on Investment**



## **CHAPTER FIVE**

### **CONCLUSIONS**

The goal for this research was to determine the characteristics of the Chinese apparel market, Chinese consumers and Chinese casual wear companies as well as find out how to establish a valued brand in the Chinese market. This research interviewed eight industrial professionals who work in the Chinese casual wear companies as senior managers and revealed some phenomena of the Chinese casual wear market and companies from the insiders' point of view. As an exploratory study, all results are derived from the eight in-depth case studies. Through data analysis, the eight industrial professionals' opinions were grouped into three aspects. They are 1) status quo of the Chinese casual wear market, 2) status quo of Chinese casual wear companies, and 3) effective branding strategies for Chinese casual wear companies.

#### **Status Quo of the Chinese Casual Wear Market**

It is no doubt that the Chinese market is big and diverse to these eight domestic Chinese casual wear companies. The variety of cultures, income levels, and geographic locations bring many challenges to these companies, especially when they try to quickly expand their market using uniform strategies. Also, with the rapid development of economy, the cost of building a brand in China has become much more expensive. More and more companies have realized the importance of brand and taken part in the movement of branding, the price of advertising in public media and providing sponsorship to public events has been rising consistently in the past few

years. So the companies that would like to start brands establishment in the Chinese market, might need to be better prepared for the intensive competition, and carefully cautious about budget.

In the meantime, Chinese consumers' shopping behaviors are also changing. Apparently, the Chinese consumers become more aware of brands. A large amount of Chinese consumers have started to pursue famous brands and been willing to spend more money on these fashionable goods. However, some contradictions are also revealed by the answers of the interviewees. Although some interviewees mentioned that Chinese consumers started to spend more money on purchasing products from famous brands, Chinese consumers still exhibited strong cautiousness to price. So companies that want to establish valued brands in the Chinese market would need to price their products carefully and well plan the amount of products that they decide to sell to the target market.

### **Status Quo of Chinese Casual Wear Companies**

In this study, all eight senior managers have already recognized the benefits and advantages that brand could bring to their business such as higher profit, more sustainable business development, and larger market share. Most of them considered brand as an important asset of their companies and would like to continue to invest time and money on branding.

While the industrial professionals have started to understand the value of brand and prepared to enter the brand era, some challenges have been experienced during

this process. Inside the Chinese casual wear companies, the immaturity in of brand knowledge and brand management has been indicated. First of all, most of the eight companies made their decision generally based on previous experience and common sense, rather than rigorous analysis using primary market research data. There is a lack of sophisticated market research involved in brand building among most interviewees' companies. This situation happened in many stages of brand development in these Chinese casual wear companies, such as target market selection, brand strategy evaluation, *etc.* As a result, some companies might have to change their products to achieve success. Moreover, one of the major challenges casual wear companies encountered during market expansion was the complexity of the Chinese market. It is believed that a sophisticated and professional market research would be helpful for companies to understand different market segments.

Second, well educated employees are highly desired by some of the eight casual wear companies. Previously, Chinese casual wear companies mainly focus on manufacturing products for foreign brands, so a large amount of people who work in this sector don't have enough knowledge about how to establish their own brands. The lack of brand knowledge clearly made brand establishment more difficult for those casual wear companies.

Finally yet importantly, one noticeable phenomenon happened in these eight companies is it took relatively short period for them to achieve ROI on brand building. The time period normally was shorter than two years. There could be two possible explanations for this phenomenon. First, the Chinese market is suitable for building

brands in this period. Second, those brands that have been established for more than two years and still haven't achieved desired return were already considered as failed brands, and have been abandoned by their owners.

### **Effective Branding Strategies for Chinese Casual Wear Companies**

Some strategies have been identified in general as effective approaches in building brands in the Chinese market. Advertisement and public event sponsorship were considered as the most common and major ways to disseminate brand culture and brand image. Some interviewees indicated that the cost of advertising and sponsoring on TV shows are rising fast in recent years. Some companies have to eliminate the time of their advertisement or switched their advertisement to a cheaper media. Sponsorship for sports game or public charity events is another method to spread brand culture of casual wear. This approach could not only promote the brand culture successfully but also build a positive public reputation for the companies. Inviting celebrities to be spokesmen for a brand is also a major way to enhance the brand awareness. The reputation of a successful celebrity could augment brand awareness immediately, but contracting with famous celebrities also needs significant financial investment. Brand logo has been generally indicated as an effective way to enhance brand awareness. It was important to make sure every piece of product has brand logo on it consistently. Frequent exposure to a brand logo would help consumers remember the brand.

To maintain customers' brand loyalty, some companies established their VIP



clubs and offer special services to customers including sending product catalog every season, giving little gifts in special occasions, and offer special discounts. Some companies found their special ways to attract consumers. For instance, they brought uniqueness and novelty to their product design to make their products not only casual but also stylish. These companies believed that those people who understand and admire their uniqueness and fashion sense would become the most loyalty customers of their brand.

### **Limitations**

First, due to the limited resources and the challenge of getting interviews with industrial people, there were only eight eligible questionnaire returns received to conduct this analysis, the results were mainly derived from the eight interviews.

Second, this research was mainly concentrated on the casual wear companies, so the generalization of findings to other sectors should be cautious.

### **Future Work**

More interviewees could be included in future studies, so the results of the study could be further certified. In addition, a branding strategy evaluation model could be developed for Chinese casual wear companies. Therefore, companies could evaluate the effectiveness of their branding strategies. Furthermore, other sectors of apparel products could be concluded to conduct future studies.

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## APPENDIX

### WASHINGTON STATE UNIVERSITY

*(Department of Apparel, Merchandising, Design and Textiles)*

#### Research Study Consent Form

**Study Title:** A Study of Effective Apparel Brand Building Strategies in the Chinese Market

**Researchers:**

Principal Investigator: Ting Chi, Assistant Professor

Co- Investigator: Ranran Xiao, Graduate Student

You are being asked to take part in a research study carried out by [*Ting Chi and Ranran Xiao*]. This form explains the research study and your part in it if you decide to join the study. Please read the form carefully, taking as much time as you need. Ask the researcher to explain anything you don't understand. You can decide not to join the study. If you join the study, you can change your mind later or quit at any time. There will be no penalty or loss of services or benefits if you decide to not take part in the study or quit later. This study has been approved for human subject participation by the Washington State University Institutional Review Board.

**What is this study about?**

This research study is being done to [1. Assess the brand knowledge of senior executives in the Chinese apparel companies; 2. Determine the factors contributing to less value of native Chinese apparel brands compared to foreign brands; 3. Identify the effective strategies for building valued brands in the Chinese apparel market.

You are being asked to take part because [You have sufficient knowledge about the Chinese apparel market and apparel brand development *and management*]. Taking part in the study will take about [40 minutes].

**What will I be asked to do if I am in this study?**

If you take part in the study, you will be asked to listen an explanation of research procedure and a description of interview questionnaire. After you understand the

research procedure and questionnaire, you will be asked to sign the consent form which certifies you agree to participate in this research. Then you will be asked to answer 10 open-ended questions.

You are free to refuse to participate or to withdraw your consent to participate in this research at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name as a participant in this project.

### **Are there any benefits to me if I am in this study?**

The potential benefits to you for taking part in this study are: The research result will be shared with you for free, but NO confidential information will be leaked.

### **Are there any risks to me if I am in this study?**

The potential risks from taking part in this study are minimum.

- Any information that can identify human participant will be coded and kept confidentially.
- You may feel confident that information provided will not be associated with your company or you.

### **Will my information be kept private?**

The data for this study will be kept confidential to the extent allowed by federal and state law. No published results will identify you, and your name will not be associated with the findings. Under certain circumstances, information that identifies you may be released for internal and external reviews of this project.

Participants' responding will be recorded by tape and notes, the identities of all research participants will be coded by assumed name and number, All the data will be kept in Dr. Ting Chi's office, and only Dr. Ting Chi and Ranran Xiao have the access to those data.

The results of this study may be published or presented at professional meetings and research journals, but the identities of all research participants will remain anonymous

The data for this study will be kept for 5 years.

### **Who can I talk to if I have questions?**

If you have questions about this study or the information in this form, please

contact the researcher [Dr. Ting Chi at (509) 335-8536 or Ranran Xiao at (315)200-2844]. If you have questions about your rights as a research participant, or would like to report a concern or complaint about this study, please contact the Washington State University Institutional Review Board at (509) 335-3668, or e-mail irb@wsu.edu, or regular mail at: Albrook 205, PO Box 643005, Pullman, WA 99164-3005.

### **What are my rights as a research study volunteer?**

Your participation in this research study is completely voluntary. You may choose not to be a part of this study. There will be no penalty to you if you choose not to take part. You may choose not to answer specific questions or to stop participating at any time.

### **What does my signature on this consent form mean?**

Your signature on this form means that:

- You understand the information given to you in this form
- You have been able to ask the researcher questions and state any concerns
- The researcher has responded to your questions and concerns
- You believe you understand the research study and the potential benefits and risks that are involved.

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### **Statement of Consent**

I give my voluntary consent to take part in this study. I will be given a copy of this consent document for my records.

\_\_\_\_\_

Signature of Participant

Date

\_\_\_\_\_

Printed Name of Participant

### **Statement of Person Obtaining Informed Consent**

I have carefully explained to the person taking part in the study what he or she can expect.

I certify that when this person signs this form, to the best of my knowledge, he or she understands the purpose, procedures, potential benefits, and potential risks of participation.

I also certify that he or she:

- Speaks the language used to explain this research
- Reads well enough to understand this form or, if not, this person is able to hear and understand when the form is read to him or her
- Does not have any problems that could make it hard to understand what it means to take part in this research.

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Signature of Person Obtaining Consent

Date

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Printed Name of Person Obtaining Consent

Role in the Research Study