Factors of branding
A Case Study of Hennes & Mauritz AB in China

Author: Lupeng Ye 861017-T020 Phone: 076-5828951
Jieying Wu 850514-T184 Phone: 076-5828911

Supervisor: Jonas Kagstrom

Date: 2009.05.18
Abstract

Title: Factors of branding - A Case of Hennes & Mauritz AB in China.
Level: Degree of Bachelor of Science in Business Administration
Author:  Lupeneg Ye 861017-T020
Jieying Wu 850514-T187
Supervisor: Jonas Kagstrom
Date: 2009-05-18

Introduction: H&M has been in China for three years. The consumers in China are still enthusiastic with this brand when the first store in the capital city, Beijing. In this paper, we use the concept of brand identity and brand image and outline a conceptual model for understanding and studying the customer experience of H&M in China. Case study illustrates how this model works in the design and management of the branding in H&M.

Purpose: The purpose of this study is to obtain suitable and sufficient information to exemplify how H&M is branding, especially in China, and how the specific Chinese consumers react to this brand.

Method: We use quantititative approach to collect data and Blogs are our key channels to gather information what we need. Then both primary data and secondary data were used in our study.

Conclusion:
We highlight some key aspects and findings from several articles and discuss the important roles of three main factors around H&M, we use them in the study, brand management, market, consumers, and the H&M’s facts. The outcome of this study contributes to the existing brand identity and brand image literatures by understanding the factors influencing consumers and the market in China.
Acknowledgement

We are very thankful to our thesis supervisor Jonas Kagstrom. During the process of our thesis writing, he has given us many valuable suggestions and help, especially the idea of blog research. That becomes the special point of our thesis. The suggestions make us know how to write a proper thesis and how is the right one. Hence, we have to thanks to Jonas Kagstrom and without his help we are impossible to finish our thesis.

Luepning Ye
Jieying Wu
# Table of Contents

1 Introduction ........................................................................................................... 1
   1.1 Background .................................................................................................... 1
   1.2 Research area ............................................................................................... 2
   1.3 Purpose .......................................................................................................... 3

2 Theoretical frameworks ......................................................................................... 3
   2.1 Understanding transparent market ........................................................... 3
   2.2 Consumers in coastal region ...................................................................... 4
   2.3 Target group ................................................................................................. 5
   2.4 Consumer decision-making styles ............................................................ 6
   2.5 Brand identity and brand image ................................................................ 8
      2.5.1 Brand identity .................................................................................. 8
      2.5.2 Brand image .................................................................................... 9
      2.5.3 The relationship of brand identity and brand image ................... 9
   2.6 Structure of this study ............................................................................... 10

3 Methodology .......................................................................................................... 11
   3.1 Research purpose ....................................................................................... 11
   3.2 Research approach .................................................................................... 12
      3.2.1 Case study ..................................................................................... 12
      3.2.2 Qualitative approach and Quantitative approach ...................... 13
   3.3 Theories research ....................................................................................... 14
      3.3.1 Consumer Style Inventory (CSI) ................................................. 14
      3.3.2 eWOM and blog effects ............................................................... 15
   3.4 Data collection ............................................................................................ 17
      3.4.1 Primary data collection ................................................................ 17
      3.4.2 Secondary data collection ............................................................ 19
   3.5 Source of data ............................................................................................. 20
      3.5.1 Blogs ............................................................................................... 20

4 Empirical study ...................................................................................................... 21
1 Introduction

The introduction presents a background of our primary idea for writing a thesis of brand strategy and why we choose H&M. Research area and purpose will also be discussed in this Chapter.

1.1 Background

On April 23rd in 2009, the new store in Beijing of H&M was finally opened. So far, H&M has opened 14 stores in China. The new store is also located in the very centre of the city. The first store H&M opened was in Shanghai in 2007, before its opening in Beijing, the fashion fans there have been waiting for this fashion brand two years. With the new fashion line “Matthew Williamson for H&M” launched in Beijing, a long queue waiting outside reminded them of the day which the first store opened in Shanghai.

Beijing is the capital city with a large population and commercial opportunities in China, which H&M considers it to be an important city to promote its products and brand. No matter opening in Hong Kong, Shanghai or Beijing, we see people there be crazy of H&M. So we are wondering which market strategy of brand management H&M is doing and how they consider the Chinese consumers referring to their brand strategy.

There are several reasons for us to write about this international brand H&M. First, before we came to Sweden, we have been majoring in Business Management for three years in our former university in China. We are enthusiastic about the topics and issues of Branding and Business Management. Second, as exchange students, now we
have chance to stand from Sweden, to see this one of the biggest fashion retailer companies operating, simultaneously, we will give some points of view from how Chinese considering H&M. Further, under the situation of financial crisis around the world, H&M is still positively growing with its big sales volume, so we are trying to figure out how H&M works with its sustainable marketing strategy.

1.2 Research area

Nowadays more and more “Fast Fashion” brands are planning or entering into China. The power of consumption and fashion sense of Chinese consumers are expanding too, so this is the best opportunities for some famous fashion retailer companies to get into or retain their sales volume and name with a suitable brand strategy.

H&M as a fresh man, arising in the “Best Global Brands”, ranked position of the 22nd in 2008; also it got the best “Brand Value” in Europe. Posting strong sales in difficult conditions, the inexpensive, trend-conscious Swedish brand continues to grow into an industry leader. It is aggressively pursuing geographic expansion, specifically targeting China, Russia, the Middle East, and Egypt. It has tapped into celebrity culture with collections from Madonna, Kylie Minogue, and Roberto Cavalli and this year’s Matthew Williamson expanding the fan base of the brand and legitimizing its status on a world stage. Innovative channels for connecting with the consumer, such as MySpace, Facebook and the Sims2 computer game, increase the frequency and depth of engagement (interbrand 2008).

After reading many articles and news about H&M recently, we primarily connected this company case with brand, market, customers. With these three main factors, we will focus in the market of China and some specific consumers. The selection of this sector is appropriate because it is a sector (retailing) and context (fast fashion) where image and identity concepts are arguably more important and more visible than in any other sector (Hines and Bruce, 2001).
1.3 Purpose

The purpose of this study is to obtain suitable and sufficient information to exemplify how H&M is branding, especially in China, and how the specific Chinese consumers react to this brand.

Then we develop a conceptual model for understanding how H&M is working and what are the main factors affect its branding and how they interacting with each other. With the existing marketing and branding theories, we structure article as follows: First, we review the nature of brand management. Second, we discuss the literature relating to eWOM, blog effects, market, the customer decision-making styles and brand code. Third, we explain the process of developing the conceptual model for how H&M works. Fourth, we explain the model and its key components. Fifth, we use case study of H&M and bloggers’ articles and comments, to illustrate our basic model of this study. The bloggers all have good knowledge of fashion and H&M. Finally, we discuss the contribution of the article together with managerial implications and future research opportunities.

2 Theoretical frameworks

This chapter presents the foundation to the thesis and explains the area of the framework used in this study to analyze how H&M branding, and which factors affecting its branding strategy of introduction to growth into China. Market, consumers, brand knowledge fit to our study are introduced in this chapter.

2.1 Understanding transparent market

The advent of the transparent market has important implications for branding. Production is now controlled by customer values-the needs of the individual are
dominant driver. The result is transparent production where customer has full insight, and products that are also transparent, including the values and the knowledge behind them. Everything becomes open to the consumer.

The arrival and expansion of the Internet has extended consumers' options for gathering product information by including other consumers' comments, posted on the Internet, and has provided consumers opportunities to offer their own consumption-related advice by engaging in electronic word-of-mouth (eWOM) (Hennig-Thurau et al., 2004). (Gruen et al., 2006) suggest that the customer-to-customer know-how exchange, a specific form of eWOM, has a direct relationship with loyalty intentions, as well as an indirect relationship mediated through the overall value of the firm's offering.

Better informed than ever before, a process accelerated by the internet, and new consumers are much more critical than their predecessors. They reveal what is behind it, simply by asking a lot of difficult questions about such matters as production ethics and the origin of products. The consumer also puts pressure on the brand value, questioning the price premium, and is generally looking for ‘real’ value (Thomas Gad, 2001)

2.2 Consumers in coastal region

Consumers’ purchase goals, product knowledge, involvement, and purchase behavior vary; and successful marketers often adapt their marketing strategies to appeal to specific consumers group (J. Paul et al., 1999).

Connected to a target market, there is consumer’s factor what marketers concern much. Market segmentation is an important knowledge. It is defined as the process of driving a market into groups of consumers that are similar in the way they react to elements of the marketing mix, and selecting the most appropriate group(s) for them
to serve (J. Paul et al., 1999). Knowledge about differences in consumer shopping patterns would be useful in helping marketers devise effective marketing strategies in this highly important emerging market (Durvasula et al., 1993).

The exposure to Western businesses and culture has provided consumers in coastal cities with an alternative worldview. The economy in the coastal region has also been leading the country for hundreds of years, developing a vastly superior industrial sector (Chen and Wu, 2005; Zheng, 2006), Consumers in a more industrialized environment are more likely to have Western-oriented values and are more individualistic than others (Ralston et al., 1993). Past research (e.g., Ralston et al., 1993) has indicated that exposure to Western influence tends to make people from Eastern cultures more individualistic. Empirical studies have confirmed this notion—Chinese coastal consumers have been found to be more individualistic than inland consumers (e.g., Zhang et al., 2008).

Since brands are often used for social recognition in individualistic cultures (Manrai et al., 2001), coastal consumers would be more conscious of the brands they choose (Joyce et al., 2009). Furthermore, openness to other cultures has been linked to greater brand consciousness in past research (Vida and Fairhurst, 1999). Being more cosmopolitan can explain the huge popularity of Western icons such as McDonald's in the coastal region (Robison and Goodman, 1996).

### 2.3 Target group

Multinational corporations have entered China with increasing regularity, bringing their brands and products to increasingly brand conscious Chinese consumers ((Aron O’Cass and Eric Choy, 2008). This is particularly so for the young adult consumers, generally referred to as the Generation Y, as this Gen Y cohort in China has been found to possess a higher propensity to spend (Arora, 2005; Maher et al., 2004; McEwen, 2005; Liu, 2002; Stanat, 2006) and focus increasingly on fashion and
Consumers currently range from 14 to 31 years old and many are in, or getting ready to enter college (approximately 34% of Gen-Y is currently 18–23; while another 36% is 24–30 years old) (Paul, 2001). Janoff (1999) points out those college-aged individuals are often experiencing the freedom of being on their own for the first time, and thus have specific wants and needs as consumers. Based on the recent research (Aron O’Cass and Eric Choy, 2008), generation Y Chinese young adult consumers who are high in consumer involvement will likely perceive those premium brands as status brands and such perception on brand status will significantly and positively affect their attitude towards the brand. Consequently, consumers who perceive higher status with a brand will generally hold a positive attitude towards the brand and ultimately will be more willing to pay a premium for that particular brand.

Since H&M has their target consumer: women, men, youth and Children, we are focusing on the age ranging from 19 to 35 of women, men and youth. It is important in our study to know these consumers behavior when they are buying or commenting with fashion.

### 2.4 Consumer decision-making styles

Consumer decision-making styles are defined as mental orientations that determine a consumer's approach to making choices among products in the marketplace (Sproles and Kendall, 1986). In our study, we’d like to focus on the fashion bloggers’ decision-making style and their attitude towards H&M. Because there’s enough information to let fashion bloggers know H&M, so we also searched the bloggers who haven’t tried on H&M but know fashion and brand well. We have selected these bloggers with specific status, such as age, education, occupation and gender to fit our research.
Focusing on the cognitive and affective orientations in consumer decision making, Sproles and Kendall's (1986) Consumer Style Inventory (CSI) categorizes decision-making styles of shoppers into eight categories:

- **Perfectionism/quality consciousness.**
  - This is characterized as a consumer's search for the highest quality in products.

- **Price or value consciousness.**
  - Consumers who are careful about product prices and “value for money” look for sale prices and are comparison shoppers.

- **Confusion due to overchoice.**
  - Some consumers feel there are so many brands and stores from which to choose and have difficulty making choices.

- **Impulsiveness and carelessness.**
  - People who are impulsive and careless appear unconcerned about how much they spend or about the “best buys”.

- **Brand consciousness.**
  - This refers to consumers' orientation toward buying the more expensive, well-known national brands. Those who are brand conscious are likely to believe that a higher price means better quality.

- **Novelty and fashion consciousness.**
  - Consumers with high novelty and fashion consciousness are likely to gain excitement and pleasure from seeking out new things. They enjoy being “in style”, and variety seeking also appears to be an important aspect of this characteristic.

- **Recreational and hedonistic shopping consciousness.**
  - Those who possess this trait find shopping pleasant, and shop just for the fun of it.

- **Habitual, brand-loyal orientation.**
  - Consumers who are strong on this dimension are likely to have favorite brands and stores and to have formed habits in choosing them.

Since the development of the CSI, it has been used in a number of consumer studies.
in various countries (e.g., Wesley et al., 2006). Overall, these studies have confirmed the eight decision-making styles found. However, consumers from these different cultures appear to differ in the extent to which they behave based on these styles (Durvasula et al., 1993). Based on the recent research (e.g., Joyce et al., 2009), we would like to categorize these eight style in two main groups, utilitarian shopping styles and hedonic shopping styles. Quality consciousness, price and value consciousness, confusion due to overchoice, and impulsiveness are in the first group. The other four shopping styles–brand consciousness, novelty and fashion consciousness, recreational and hedonistic shopping, and brand loyalty–all reflect some non-essential, non-product aspect of shopping behavior. Therefore, these four styles are characterized into another group. The former reflects task orientation, while the latter indicates personal gratification research which has investigated hedonic and utilitarian shopping. This conceptualization is also based on prior research which has investigated hedonic and utilitarian shopping (e.g., Arnold and Reynolds, 2003; Babin et al., 1994; Jones et al., 2006)

2.5 Brand identity and brand image

2.5.1 Brand identity

Kapferer (2008) defines brand identity as a brand's meaning as put forward by the firm. It is the way a company wants to present its brand to its target groups.

The brand identity needs to focus on points of differentiation that offer sustainable competitive advantage to the firm. (Bhimrao M. Ghodeswar, 2008)

Brand identity is based on a thorough understanding of the firm’s customers, competitors, and business environment. The brand identity needs to reflect the business strategy and the firm’s willingness to invest in the programs needed for the brand to live up to its promise to customers (Aaker and Joachimsthaler, 2000).

Aaker and Joachimsthaler (2000) organize brand identity elements around four
perspectives: (1) the brand as a product, (2) the brand as an organization, (3) the brand as a person, and (4) the brand as a symbol.

2.5.2 Brand image

Brand image, on the other hand, is the consumers' perception and interpretation of the brand's identity (De Pelsmacker, Geuens, & Van den Bergh, 2007). Keller (2008), for example, defines brand image as consisting of (1) user profiles, (2) purchase and usage situations, (3) personality and values, and (4) history, heritage and experiences. From the customer’s point of view, a brand can be defined as the total accumulation of all his/her experiences, and is built at all points of contact with the customer (Kapferer, 2004).

A positive brand image is created by marketing programs that link strong, favorable and unique associations to the brand in memory. Besides marketer-controlled sources of information, brand associations can also be created in a variety of other ways: by direct experience; from information communicated about the brand from the firm or other commercial or non-partisan sources (e.g., Consumer Reports or other media vehicles) and word of mouth; And by consumption or inferences from the brand itself (e.g., its name and logo) or some particular person, or event. (K.L. Keller, 2008)

2.5.3 The relationship of brand identity and brand image

Most researchers share the opinion that brand identity is best understood from the sender-side and brand image from the receiver-side perspective (Konecnik & Go, 2008). It is important to make this distinction between sender and receiver and each of the composing elements of brand identity, not only theoretically, but also in practical measurement instruments (Azoulay & Kapferer, 2003).

To be effective, a brand identity needs to resonate with customers, differentiate the brand from competitors, and represent what the organization can and will do over
time (Aaker and Joachimsthaler, 2000). To excel, a brand image must be well planned, nurtured, supported, and vigilantly guarded (Knapp, 2000). A strong brand identity that is well understood and experienced by the customers helps in developing trust which, in turn, results in differentiating the brand from competition. A company needs to establish a clear and consistent brand identity by linking brand attributes with the way they are communicated which can be easily understood by the customers (Bhimrao M. Ghodeswar, 2008).

2.6 Structure of this study

H&M in China is the case of our study, which is connected with the three main factors intensively. We think ‘Brand Management’ ‘Target Market’ and ‘Specific Customers’ interacting each other when a company is conducting.

Brand identity and brand image are concerned in Brand Management. Coastal region and virtual market are including in the study to interpret how H&M is conducting. Then the existing and potential consumers of H&M are discussed, and comments from the powerful blog effects help us to know what’s going on with this study. This conceptual model is based on the theory background. We reviewed articles and books literature to know what is influencing a company, especially its brand strategy. Furthermore, H&M is a hot topic, and then we primarily figure out it is around market, consumers and brand management. To focus study, we think H&M in China could be more concentrated.
3 Methodology

In this chapter a discussion about research purpose, research approach, thesis research, data collection including both primary data and secondary data and source of data.

3.1 Research purpose

As Walliaman, N (2005, Page 8) defined, “Research” is a term loosely used in everyday speech to describe a multitude of activities, such as collecting masses of information, delving into esoteric theories, and producing wonderful new products.
Before starting the research, we have to decide the purpose of our research. According to Yin, R. K (1994 Page 1), the purpose of a research is usually explanatory, descriptive or exploratory. The intention of explanatory research is to answer questions by analyzing cause and associations (Eriksson and Wiedersheim-Paul, 2001, page 59-61). A descriptive purpose tries to provide a picture of varied characteristics of a phenomenon and can sometimes be an extension of an exploratory research (Saunders et al, 2003, page 97). Exploratory purpose is trying to find out what is happening, to seek and assess new insight on the issue of the research (Saunders, Lewis & Thornhill, 2003, page 96).

This thesis aims at increasing the degree of understanding of branding exemplifications of H&M in China and study what buying behavior reacted to H&M by the Chinese consumers. Look back to the definitions and explanations of the research purpose which above, our research purpose is explanatory and descriptive. Connect with the aim of our thesis, our research will explain and answer the question: how is H&M successful in China and use the efficacious data to describe and prove the practical situation.

3.2 Research approach

3.2.1 Case study

In our paper, we are focusing on the famous Swedish fashion company H&M, and try to illustrate its branding in China and how much are the consumer’s affection for H&M. In order to fulfill these purpose, we adopted case study on H&M as our research approach. According to Yin (1994, cited in Rahim & Baksh), a case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context when the boundaries between phenomenon and context are not clearly evident. Findings from case study reflect the true activities at that particular moment and can be used to build theories, especially in exploratory types of research. Return to our
aims and starting point, they are included into “whys” and “hows” questions. Westgren and Zering (1998, cite in Rahim & Baksh) argued that case research is superior to survey methods at answering the “whys” and “hows” because the case analysis can delve more deeply into motivations and actions than structured surveys. From this point of view, case study is a suitable approach for our thesis.

### 3.2.2 Qualitative approach and Quantitative approach

In terms of Ghauri & Grönhaug (2005, page 109), there are two approaches introduced when doing accomplishing a research study; Qualitative approach and Quantitative approach.

As the following table illustrate, seven differences between the two approaches are presented below:

<table>
<thead>
<tr>
<th>Qualitative approach</th>
<th>Quantitative Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on understanding</td>
<td>Emphasis on testing and verification</td>
</tr>
<tr>
<td>Focus on informant’s point of view</td>
<td>Focus on facts or reasons</td>
</tr>
<tr>
<td>Interpretation and rational approach</td>
<td>Logical and critical approach</td>
</tr>
<tr>
<td>Process oriented</td>
<td>Result oriented</td>
</tr>
<tr>
<td>Observations and measurement in natural settings</td>
<td>Controlled measurement</td>
</tr>
<tr>
<td>Subjective insider view</td>
<td>Objective outsider view</td>
</tr>
<tr>
<td>Closeness to data</td>
<td>Distant from data</td>
</tr>
</tbody>
</table>

Source: Ghauri & Grönhaug, 2005, page 110

The quantitative approach concentrates on words and observations to express reality and attempts to describe people in natural situations (Amaratunga, et al., 2002). As well as Cooper & Schindler (Cooper & Schindler, 2003, P189) claimed, quantitative research is a research method that relies less on interviews, observations, small numbers of questionnaires, focus groups, subjective reports and case studies but is
much more focused on the collection and analysis of numerical data and statistics.

In contrast, the quantitative approach grows out of a strong academic tradition that places considerable trust in numbers that represent opinions or concepts (Amaratunga, Baldry, Sarshar & Newton, 2002). Meanwhile, qualitative research is a field of inquiry that crosses disciplines and subject matters. It is aiming to acquire an in-depth understanding of human behavior and the reasons that govern human behavior. What’s more, Qualitative research relies on reasons behind various aspects of behavior.

Base on our thesis, we stand on consumer’s perspective and work at gathering the reaction and feedback from the consumers. Then, utilize this information to analyze and summarize the answers to our purposes. It is well known that H&M is a famous and highly-acclaimed fashion brand which owns enormous number of customers around the world and is seized of a newly huge quantity of fans in China. For us, it is hard to do a quality survey with this large group. Regarding to the interview issue of H&M, from our perspective, in order to avoiding bias that could possibly be introduced unwittingly by taking interviews with top management, the interviewee might attempt to emphasize the positive aspects but ignoring the negative effects of their activities, we decided to give up interview finally. Hence, our paper is going to use mainly quantitative method.

3.3 Theories research

3.3.1 Consumer Style Inventory (CSI)

Consumer decision-making styles are defined as mental orientations that determine a consumer's approach to making choices among products in the marketplace (Sproles and Kendall, 1986).
Focusing on the cognitive and affective orientations in consumer decision making, Sproles and Kendall's (1986) Consumer Style Inventory (CSI) categorizes decision-making styles of shoppers into eight categories:

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Conditions of categorizing the bloggers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfectionism/quality consciousness</td>
<td>Do blogger believe H&amp;M is at the level of high quality?</td>
</tr>
<tr>
<td>Price or value consciousness</td>
<td>Do bloggers believe H&amp;M is price reasonable or “value for money”?</td>
</tr>
<tr>
<td>Confusion due to overchoice</td>
<td>Do bloggers feel hard to choose among the famous “fast fashion” brand?</td>
</tr>
<tr>
<td></td>
<td>Such as ZARA, MANGO, C&amp;A.</td>
</tr>
<tr>
<td>Impulsiveness and carelessness</td>
<td>Do bloggers do a careful consideration when they are planning to buy products from H&amp;M?</td>
</tr>
<tr>
<td>Brand consciousness</td>
<td>Do bloggers think a higher price means better quality? And do they have the orientations toward buying more expensive, well-known national brands?</td>
</tr>
<tr>
<td>Novelty and fashion consciousness</td>
<td>Do bloggers gain excitement and pleasure from seeking out new things? And are they enjoying “in style”?</td>
</tr>
<tr>
<td>Recreational and hedonistic shopping consciousness</td>
<td>Do bloggers find shopping pleasant when they are doing a shopping?</td>
</tr>
<tr>
<td>Habitual, brand-loyal orientation</td>
<td>Do bloggers have favorite brands and stores? Do they have formed habits in choosing them?</td>
</tr>
</tbody>
</table>

3.3.2 eWOM and blog effects

3.3.2.1 Word-of-Mouth (WOM)

To explain WOM, we gave a simple example. Consumers may share information with friends about new products, good deals, and interesting advertising messages, by simply placing market communication in a consumer’s environment, marketers can increase the probability that the information will be communicated to other consumers.
And because personal communication from friends and relevant others is a powerful form of communication, marketers may try to design market communications that encourage word-of-mouth communication. (J.Paul, et al, 1999). Since review posters are usually former users at any given stage, they can write about a product in a way that potential consumers in a particular stage can effectively process. Therefore, WOM communication is effective in providing the right type of information to each customer segment.

3.3.2.2 eWOM

However, traditionally marketers cannot effectively set strategic plans centered on WOM because the effects of WOM are very difficult to trace. Then, the Internet has emerged as a channel of WOM (P. Dwyer, 2007). Different from traditional WOM, WOM on the Internet, called electronic word-of-mouth (eWOM), is measurable since comments on a product are written and available in the websites (Godes & Mayzlin, 2004). Today, the Internet makes it possible for consumers to share experiences and opinions about a product via eWOM activity. Godes and Mayzlin (Godes & Mayzlin, 2004) show that eWOM can overcome the limitation of traditional WOM. Online conversations may offer an easy and cost-effective opportunity to measure WOM. In addition to overcome the limitations of traditional WOM communication, eWOM activity has allowed consumers to overcome most information asymmetries that characterize traditional consumer markets (B. Rezabakhsh et al, 2006). Thus, throughout the eWOM activity, consumers can obtain high levels of market transparency. In addition, they can take on a more active role in the value chain and influence products and prices according to individual preferences (Park & Kim, 2008).

3.3.3 Blog effects

Imagine that you could listen, like a fly on the wall, to millions of people, customers,
employees, competitors, partners, and the media, as they talk about your business, your marketing process, your advertising, and your products. Now imagine that you could use this up-to-the minute information to determine what your customers want, how they want it, what they will ultimately buy, and what they’re willing to pay for it. This is the power of the blog.

The key to succeeding in this new blog-enabled world is to go beyond simple awareness into monitoring what’s going on, respecting the people involved, and participating in the conversation. It simply isn’t good enough to know that a massive community of people who are important to your business are all blogging, reading blogs, and being influenced by bloggers. You need to begin creating meaningful and memorable experience and conversations with customers.

### 3.4 Data collection

According to sources, data can be divided into primary or secondary. Primary data is data gathered through observations, surveys and interviews which mostly reflect reliability, while secondary data is data collected in books, articles, newspaper reports and other publications (Walliman, 2005, page 242). According to Yin (1994, page 13) claimed that it should relay on multiple source of evidence, both primary and secondary data has been used in a case study. There are six sources of evidence when collecting data: documentation, archival records, interviews, direct observations, participants-observations and physical artefacts respectively.

#### 3.4.1 Primary data collection

As the definition, data that are conducted specifically for a research project are classified as primary data (Saunders et al, 2003). In our study, we’d like to focus on the fashion bloggers’ decision-making style and their attitude towards H&M and the “blog search method” must be the shining point of our thesis. Because there’s enough information to let fashion bloggers know H&M, so we also searched the
bloggers who haven’t tried on H&M but know fashion and brand well. We have
selected these bloggers with specific status, such as age, education, occupation and
gender to fit our research. Here, we would like to explain the process of our primary
data collection.

Firstly, we focus on the blogs which are writing about H&M, whatever the positive
recommends, negative comments or the experience of H&M. Since our target market
is China, we concentrated on the Chinese bloggers and their blogs. These bloggers are
using the blog systems of famous Chinese web portal such as www.sina.com,
The source of blogs makes our data more convincible because of the fame popularity
and the power of influence. Furthermore, we set up some conditions for the candidate
blogs which we would use. 1. The blog is writing about H&M, both expressing his
feelings about H&M and make some personal comments. 2. Over 10,000 pageviews
of the blog is needed. 3. The blog created no earlier than the first shop opened in
China, which means the oldest data was writing about H&M in Hong Kong. 4. The
blogger is fashion conscious and market conscious. To find out the proper blogs, we
used one week to browse over 500 blogs and finally we cramped out 45 blogs which
are match our conditions as our research samples. During the process, we make a
table first and it concludes this following aspect: blog address, age, gender, education,
location and brief of comments. When we find one blogs is suitable, we will mark the
information of that blog and the blogger, and then we get a primary data from our
research. After collecting enough blogs and finishing this information table, we began
to dispose the initial data. Step 1, we divided these 45 blogs in two groups: the
bloggers who have tried H&M and the bloggers who haven’t tried H&M and
separated them in two independent tables, then we got the sum of each group. Step 2,
in the light of the eight characteristics of theory, consumer style invention (CSI), we
going to check every blog comment and find out which characteristic does it have. If
this blog has the “Perfectionism/quality consciousness” and “Price or value
consciousness” characteristics, then this blog will get 1 point under each characteristic.
In contrary, if the blog hasn’t the characteristic, then we will mark nothing under the row of characteristic as appendix shown. Step 3, we calculate the how many “1” in each characteristic and calculate the percentage of it base on two groups. In the same time, we count the sum of each gender in each group. Lastly, we get the final figure.

We also have the problems and meet some difficulties in this initial data collecting. To begin with, we felt hard to find suitable blogs to help us, there are many blogs are writing about H&M, but most of them are present the news instead of showing theirs feeling about H&M. Then, at the beginning, we didn’t know what information we need and how to collect them. Last, we got method confusion and we don’t know what method we should used to dispose the data. Fortunately, we overcome all the difficulties and make our own method to deal with the data and get the results.

### 3.4.2 Secondary data collection

Data that have been reanalyzed from earlier studies for other purposes are called secondary data, which includes both raw data and summaries. The combination of data will form new data and new relationships can be explored (Saunders et al, 2003).

#### 3.4.2.1 H&M annual report

H&M annual report issued by H&M is a publicly official material and offered to customers and public as well, which possesses the authority and authenticity. It consist the parts of Business concept, Goals and Strategy; Facts about H&M; Markets; Corporate Social Responsibility and H&M in Figures etcetera. H&M official website provides the complete annual report from 1996 and we studied the reports from 2006 until the newest one. Reflect on these annual reports, we obtained correct, useful and helpful data to build up our paper. It makes our paper more creditable and effective.
3.4.2.2 Exclusive interview of H&M CEO

Since it is difficult to contact the CEO of H&M to make a student interview, we consult the interview reported by China outstanding business and economy website, http://www.ceocio.com.cn. CEO of H&M, Rolf Eriksen, and H&M Director of global investor relationship, Nils Vinge, were interviewed in 2007, related to the hot topic: China strategy of H&M. 2007 is an important year for H&M and China because H&M marched in Asia this year and the first shop in Asia located in Hong Kong, China. Consequently, this exclusive interview is an optimal secondary data and it will be used thoroughly in our thesis.

3.5 Source of data

3.5.1 Blogs

Paul Pedley’s (2005, page 95) definition of weblog: “The Weblog (blog) is a form of online diary or regularly updated journal which can take a number of forms that tend to have a number of characteristics in common, such as: being set up to display blog postings in reverse-chronological order or with their content arranged by subject; being updated regularly with new material; and providing a personal viewpoint.”

Weblogs, or blogs, have become very popular and are attracting a large following on the World Wide Web, said (Lu. H., Hsiao K., 2009). As well as Goodfellow. T & Graham. S (2007) stated that blogs are now widely regarded as a mainstream technology. The number of personal and organizational blogs has increased dramatically in recent years (Sifry, 2006). According to a survey conducted by Technorati (2006), there are more than 70 million blogs worldwide and about 120,000 new weblogs each day (Sifry, 2007, cite in Lu. H., Hsiao K., 2009).

We can imagine that the new era of people, especially youth people are easily
introduced and affected by cyber world. It is common to use blogs to present some individual opinions, diaries and comments nowadays. Wagner and Bolloju (2005) claimed that blogs are suitable for other individuals who wish to share their information, stories or personal messages with small outside groups. The bloggers shared their own opinions, feeling or comments in their blogs and the readers might attain and know something they do not know and find out something they are interested in, that is a communication and messages exchange.

In our research process, we found ten thousands of bloggers are writing about H&M and their blogs possess astonishing pageviews in total, even, an extraordinary blog did 70,000 pageviews per day. The amazing figures convince us that blog is an efficient and speedy mass media to spread information.

4 Empirical study

This chapter will illustrate what we found in the process of study. Include two parts, Brand identity of Hennes & Mauritz AB, H&M and Result of data collection.

4.1 Brand identity of Hennes & Mauritz AB, H&M

4.1.1 Facts of H&M

Hennes & Mauritz AB, H&M is a swedish fashion company selling clothes and accessories. It was established in 1947 as Hennes by Erling Persson with the first store opening in Västerås, Sweden. Then H&M marched into Norway in 1964 as its first step of world expansion. After nearly 45 years expansion, H&M has arrived to 24 countries and opened 1,522 stores all over the world until 2007 (H&M Annual Report 2007). In the past of the half of 2009, H&M has landed in Korea and Moscow stealthily. This indicates that H&M made its further step in Asia market and reached
34 target countries. The expansion strategy and plan will be illustrated in the graph below:

H&M Expansion Strategy and Plan

By the end of 2008, a total of 73,000 staffs are employed in 1,552 stores over 24 countries. In the same year, H&M created astonishing turnover, SEK 104,041 million in totals.

With the business concept of giving the customer unbeatable value by offering fashion and quality at the best price, H&M contributed itself to some specific conditions such as: having few middlemen, buying large volumes, buying the right products from the right market, being cost-conscious at every stage and so on. According to the H&M Annual Report 2000, H&M’s main target group is women of the ages from 18 to 45 but it also offer men clothes series and children cloth series link up with its business concept. Source: www.hm.com
4.1.2  H&M’s branding

4.1.2.1  Collaboration with icons and designers strengthens the brand

Each year H&M launches a number of big campaigns supplemented with smaller campaigns. This generates interest in the season’s new collections. The campaigns are an exciting, recurrent invitation to H&M. The information collected from H&M website and publications that we know, H&M have had collaboration with the following designers: the Design Director of Chanel, Karl Lagerfeld; Chef Designer of Chloe, Stella McCartney; Italy wizard designer Roberto Cavalli; Netherlands designer group Viktor & Rolf; Japan fashion leader, Comme des Garcons and the hottest England designer, Matthew Williamson.

Until now in 2009, “Beijing” and “Matthew Williamsom” have became the key words of H&M and these words were spread and published in the major medias, newspapers and magazines. At the exact moment, one of the spring’s largest women’s collections was a wide, classic collection produced by H&M in collaboration with designer Matthew Williamsom. These collaborations show the strength and breadth of H&M’s offering by illustrating clearly that fashion and design is not a matter of price. The attention they receive also strengthens the H&M brand as an international fashion company. Source: www.hm.com

4.1.2.2  PR strengthens and clarifies their brand name

H&M maintains close contact with the media in order to showcase their fashions and increase knowledge about the company. H&M also communicates regularly with the press and financial markets. Before the new collection being carried out, many newspaper and magazines would try to be the first one to press the news and H&M new collections. Meanwhile, we can see many of the new propagating posters for new
collections were shown all over the city. Since these propaganda techniques, the customers will get the information and know what is new from H&M.

Source: www.hm.com

4.1.2.3 **Product Policy of H&M**

As the motto of H&M:”fashion and quality at the best price”, customers may have the question of how can H&M get the balance between fashion with quality and best price? And Tomas Persson who is in charge of quality control at H&M answered this question:” There’s no contradiction in H&M’s business concept of offering fashion and quality at the best price”, he says. “It’s an equation that has to add up. Quality is extremely important. The customers have to get value for their money. For the customer to feel satisfied with a product, it not only has to be fashionable it has to be durable and work the way it’s supposed to. It should be safe and stand up to fairly rough use.” H&M has its own product policy to ensure the quality of the products such as H&M does not sell genuine fur; H&M sells leather only from cows, buffalo, sheep, goats and pigs raised for meat production; H&M does not buy leather from India due to the occurrence of cruel animal transportation there and so on.

Source: www.hm.com

4.1.3 **Always customers**

The focus is always on the customer

H&M collections always develop from its focus on the consumer. H&M offers many different concepts to satisfy variety of customers in different age and the people who have fashion tastes. Themes, colors, quality, silhouettes and certain garment types begin to emerge and eventually come together to form the season’s new collection. Before the new collections being launched, H&M try its best to understand what customers want, from the idea, through the creation of a new product to the customer buying it.
Balance between modern basics, current fashions and high fashion to right customers. H&M owns a balanced mix to balance modern basics, current fashions and high fashion with each concept. For satisfy the demand of customers in different markets and in different stores, a proper mix of the product rage will be implemented. For example, what sold well last season is combined with the coming season’s big trends, colors and models to maintain old customers and attract new customers.

Source: www.hm.com

4.2 The market in China

China is fast becoming one of the most important markets in the world.( Joyce et al., 2009) As such, it is critical for marketers to develop a better understanding about Chinese consumers (Cui and Liu, 2000). Their mindset and values are an important part of such an understanding (Tung, 1994). We broadly separate it into coastal and inland region in China. It has a long coastline on the west side of the Pacific Ocean.

The coastal region has traditionally been China's major gateway to the West. The region's economy and industries have been linked with the West through export and import (e.g., Veeck et al., 2007). The residents in the coastal region are more open, individualistic, and innovative (Cui and Liu, 2000; Zheng, 2006). The economy in the coastal region has also been leading the country for hundreds of years, developing a vastly superior industrial sector (Chen and Wu, 2005; Zheng, 2006)

4.3 H&M market in China

4.3.1 Why is Hong Kong and Shanghai?

From the exclusive interview with the CEO, Rolf Eriksen (Li, 2007) in China, we get the knowledge why H&M choose Hong Kong and Shanghai as their first places into China. He said, “Before entering China, we have manufacturing bases there. What’s more, we have collaborated with Hong Kong for 30 years and Shanghai 25 years. Then we have some knowledge about the business environment and policies. Further,
Shanghai is a fast growing city; there’s much change every day. From the point views of our global strategy, Shanghai is one of the most important markets.”

4.3.2 Millstones of H&M marched in China

On April 12th, 2007, H&M opened the first store in mainland China, which is also the first flagship store. Gradually, there are three more stores added to Shanghai till now. On August 29th, 2008, H&M opened the fourth store in Nanjing City in China. One week later, another store in Nanjing City opened. In September and November the same year, H&M entered Wuxi City and Changzhou City successively. These cities are close to each other, and Shanghai is really a coastal and international city. H&M didn’t ignore another growing coastal city, Shenzhen, which is close to Hong Kong and has a special economic zones policy in this lively city. Finally, H&M opened a store there in the same year and the fashion fans in Shenzhen have another choice for shopping. Hong Kong, Shanghai, Shenzhen and the other cities H&M enters, are all coastal and full of commercial opportunities.

We have checked the growth target from their website, and we see H&M’s growth target is to increase the number of stores by 10–15 percent per year, but also to increase sales at existing stores. The availability of attractive business locations is the major deciding factor in their rate of expansion. Before H&M decides to move into a new market, an assessment is made of the market potential. Factors such as demographic structure, purchasing power, economic growth, infrastructure and political risk are analyzed.

An on-the-spot assessment of the customer base and store locations is then carried out. The first store should preferably be a large store in the best business location in a big city, which is subsequently supplemented with a mix of stores offering all or parts of the product range. H&M can then continue to grow by opening stores in other cities. Then it’s no doubt why H&M chose these cities and the store locations. H&M knows
China and has its own way to get in.

4.3.3 H&M in China 2009

H&M opened its much anticipated first store in Beijing on 23rd April this year. This full-concept store is the only H&M store in Beijing carrying Matthew Williamson’s exclusive spring collection, also launched that day. The brand new store is located at Qianmen Avenue, a newly developed shopping area in the very heart of the cultural capital. To celebrate the opening a fashionable event was be held on April 22nd gathering Beijing’s celebrities, fashion crowd and media. The premier evening for Beijing’s first H&M store left a strong impression among the guests, who dressed their personalities in H&M’s various party styles, glamorizing the evening.

“I’m proud to say that we finally have arrived in Beijing”, says Rolf Eriksen, CEO H&M.” We hope that we can offer our Beijing customers added value through fashion and quality at the best price.” Source: www.hm.com

4.4 Result of data collection

In the data collection part, we used blogs as our tool to gathering our needed data. In the process of the data collection, we have read more than 500 blogs which writing about H&M and 45 blogs are suitable and qualified. We separate the 45 blogs in two groups, one is the bloggers have tried H&M and the other one is the bloggers haven’t tired H&M before. Use the theory of Consumer decision-making styles to categorize the bloggers. If the blogger has the characteristic of the theory of Consumer decision-making illustrated, that the blogger will get 1 point of the characteristic he or she has. Then, each characteristic of Consumer decision-making style would get some points from 45 available blogs and sum the points of each characteristic has. The detail will be shown in Appendix 1. After our disposal, we got the final result of the raw resource.
4.4.1 Result of the disposal

4.4.1.1 General Result

During collect the information from blogs, we read many comments by the bloggers both are positive and negative. After reading hundreds of blogs, we found most of writers are positive to H&M, they likely to express their good feeling of H&M and agree majority of elements of H&M like design, patterns, price, quality, models, promotion methods and so forth. On the other hand, we also were attracted by some opponents. They are not the fans of H&M and they may specialize in some areas like design, quality or fashion and they certainly question about the areas they major in. for example, one of the blogger who is a tailor and thinks the product quality of H&M is not as good as H&M said itself, and she compared the H&M clothes with some unbranded clothes and concluded that the unbranded one has a better quality than H&M’s. That let us know there are some customers don’t agree with H&M and they will use their criticize sight to exam H&M and share their comments to the public.

Meanwhile, we also found some common background and fact of the bloggers. Since the first shop was opened in Hong Kong and the following one was in Shanghai, the citizens of these two areas were the first batch of consumers had the opportunity to get in touch with H&M. As we known Hong Kong and Shanghai are coastal cities, Chinese coastal consumers have been found to be more individualistic than inland consumers (e.g., Zhang et al., 2008), they have their own opinions of H&M and the fashion. Consequently, the bloggers we visited are from coastal cities mostly and the rest of them are from the cities in the coastal areas. Furthermore, we found these bloggers are in the age of 19 to 40 and most of them are women.

4.4.1.2 Statistical Results

Table1. The percentage of each dimension from the consumers who have tried H&M
Table 2. The percentage of each dimension from the consumers who haven’t tried H&M

In the theoretical frameworks chapter, we define the former four dimensions reflect task orientation, while the latter four indicate personal gratification research which has investigated hedonic and utilitarian shopping. For the first dimension group, we have set questions to examine the bloggers’ attitude towards H&M, while the second dimension group, we design questions to find out their characteristics of shopping and brand. Before disposing the results, we would like to present the characteristics of the
bloggers and pageviews of these blogs.

For the bloggers who have experience of trying H&M, there are 30 bloggers included. Only 7 blogs are written by male bloggers while 23 blogs are written by female. What’s more, the age ranges from 20 to 40. The biggest pageviews among them is 564,109. For the bloggers who have no experience of trying H&M, there are 15 bloggers included in our study. Only 4 blogs are written by male bloggers while 11 blogs are written by female. What’s more, the age ranges from 19 to 32. The biggest pageviews among them is 900,542. Though the information was not added to the table, we think they are significant for us to analyze these results in the next chapter of ‘Analysis and Discussion’.

Results of table 1:
In this table, all the bloggers have experience of trying on H&M. With the characteristics described by the dimensions, 97% of these bloggers think H&M holds quality, and all of them agree to the idea of H&M’s best price. There’re only 10% of bloggers feel hard to choose among some famous ‘fast fashion’ brand compared with H&M, which refers to the dimension of ‘confusion due to overchoice’. The last dimension of the first group, 40% of them are impulsive and careless when buying the products of H&M, since H&M is not so expensive with fashion trend, sometimes they are impulsive to buy a great amount of products in H&M.

To inspect the characteristics of these bloggers’ shopping styles and brand and fashion consciousness, results after sorting the information have been presented. Percentages of 70% are brand consciousness while only 37% are fashion consciousness. The percentage is 40% when it is indicated to the dimension of ‘recreational / hedonistic shopping consciousnesses’. That means 40% of them gain excitement and pleasure from seeking out new things. To the last dimension, there’re only 27% hold orientations of brand loyalty and have formed habits of choosing brands.
Results of table 2:
In this table, all the bloggers have no experience of trying on H&M. But in our study, we pick out them with reason, due to a lot of information from media like newspaper, magazine, other bloggers’ comments, we think these bloggers have knowledge of H&M. Simultaneously all of them hold opinion that H&M is 100% quality and price reasonable. None of them is confused due to over choice. Only 27% are impulsive and careless when buying the products of H&M, since they have no experience of trying on H&M, we abstracted comments they wrote as “If there’s promotion of H&M, I will”, “I think I will buy the products with/without consideration” and some hypothesis they set if they got to buy the products of H&M.

Obviously, 80% of them are brand consciousness and 67% are fashion consciousness. The percentage is only 13% with the dimension of ‘recreational / hedonistic shopping consciousnesses’. Last one is, there’re also only 27% hold orientations of brand loyalty and have formed habits of choosing brands.

Comparison: table 1 and table 2
It is a slight change in the dimension of ‘perfection/ quality’ between table 1 and 2. All of these bloggers agree that H&M is price reasonable. In the third dimension, we found there’s no confusion for them who have no experience of H&M, but there’s not a big percentage of bloggers who have experience on H&M confusing to choose among some similar ‘fast fashion’ brands. In table 1, having tried ones are more impulsive/careless than having not tried ones in table 2.

But in this second group, we figured out some obvious difference of the bloggers’ characteristics. Bloggers who have no experience on H&M are more brand consciousness than who have. Changing distinctly, the bloggers have no experience are more fashion consciousness than who have experience, with the results of 67% in table 2 while 37% in table1. To the last dimension, no matter bloggers have or not experience on H&M, the percentage of them is the same, but it is only a small
percentage of them holding orientations of brand loyalty and having formed habits of choosing brands.

With the results, we have primarily set questions to be analyzed:

1. On H&M’s branding operations, which factors are most important?
2. How do H&M retain its brand identity? Is there any special project they are doing to promote or advertise its brand? Is there any relationship between brand identity and brand image?
3. What is influencing the customers when choosing or judging a brand?
4. Why did H&M choose these cities in China to get involved in the market activities? How do these cities attract H&M?
5. What can be learned or suggested to the marketers of this case study of H&M?

5 Analysis and discussion

Here, the theory’s connection to the empirical finding we studied including Brand identity and brand image, Factors of market and consumers.

Before this analysis of its brand identity, managers at H&M already recognized the goal is to make customer needs and desires its central focus: fashion and quality at the best price. At H&M’s branding operations, nourishing the brand has always been about building profitable relationships by carefully managing numerous customer interactions. By the chapter of finding, we see their focus is always on customers and the aim of it is that the range should reflect what customers want at all times.

Brand managers, chief marketing officers, and branding academics recognize that a brand is only valuable when it provides value to its customers (Peter Boatwright et al., 2009). Customer demand in different markets and in different stores determines the
mix of the product range of H&M. Having the right item to the right country and the right store is extremely well-functioning by logistics. Even so, there seemed to be so much potential in this brand, which has been so powerful throughout the majority parts of the world and newly emerging in professional Interbrand Rank with a top position. It is the fundamental goal for a successful company, one that must coherently drive all aspects of the company. Thus the identity of the brand must be inextricably linked to customer needs, and it must be consistent with the company’s capabilities and its branded products (Peter Boatwright et al., 2009). Senior management recognized that H&M had a timely opportunity to carefully analyze the market and consumers in China with its well-building brand and to craft an appropriate brand identity for the expansion into China then to Asia. What’s more, to see why H&M is influencing the consumers, we pick comments and articles written by some fashion bloggers. For the consumer, brand image can be based on direct experience with the brand, as well as through promotion of the brand, and even through observation of what kind of people use the brand or times when the brand is best used (Patterson, 1999). Those comments are the most important evidence of “brand image” of H&M.

5.1 Brand identity and brand image

H&M has made effort to retain its brand identity, because we figure out that there is always something new happening at H&M, new items come in, stores are refurbished and new campaigns are launched. H&M must be inviting, exciting and must always surprise. This way of thinking like inviting, exciting and surprising has guided H&M throughout its history and has helped to build the strong brand that exists today. We think a good brand identity of corporate should be different from competitors. H&M launches a number of big campaigns supplemented with smaller campaigns. Collaboration with icons and designers has been talked a lot and surprises consumers and competitors every time. In H&M, fashion is never ending. With an affordable price, buying a luxury design is never being a dream. This kind of news and events let
consumers know H&M well and going to try it with curiosity. In an increasingly competitive marketplace, greater emphasis is being placed on brand image development as the basis for consumer discrimination. Moreover, we trust H&M has an effective advertising strategy to form its brand identity.

5.1.1 Communicating the brand massage

Advertising represents a most potent source of brand identity. It has two major functions, namely to present and thereby position the brand attributes against consumer expectations and to imbue the brand with values symbolically attractive to the target market (Tony, 1999).

H&M as a brand is regarded as having achieved associations of fashionable, new and active through its sponsorship, endorsement, and fashion style marketing approach. It is defined store image as “The store personality or image—the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes” (Martineau, 1958, p. 47), a definition that has been widely used in marketing (e.g., Zimmer and Golden, 1988). For H&M, the store and display window play an important part in attracting customers and profiling H&M as a brand.

Especially, it has a massive impact of collaboration with icons and designers, which strengthen its brand identity. Joyce (1991) suggests that “people took away from communications, including advertising, what they chose to, and indeed brought existing preconceptions to them” (p. 269). These collaborations show the strength and breadth of H&M’s offering by illustrating clearly that fashion and design is not a matter of price. The attention they receive also strengthens the H&M brand as an international fashion company. The most successful brands keep up with competitors by creating points of parity in those areas where competitors are trying to find an
advantage while at the same time creating points of difference to achieve advantages over competitors in some other areas (Keller, 2000). Afterwards we found in the area of fast fashion which is popular and arousing controversy these days, it’s special and different branding strategy shows that normal fast fashion reached high fashion collaborating with the top designers. After that, these events were remarked and known by the audiences in China. What’s more, before the new collection being carried out, many newspaper and magazines would try to be the first one to press the news and H&M new collections. H&M has a close relationship with the press and employ top local PR to increase others to know about the company quickly. In seeking to manage the image development, H&M is always focusing on communicating the brand massage, based on the research (e.g. Bhimrao M, 2008), the massage should be consistent with the brand value and other brand identity dimensions. Strong brand helps the company in positioning and extending its brand and have greater influence on the consumer purchase process.

5.1.2 eWOM influencing the consumers

Reviewing the articles and comments from the bloggers, we eventually convinced that consumers can obtain high levels of market transparency through eWOM. They talked a lot in the virtual world have shared the experience they had, no matter a dress they bought or article they have read before. They have idea with what is going on, especially the tag “fashion”, which is tagged by average 1450 bloggers one day (Technorati, 2009). Consumer knowledge sharing in the Internet environment has been a popular research area in recent years (Rafaeli and Raban, 2005; Lee et al., 2006). There’s noise in this area, the bloggers and readers are discussing with fashion. As we found, even the people who haven’t tried on H&M but only read or talked by others, they say and write a lot also. The objective of our study is to investigate how eWOM in online customer communities affects the consumption decision, specifically by H&M. Since H&M is providing customers fashion and quality at the best price, most of the voice from public is ‘quality’ and ‘price’.
For consumers, the term ‘quality’ represents a subjective appraisal of the ability of a product or service to meet their needs ((Acebron & Dopico, 2000; Ophuis and Trip, 1995). The customers are all price sensitive with H&M, and they point price is what they consider and prefer what H&M provides. But still, there are negativities, and they criticize that the products are not in accordance with the ‘quality at the best price’. We think negativities are better than nothing, which give H&M the hints that this brand is interested by consumers, and there’re shortages for them to improve.

In our study, data and information collection have revealed that “fashion and quality” was reflected in customer perceptions of its products. They generally agree that the brand is fit with them of the idea ‘fashion and quality’ at best price. Value for money and a good quality/price relationship are currently believed to drive consumers to choose retailers’ label brands (Veronica et al., 2009). So understanding the perceived identities from consumers and desired brand identities are important for marketers. The expanding voice from internet can’t be ignored also. Sometimes it is necessary for markers to pay attention to these fashion bloggers.

5.2 Factors of market and consumers

H&M has 14 stores in China till April in 2009 in our study, which all locate in the coastal region. This region is full of commercial opportunities and consumers have power to purchase. And H&M is focusing on the target group which is defined as generation Y, who has a higher propensity to spend and focus increasingly on fashion and brands. Therefore, understanding the behavior of this cohort of Chinese consumers is important for H&M targeting the younger adult consumer segment in this burgeoning market. These findings are based on the theory CSI, and redesigned by our appropriate questions to search the answers from the bloggers.

Further, the bloggers are around the age 19-35, which fit to the H&M target group.
These bloggers, who agree to buy H&M at right price for fashion and quality, are also brand and fashion conscious. While there are 38 female bloggers writing articles about H&M, there are only 7 male bloggers concerning it. The products H&M selling most are also fitting for female market. What’s more, celebrities for spokesperson are mainly female. A research (Helena M., 2006), we see the female consumer wants to experience that the item will help her to be part of the current fashion within the cultural environment. It should support her to be part of the social group that includes the family, friends and specifically colleagues as well as to convey to them what and who she is in the social environment. H&M knows who loves fashion and need fashion new and fresh. Since market is transparent, consumers are shrewd to know everything behind a company.

6 Conclusion

We highlight some key aspects and findings from several articles and discuss the important roles of three main factors around H&M; we use them in the study, brand management, market, consumers, and the H&M’s facts. The outcome of this study contributes to the existing brand identity and brand image literatures by understanding the factors influencing consumers and the market in China.

The results of the present study show that H&M is making a suitable branding strategy and consumers in China welcome it and generally think it is at the best price for fashion and quality. Then we conclude that H&M is successful in China, a consumption power expanding country, especially in fashion area. Still, there’re critical consumers, who we focus at through the internet. They are savvy consumers, who are fashion, brand conscious, and used to writing and discussing with others in their blogs. They follow closely with fashion, when H&M first came into China; consequently they wrote about it and shared with fashion friends. Since voice is different from consumers, they experience differently, and talked differently to others. Since their blogs are hot and attractive, they are read by amount of people every day.
Their attitude towards brands and products are influential in readers’ choosing. There’re still negativities towards H&M, about quality, fashionable issues, or value for money. Besides, some bloggers even don’t have experience on trying H&M, but they also hold opinions and write about it. We think the advertising is working and let them know H&M. That’s the way H&M in building its brand identities, with special collaborations and releasing the news and events by PR timely. So its brand image, as a receiver side from consumers, obtain the massages from what H&M wants to communicate with consumers.

To sum up, we have suggestions to marketers when doing branding in China. First, they should take into account consumers’ perceptions towards their brand identities when they are promoting or advertising themselves. Second, paying attention to the voice from public through internet, we have found that eWOM is spreading with the expanding internet users in China. Third, market in China is not homogeneous; therefore to understanding different group in different regions in China is crucial.

7 Further research

Since we are enthusiastic and interested in marketing, for our further research, we hold ideas. Based on our finding, women are more concerning about fashion, and they think shopping is pleasant and gain excitement and pleasure from seeking out new things. But there’re only a small part of male bloggers writing about fashion, which not surprise us but make us think over again, why the male market is not as prosperous as female fashion market. So to know this kind of questions, we also encourage marketers to apply query-based research (e.g. interviews with male consumers in apparel market) in order to investigate what the opinions they hold toward buying fashion products. It would be interesting to see whether the male consumers hold the same decision-making styles as women do.

What’s more, bloggers just a part of consumers for us to know their attitude towards
brand as H&M, we think there’re a massive market and consumers for marketers paying attention to. It is possible for them to understand other consumers in real transaction market doing, especially in the emerging market like China.

8 Reference

Books:
3. Thomas Gad, 2001, 4-D Branding Cracking the corporate code of the network economy, Bookhouse Publishing AB, Great Britain.
20. Yin, R. K., 1994, Case Study Research, Design and Methods, Sage Publications, Inc., California, USA

**Articles:**

2. Amaratunga, D., Baldry, D., Sarshar, M., Newton, R., 2002, Quantitative and qualitative research in the built environment: application of "mixed" research approach, Work study, Volume 51, Number 1, pp 17-31
33. McEwen, W.J. (2005), "Marketing to China's “Generation Y” : generation represents a challenging new world for brand marketers", The Gallup Poll Tuesday Briefing, March 15,


46. Tony Meenaghan, The role of advertising in brand mage development, JOURNAL OF PRODUCT & BRAND MANAGEMENT, VOL. 4 NO. 4 1995 pp. 23-34


Website:
http://www.hm.com
http://www.ceocio.com.cn/7/40/36807.html
http://technorati.com/

Appendix 1

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Perfectionism/quality consciousness</th>
<th>Price or value consciousness</th>
<th>Confusion due to overchoice</th>
<th>Impulsiveness and carelessness</th>
<th>Brand consciousness</th>
<th>Novelty and fashion consciousness</th>
<th>Recreational and hedonistic shopping consciousness</th>
<th>Habitual, brand-loyal orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs(30)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results of 45 bloggers who have tired H&M, related to CSI eight dimensions
<table>
<thead>
<tr>
<th>Dim</th>
<th>Perfectionism/quality consciousness</th>
<th>Price or value consciousness</th>
<th>Confusion due to overchoice</th>
<th>Impulsiveness and carelessness</th>
<th>Brand consciousness</th>
<th>Novelty and fashion consciousness</th>
<th>Recreational and hedonistic shopping consciousness</th>
<th>Habitu al, brand-loyal orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs(15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>23</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>24</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results of 45 bloggers who haven’t tired H&M, related to CSI eight dimensions

<table>
<thead>
<tr>
<th>Dim</th>
<th>Perfectionism/quality consciousness</th>
<th>Price or value consciousness</th>
<th>Confusion due to overchoice</th>
<th>Impulsiveness and carelessness</th>
<th>Brand consciousness</th>
<th>Novelty and fashion consciousness</th>
<th>Recreational and hedonistic shopping consciousness</th>
<th>Habitu al, brand-loyal orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs(15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>29</td>
<td>30</td>
<td>3</td>
<td>12</td>
<td>21</td>
<td>11</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

% (sum/total) 97% 100% 10% 40% 70% 37% 40% 27%
<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>15</td>
<td>15</td>
<td>0</td>
<td>4</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>% (sum/total)</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
<td>27%</td>
<td>80%</td>
<td>67%</td>
</tr>
</tbody>
</table>

- The content of blog and its blogger which has these characteristics will mark 1 under each dimension.
- The content of blog and its blogger which has not these characteristic will mark nothing under each dimension.
- We have calculated the sum of each dimension.