

# Observing to Understand the Asian Shopping Experience

By Jerry Gelsomino

Like any new arrival to Hong Kong or China, one spends much time attempting to learn the patterns of behavior of both the locals as well as fellow expats. Anyone in the business of serving the consuming public specifically wants to know preferences for products or services by these groups.

There are two paths to gaining this kind of information; the first being to set up a research study through one of many choices of vehicles. The second is to go out and talk to people. Being an independent consultant, and due to my own personal desire for varied opinions and anecdotal stories, I have used my own network for face-to-face interviews.

Added to this, I am a voracious reader of every printed report or study detailed in the local or international press about Hong Kong and Chinese consumers. These studies sometimes report behavior inclusive to all of Asia, and others times are specific to a market. Shopping in Hong Kong, Beijing and Shanghai is different, but also has similarities. It is up to the reader to determine if it applies to their own situation.

So what does the consumer want? What turns the browser into a buyer? And what about the often stated query, "When will China offer its own quality branded product, as good as or better than the international products finding fertile retailing ground here?"

## The stores and the Internet

In the January issue of *biz.hk*, opinions were shared about the perspective that Hong Kong's image as a shopping paradise was slipping and what initiatives the city

could launch to re-establish and strengthen its brand. This time the focus will be on stores themselves and how they can respond to what the industry is learning about emerging customer shopping behavior. In addition, attention will be placed on product preferences being to be identified.

Like the proverbial kid in a candy shop, the recent Asian consuming activity reported has been toward purchases intended to heighten one's personal image among a circle of friends or family. That usually included internationally branded, high profile goods or luxury products. But as these shoppers gain confidence in purchase decisions and become more discerning about what they buy, I believe a new commodity will be in great demand: product information which adds to build a legacy.

We've learned recently from a Nielsen's survey that the majority of mainland tourists planned their purchases before coming to Hong Kong. With the aid of the Internet, company websites and social networking portals are easily reached, through which the shopper can become armed with information about products, before setting foot in a store. This obviously puts the challenge directly on the in-store sales associate; do they know what they are selling, as well as and better than the shopper? Be forewarned, Asian shoppers are arriving with their shopping lists and will not be deterred from their intentions.

Besides gaining knowledge about products through the Internet, shoppers also use more traditional methods as well. In a study by Multinational Business Marketing Review earlier this year, they found that "the major information channel for Chinese consumers was their going to a shopping mall experience. And of those

responding to the survey, more than half said they either occasionally or rarely believe advertisements."

## Browsers and buyers

So what are these shoppers looking for? In her paper on consumer behavior, Li Yi-you, School of Textiles and Garments, Southern Yangtze University, details that "(in China) Department stores are now crowded with people, but few of the shoppers are serious buyers. Chinese consumers are eager to see what is available, especially from among foreign products. Chinese consumers have a lot of time to browse, and therefore are disinclined to convenience or impulse buying. In Chinese cities, window-shopping and browsing are favorite weekend pastimes."

For this reason, effective visual presentation demonstrating new trends in fashion, technological advancements and product performance are extremely important. Along with the increased display efforts, better signage which communicates features and benefits, country of origin, or comparison to competitive products are essential attributes to share with all those browsers. I've often wondered when stores will catch up with the Internet; offering the previous customer an opportunity to share a product review, accessible in the store.

It is also critical, from experience, that the displays and signs are updated regularly. As shoppers return to the marketplace frequently, presentations that are 'too dated,' can have disastrous affect on the store's repeat sales. For the majority of Hong Kong retailers, high marks go to them for keeping their window and feature displays fresh.

Brand identity is of course a most

important attribute to retail success. In any discussion of brand power in China, you usually end up talking about luxury labels. In a survey conducted by Clear Asia consultancy in December last year, retail and product names such as Salvatore Ferragamo, Prada and Cartier were high on the list. "The results show that there is a winning brand personality in China right now," comments Oliver Cartwright of Clear Asia, "which is characterized as ambitious, modern, open-minded and confident."

*Jing Daily*, an Internet cultural blog states, "Consumers will begin to lose interest in products that are ubiquitous and mainstream, and focus on exclusive products, quality and craftsmanship. They will become much more educated and sophisticated." They report about "a young woman from Beijing was quoted saying that LV and Gucci products have become too common, and so she had lost interest in them."

## What do consumers want?

Those are all important and interesting attributes to note, bringing us to the question of what the Chinese consumers want; no matter if they are shopping in a store on the mainland, or visiting our city as the home of temples of consumption.

The October 18, 2010 issue of *Newsweek* magazine highlighted their observations on the changes in attitude of the Chinese consumer. In the lead article, they profiled how companies like Hermes, BMW and Levi's are re-engineering products sold in China with local materials, design esthetics, and through a Chinese-centric marketing strategy. Levi's for instance is marketing a new jean line, Denizen, with slimmer cuts and more localized styling.

*CNN Money* declared on its website that "In China, branding is more overtly an issue of economic nationalism than in countries such as the United States." This point of view makes greater argument for the opportunities which exist for Western brands to become more Asian responsive, or Chinese national brands to emerge as legitimately competitive to international, imported products.

At the same time, a study released by McKinsey & Company reported that the Chinese consumer is becoming "more demanding and pragmatic than ever as their horizons expand beyond basic concerns about product features."

However, as the *Newsweek* feature also pointed out, this new shopper focus

requires, "thinking much more carefully about what Chinese consumers actually want."

As I continue my intense search to uncover the cultural and habitual secrets of China, I've been challenged to also answer the question, what do Asian shoppers want? How do they make a buying decision? What constitutes a good shopping experience?

By talking to retailers and manufacturers, the results are inconclusive. Similar to consumer behavior around the globes, shoppers often don't know what they want until they see what is available. Retailers and manufacturers have to be perceptive about what is the next big thing based on following leading indicators like, what is or isn't selling now?"

## The next big thing

Here is a glimpse of what's been uncovered.

Talking to a luxury watch retailer, a trend is emerging where Asian consumers are selecting watches with smaller faces, in contrast to the oversized personal timepieces so popular elsewhere, reflecting a Western and Urban brand image. One can imagine that the smaller profile may be more appealing and useful option to a consumer with a sligher wrist.

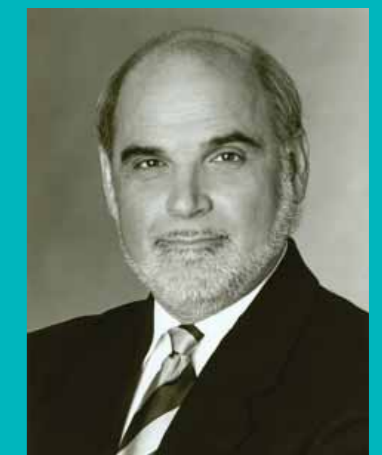
Another consultant shared with me her observations of Asian female consumers' interest in fashion that was a bit more demure. She described her experience with a Chinese retail client who was finding great success with a new line of dresses and tops which featured higher necklines than their European competitors. It appears that the Chinese women are concerned with revealing too much cleavage, while skirts and hemline rise and fall to the seasonal dictates of international fashion trends.

Often retailers experience a significant shift in consumer behavior, tracking sales carefully and reacting to it. These are two examples of discovery and a measured response. How much to invest in the behavioral observation or sales results, is a true test of intuition and confidence.

But other attributes of a retailers' brand have emerged as important to shoppers as well. *The Financial Times* reported recently that more than two-thirds of Chinese consumers responded that a brand's corporate social responsibility would affect their purchase decision, according to a new report. CSR was found to be particularly important among the more educated shoppers with higher incomes.

And finally, Vijay Govindarajan, director of the Center for Global Leadership at the Tuck School of Business asked a question that may have originally been intended as an admonishment to Western companies chasing the Chinese market. But in reality, may best sum up the real consumer opportunity in China. "How can you take a product that was originally designed for a US consumer with a median income of \$50,000 and profitably adapt it for a middle-class consumer in China whose earnings are significantly less?"

## About the Author



Jerry Gelsomino, principal of FutureBest, a respected design critic and visionary who makes it his business to track emerging consumer behavior in search of the next big trend. While bringing to his clients extensive brand development experience as well as the ability to interpret successful techniques across product, merchandise and service categories, in all his endeavors, he is focused on creating the very best experience for shoppers, visitors, tenants and guests.