An Investigation of Chinese Apparel Industry Demand Conditions: Gen-Y Consumers As a Competitive Advantage

by

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Abstract

China, as a leading apparel manufacturer and exporter in the world possesses significant market potential for growth because of its growing demand power. Given that low labor costs are increasingly no longer one of the competitive advantages held by Chinese apparel manufacturers, developing powerful and profitable globally recognized apparel brands may be the way to obtain sustainable success for firms in the Chinese apparel industry.

Accordingly, Michael Porter's *The Competitive Advantage of Nations* (1990) will be applied as a theoretical framework to discuss the competitiveness of a nation's apparel industry. Brand management, satisfying exacting domestic demands, and stimulating marketing competition will be integrated. Using Porter's theoretical foundation for demand conditions, a proposed model of fashion sophistication is introduced and a measurement survey utilizing Gen-Y Chinese fashion consumers is assessed. Furthermore, the research on Gen-Y consumers' fashion sophistication discovered their specialized characteristics which represent exacting domestic demand for apparel products.

Acknowledgements

There is a saying that the dream begins with a teacher who believes in you, who tugs and pushes and leads you to the next plateau. My advisor Dr. Tammi.S. Feltham guided me through the graduate study with her professional knowledge and endless patience. It was appreciated that having such a nice and self-giving advisor who were encouraging me to keep going forward.

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Above all, thanks to my parents. I cannot finish my degree without your support. Every step in my life is under your blessing, I love you both.

Dedication

Dedicated to my parents,

Zhang, Li

And

Hu, Wenhua

Contents

List of Tables

List of Figures

Chapter 1

Introduction

Background

The apparel industry is a globalized industry with a long history of development; it has the largest export value in the world and provides job opportunities for millions of people (Gereffi, 1999; Dickerson, 1999, p. 5). With the growth of the world economy, the global apparel industry is transitioning from labor intensive to technology intensive. During this transition, comparative advantages in capital and technology for developed countries and labor costs for developing countries keep influencing the development of global apparel manufacturing and trade activities. Developed countries subcontract manufacturing of low value-added products to developing countries to obtain cost savings; they earn profitable margins through high-tech and high-value added products. In the apparel industry, former leading manufacturers like Japan, Korea, and Taiwan have benefited significantly from industrial upgrading; they possess improved technology and economic levels through the development of apparel manufacturing and trade. However, these countries turned to the development of fashion brands from low value added manufacturing when they gradually stepped into the mature stage of the apparel industry life cycle. Today, most apparel manufacturing operations are agglomerated in Southeast and Southern Asia (Textile Exchange, 2011).

Statement of Problem and Objectives

A review of the recent literature points out that those wishing to develop competitive advantages in brands should start with analyzing buyers' demands and promoting an effective firm strategy according to the customers' needs (Akaka & Alden, 2010; Cassill, Oxenham, &Parrish, 2006; Gereffi, 1990, Haig, 2004; Johan & Power, 2010; Jin & Moon, 2006; Kendall, 2009; Kim & Knight, 2007; Porter, 1990, p. 107; Riezabos, 2003). China as a leading apparel manufacturer and exporter in the world possesses significant market potential for growth in high value-added sectors because of its growing demand power. Given that low labor costs are increasingly no longer one of the competitive advantages held by Chinese apparel manufacturers, developing powerful and profitable globally recognized apparel brands may be the way to obtain sustainable success for firms in the Chinese apparel industry. Accordingly, this paper will first introduce the development of the global apparel industry. Furthermore, Michael Porter's *The Competitive Advantage of Nations* (1990) will be applied as a theoretical framework to discuss the significance of domestic demand conditions in the apparel industry. Brand management, satisfying exacting domestic demands, and stimulating marketing competition will be integrated to discuss the competitiveness of a country's apparel industry.

However, studies which address current demand conditions with measurement models to predict countries' competitiveness in apparel and fashion sectors are needed when employing Porter's demand conditions theory. Additionally, published research on demand conditions, in terms of Generation Y consumers, is scarce in the study of the Chinese apparel industry (Chang, Hui, Siu, & Wang, 2001). Using Porter's theoretical foundation for demand conditions, a proposed model of fashion sophistication will be introduced and a measurement survey will be conducted utilizing Gen-Y Chinese fashion consumers to assess the competitive position of the Chinese apparel industry. Hence, the objectives of this study are to:

a. discuss the size and growth of Chinese Gen-Y apparel consumer market;

b. assess the (fashion) sophistication of Chinese Gen-Y apparel consumers, and;

c. discuss whether Chinese Gen-Y apparel consumers meet Porter's definition for exacting demand conditions based on a and b.

Chapter 2

Literature Review

Competitive Advantage Development in the Apparel Industry

The global apparel industry.

Performance in the global apparel market varies from country to country with the world trade values of apparel illustrating the development of the global apparel industry from 1999 to 2009. Except for 2009, the world trade value of clothing increased during this period (see Figure 1 and 2).The trade value in 2008 reached 362 billion dollars (U.S.) which nearly doubled that of 1999. The downturn of the world economy in 2009 affected the performance of world merchandise trade negatively in almost all sectors so that global merchandise trade value dropped 12% in 2009. The main reasons for trade contraction in 2009 were global demand sag, trade finance shortages, and aggravated protectionism; the economic recession of the North American economy in 2008 also caused trade contraction (World Trade Organization, 2009). Accordingly, the clothing sector also sagged during the recession. However, the clothing sector share of total merchandise and manufacturing declined from 1999 to 2009 due to increasing production in iron and steel, chemicals, automotive products, and office and telecom equipment (WTO, 2010). Under the global environment, various countries participated in apparel trade activities and leading clothing exporters' performance shifted as they adapted to rapid economic change (Table 1).

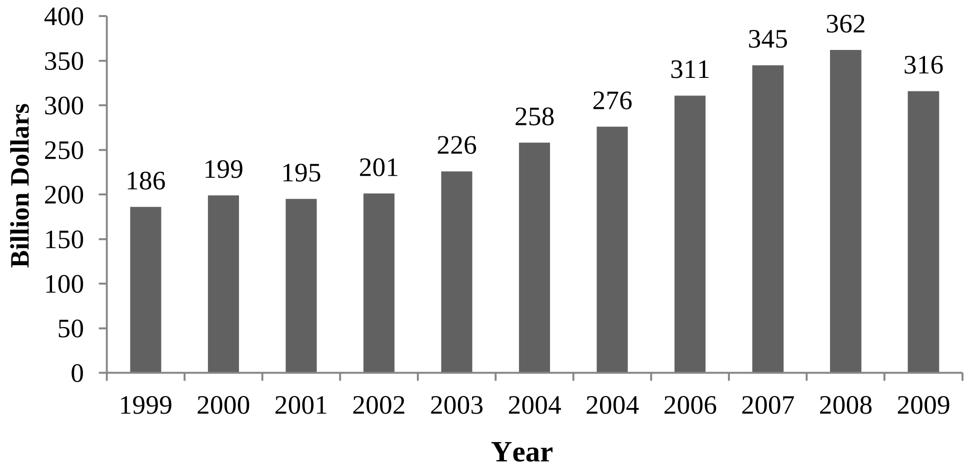

Figure 1.World trade value in clothing from 1999 to 2009.Adapted from "International Trade Statistics," by World Trade Organization, 2000-2010.Copyright 2012 by World Trade Organization.

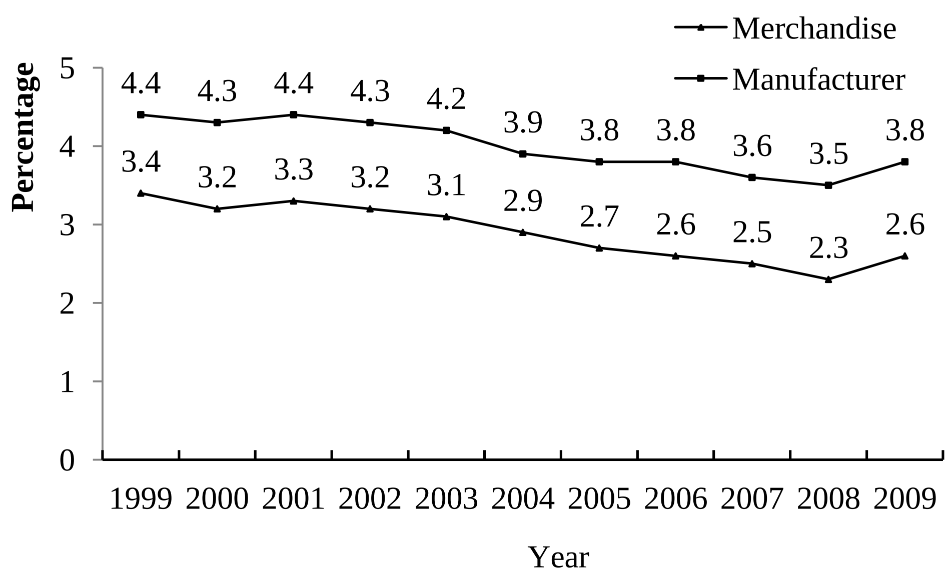

Figure 2.Clothing trade share of total merchandise and manufacturing from 1999 to 2009.Adapted from "International Trade Statistics," by World Trade Organization, 2000-2010.Copyright 2012 by World Trade Organization.

The value trend of the top 15 leading clothing exporters from 1999 to 2009 outlined in Table 1 shows the value of each country's apparel sector over the years as sorted by income levels. Developing countries, located in the middle or lower middle income levels, are positioned in the developing stages of the apparel industry with increasing export values. They mainly focus on basic manufacturing operations and possess abundant labor forces with lower wages and limited technological levels (Dickerson, 1999, p. 173; Gereffi, 1990). In contrast, Developed countries' declining export clothing values are obvious: before 2000, Italy, the United Kingdom, Belgium, France, and Germany were listed among the leading clothing exporters. After 2001, these developed countries clothing exports dwindled because of outsourcing, and even Korea, one of the four Pacific Rim Dragons (Taiwan, South Korea, Singapore, and Hong Kong) (Swee, 1992), disappeared from the leading clothing exporters in 2005, which may have been influenced by China's apparel quotas being eliminated in the same year (Bennett, Hurreeram, & Keseyre, 2009). Although the United States remained in the list of leading clothing exporters from 1999 to 2009 because of its trade activities within the North American Free Trade Area (NAFTA), the growth rate is negative and the clothing export value in 2009 (4 billion dollars) shrank to half of that from1999 (8.27 billion dollars). Although a large percentage of apparel production has been outsourced to low-wage areas, fashion cities like Paris, Milan, London, New York, and Tokyo are still considered to be fashion leading countries who constructed the most advanced fashion clusters in the global market (Jasson & Power, 2010). These fashion clusters dominate the high-value added segment of the apparel industry taking advantage of strong capital, effective marketing strategies, powerful brands, and advanced manufacturing technologies (Xu, 2008).

Table 1

Trade Values of Leading Clothing Exporters from 1999 to 2009 (Billion Dollars)

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
High Income											
Belgium	3.83	3.94	-[a]	-	-	-	-	-	-	-	-
France	5.69	5.43	-	-	-	-	-	-	-	-	-
Germany	7.44	6.84	8.01	-	-	-	-	-	-	-	-
Italy	13.24	13.22	-	-	-	-	-	-	-	-	-
Hong Kong	22.37	24.22	23.45	22.34	23.15	25.10	27.29	28.40	28.80	27.9	23.00
Korea	4.87	5.03	4.31	3.69	3.61	3.39	-	-	-	-	-
United Kingdom	4.49	4.11	-	-	-	-	-	-	-	-	-
United States	8.27	8.65	7.01	6.03	5.54	5.06	5.00	4.90	4.30	4.40	4.00
Upper Middle Income											
China	30.08	36.07	36.65	41.3	52.06	61.86	74.16	95.40	115.20	120.00	107.00
Dominican	-	-	2.71	2.71	-	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-	-	-	-	3.60	3.00
Mexico	7.81	8.70	-	7.75	7.34	7.20	7.27	6.30	5.10	4.90	4.00
Romania	-	-	2.77	3.25	4.07	4.72	4.63	4.40	-	-	-
Thailand	3.45	3.95	3.58	3.37	3.62	4.05	4.09	4.30	4.10	4.20	4.00
Tunisia	-	-	2.60	2.69	-	3.27	3.33	3.20	3.60	3.80	3.00
Lower Middle Income											

India	4.78	5.15	6.03	5.48	6.46	6.62	8.29	10.2	9.70	10.90	11.00
Indonesia	3.86	4.73	4.53	3.95	4.11	4.45	5.11	5.70	5.90	6.30	6.00
Morocco	-	-	-	-	2.83	-	-	3.20	3.60	-	3.00
Pakistan	-	-	-	-	2.71	3.03	3.60	3.90	3.80	3.90	3.00
Philippines	-	-	-	2.61	-	-	-	-	-	-	-
Sri Lanka	-	-	-	-	-	-	2.88	-	3.30	-	-
Viet Nam	-	-	-	-	3.56	3.98	4.81	4.80	7.20	9.00	9.00
Low Income											
Bangladesh	3.79	-	5.11	4.13	4.36	4.44	6.42	7.80	10.10	10.90	11.00
Cambodia	-	-	-	-	-	-	-	-	-	3.60	-
Unclassified Income Levels [b]											
Taipei, Chinese	-	2.97	2.48	-	-	-	-	-	-	-	-
Turkey	6.52	6.53	6.63	8.06	9.94	11.19	11.82	11.90	14.00	13.60	12.00

Note. Values in each year contained the leading fifteen clothing exporters of that year; Income levels are calculated and classified by Gross National Income (GNI) per capita according to the World Trade Organization (2011): low income ($1,006 or less), lower middle income ($1,006 to $3,975), upper middle income ($3,976 to $12,275), and high income ($12,276 or more); Adapted from “International Trade Statistics”, by World Trade Organization, 2000-2010.Copyright 2012 by World Trade Organization.

[a]Export value of the country in that year did not position it in the leading clothing exporters list.

[b]Countries income levels were not reported according to the World Trade Organization (2011).

Development of competitive advantages.

Why do countries ‘exports perform differently in the global apparel trade? With the exception of reasons in the global environment such as the increasing share of non-textile or apparel manufacturing, many articles discussed industrial upgrading and competitive advantages leading to various performances of countries facing a global environment. The literature on competitive advantages aims to identify and analyze the attributes of countries in order to predict the future development of an industry. Historically, David Ricardo first introduced the concept of a country’s advantage in 1817, stating that a country should focus on producing goods it has comparative advantage in and trade those goods with others (Ruffin, 2002; Tian, 2008; Maneschi, 2008). However, comparative advantage was criticized by later literature in that it solely refers to static development without considering possible advantages which can be obtained by a nation through future investment and development (Schweke, 1996; Beaudreau, 2011; Deardorff, 2005; Dickerson, 1999, p. 104; Fitzgerald & Hallak, 2004). Michael Porter (1990) then developed a model of four stages of national competitive advantage development, relating to a single, specific industry, believing that country’s advantages are creatable and dynamic (Grant, 1991). The four development stages are factor-driven stage, investment-driven stage, innovation-driven stage, and wealth-driven stage (p. 546). In his study, each stage shows specific favorable performances and is characterized by different competitive advantages. Excluding the wealth driven (mature development) stage, where performance is declining in economic and competitive position, the other three stages keep improving and upgrading due to the dynamic growth of competitive advantages (Porter, 1990, p. 546, 547).

Competitive advantage growth stages of an industry are parallel to the development of that nation: countries in the mature stage of industrial development are positioned in the zone of high income level and countries in the early stage development positions are in the lower income levels as shown in Table 1 (Dickerson, 1999, p. 169 & 549; Gereffi, 1990; Porter, 1990, p. 546). In the apparel industry, countries positioned in the factor-driven stage engaged in basic labor-intensive apparel assembly; characteristics of this stage are low labor costs, being sensitive to price, manufacturing under required standards, and possessing low level technology and facility requirements (Porter, 1990, p. 547; Gereffi, 1999; Ha-Brookshire & Lee, 2010). In the investment-driven stage, countries focus on improving productivity by investment in more advanced technology and facilities. Competitive advantages in this stage turn to developing firm strategy, structure, and rivalry but countries still "compete in the relatively standardized, price-sensitive segments of the market, and product designs often reflects foreign needs (Porter, 1990, p. 549) ". For the industries which are still in need of capital investment and still rely on intensive labor costs and readily transferable technology to produce standardized products, it should be noted that the manufacturing countries in this category more closely follow the route of the investment-driven stage (Gereffi, 1999; Ha-Brookshire & Lee, 2010; Jones, 2002; Porter, 1990, p. 551). As the innovation-driven stage is followed, firms start to explore technological and product innovation and accumulation of capital-intensive assets (Porter, 1990, p.554).

Industrial upgrading.

As apparel manufacturing has remained labor-intensive for much of its history, which is a buyer-driven commodity chain (Gereffi, 1999), labor intensity will still be the most significant feature of apparel manufacturing influencing the structure of the global apparel industry, especially toward countries positioned in the investment-driven stage (Jones, 2002, p. 95; Porter, 1990, p. 563). For example, sewing is a labor intensive operation of apparel manufacturing that cannot be fully automatic while it occupies nearly 30 percent of product costs (Jones, 2002, p. 1). It leads to the fact that Labor cost differentials among countries is a key driving force that influences global apparel sourcing (Jones, 2002, p. 97) and trade shifts in the apparel global commodity chain (Gereffi, 1999). Some of these manufacturing countries also possess abundant natural resources as a factor advantage and governmental supported industrial export policies to aid in competing in global markets (Gereffi, 1999; Porter, 1990, p. 71).As a result, developing countries with low labor costs have opportunities to enter the global apparel market depending on factor advantages and governmental support (Gereffi, 1999;Jin& Moon, 2006; Jones, 2002, p. 105, MacCann, 2011; Xu, 2008; Little, Porter, &Rollins, 2003). Emerging apparel producers include Bangladesh, Indonesia, Tunisia, Vietnam, Sri Lanka, Cambodia, and Morocco (See Table 1); their export values are relatively small but the growth rates are outstanding. For instance, Viet Nam doubled its clothing export value of 9 billion dollars in 2009 from 3.56 billion dollars in 2003 with an average annual growth rate of 17.9 percent. Another example is African countries involved in the Africa Growth and Opportunity Act (AGOA) which was held in May 2000 and aimed at seeking more opportunities in the sophisticated textile and apparel sector for further development; they are potentially the next apparel giant in the global apparel industry (Guilford, 2000). At this point, Countries with low wages tend to represent labor-intensive product manufacturing and exporting as their development continues; former manufacturing countries such as China are threatened under this trend (Gereffi, 1999).

However, previous manufacturing countries which used to be in the early stages of competitive advantage development can benefit from their accumulated manufacturing experience by satisfying foreign buyers' high standardized demands and regulating the sourcing networks in their apparel commodity chain. This developing trend was observed in newly industrializing economics (NIEs) in the Third World according to Gereffi (1999), and Ha-Brookshire & Lee (2010). After their manufacturing technology matures, countries move to concentrate on value-added activities such as original product design, branding strategy, and after-sales services to step into the innovation-driven stage as mentioned above based on development of competitive advantages (Dickerson, 1999, p. 23, 33; Ha-Brookshire & Lee, 2010; Gereffi, 1999; Porter, 1990, p. 552). Finally, industrial upgrading happens when these former manufacturing countries shift gradually to more profitable and competitive segments of the global value chain (Gereffi and Tam, 1998). As Gereffi (1990) discussed, "industrial upgrading is a process of improving the ability of a firm or an economy to move to more profitable and/or technologically sophisticated capital and skill-intensive economic niches (Gereffi, 1999, p. 52)." Hence, transition in the form of industrial upgrading from an export oriented manufacturer to a competitive marketer is an essential shift for firms in previous manufacturing countries to gain a competitive advantage globally (Gereffi, 1999). The Korean apparel industry is a typical model of how to improve the competitiveness in a more profitable sector when the country no longer possesses advantages in labor costs; the upgrading in the apparel industry was supported by developing high value-added products and effective brand management (Jin & Moon, 2004; Ha-Brookshire & Lee, 2010), Korea's story will be discussed below in more detail.

Case Study: Korean Apparel Industry.

The development of Korea is a typical case study using Michael Porter's (1990) research in the competitive advantages of nations; it has also been discussed by other researchers in their studies as a representative model which successfully transitioned into a competitive nation in the global market (Dickerson, 1999, p. 168; Gereffi, 1999; Jin & Moon, 2004; Ha-Brookshire & Lee, 2010). Porter (1990) pointed out that the development of the Korean apparel and footwear industry with significant market share was a representative story of competitive advantage development. Other scholars such as Ha-Brookshire and Lee (2010) concluded that the Korean apparel industry is in a mature position in the global apparel value chain. During the 1960s, Korean apparel manufacturing took a big proportion of the global market share because of abundant low-cost labor. However, after the 1980s, increasing labor costs, emerging competitors, and decreasing market share caused the Korean apparel industry to decline (Ha-Brookshire & Lee, 2010; Jin & Moon, 2006). This pessimistic situation pushed the Korean apparel industry to reform and upgrade. Since the early 2000s, the Korean apparel manufacturers have started to engage in high-value added activities such as branding, marketing, and designing. Korean apparel firms struggled to explore and develop their creativity, build high value brand equity and positive brand image by targeting both domestic and international markets (Ha-Brookshire & Lee, 2010).

Ha-Brookshire and Lee (2010) analyzed 200 Korean apparel firms using official websites to discuss the competitive advantages of the Korean apparel industry, the influence of exacting domestic apparel demand, and how Korean firms kept satisfying demand with prestige apparel brands as a key factor to their success. Korean apparel businesses mainly concentrated on domestic retailing (75.8%), export (57.0%), and product development (52.5%). With respect to satisfying domestic apparel demand, 79% of the firms earn profit via competitive apparel brands which means most Korean firms build and develop their own apparel brands to directly convey the image, quality, service, and reputation to consumers and are sensitive about customer satisfaction through effective feedback. Another competitive advantage is that half of the surveyed firms own specialized and differentiated products (Ha-Brookshire & Lee, 2010) that others cannot provide or replace. In 2008, Korea was the world's sixth leading textile exporter with a global market share of 2.0%, the second highest knitted fabric exporter with 14.3%, the second highest chemical fiber cloth exporter with 8.1%, and the sixth highest chemical fiber producer with 3.9% (Korea Federation of Textile Industries, 2009). Korea has been widely recognized for its global competitiveness as a strong player in the apparel industry (KOFOTI, 2009). Accordingly, the Korean apparel industry has successfully transferred from a low labor cost manufacturer by developing competitive Korean apparel brands to obtain higher profit margins (Ha-Brookshire & Lee, 2010; Jin & Moon, 2006).

Chinese Apparel Industry

Development after Cultural Revolution.

After the Cultural Revolution (1969 to 1979), the Chinese political and economic environments were in disorder and the government started to move the economy toward industrialization for the country's recovery in 1989 (An & Li, 2004). At the Eleventh Communist Party Congress in 1978, the leader Deng Xiaoping pointed out that China should focus on the development of both agriculture and industry, and that an open door policy was one of the best ways to boost Chinese economic and industrial recovery and development (Chang, 1990, p.244; & Liu, 2009, p. 94). The policy was taken step by step according to a geographical distribution and time frame. From May 1980 to 1992, Guangzhou, Shenzhen, Zhuhai, Shantou, Xiamen, and Shanghai were upgraded into "coastal open cities" to be given special policies and measures to attract foreign trade and investment (Liu, 2009, p. 97). Specifically, one of the significant changes to the Chinese economy after reform was that the government supported cooperation between Chinese and foreign companies under the open-up policy; the non-state owned economic sector has grown rapidly and state ownership has been blended with private ownership (Liu, 2009, p. 95 & 96). Under the regulation of the open-up policy, changes in equipment importation, managerial know-how training, and low labor costs were considered to be the engines which would push China to be the "world's factory" (Ding, Li, & Wang, 2008; Cassill, Oxenham, & Parrish, 2006). Combining with the open door policy and economic reform, Chinese industrial development has been growing for decades (An & Li, 2004; Ding et al, 2008; McCann, 2011; Shen, 2008). As an original equipment manufacturer in the global commodity chain that China has turned into, it provided labor intensive product manufacturing to the global market in apparel, toys, electronic equipment and other sectors (Gereffi, 1999; Jones, 2002).

As the open-door policy boosted the Chinese export activities especially in the sector of textile and apparel (MaCann, 2011), China transitioned from a planned economic system to a market economic system. The textile and clothing industry successfully upgraded to accommodate the new economic environment; it kept growing through the most frequent and competitive trade activities in China (Shen, 2008; McCann, 2011; Xu, 2008; Bao, Chao, Delong, Li, & Wu, 2004). Since 1979, the textile and apparel industry has increasingly been one of the most supported industries of China because of protective and effective government policies and a centralized economy (McCann, 2011; Shen, 2008). After China became a member of the General Agreement on Tariffs and Trade (GATT) in 1986, the textile and clothing industry became the most active and profitable sector among all of China's export and import trade activities because the trade restraints were decreased (Shen, 2008). After entering the World Trade Organization in 2001, China became one of the world's largest exporters especially to the U.S. and European Union (Shen, 2008; Zhao, 2010). Figure 3 indicates the increasing trend of Chinese clothing export values in Billions of Dollars from 1999 to 2009.

In sum, several significant events and policies promoted the Chinese textile and apparel industry development: a) optimizing coordination between the textile and clothing sector and other related industries; b) upgrading the industrial structure to adjust and support apparel

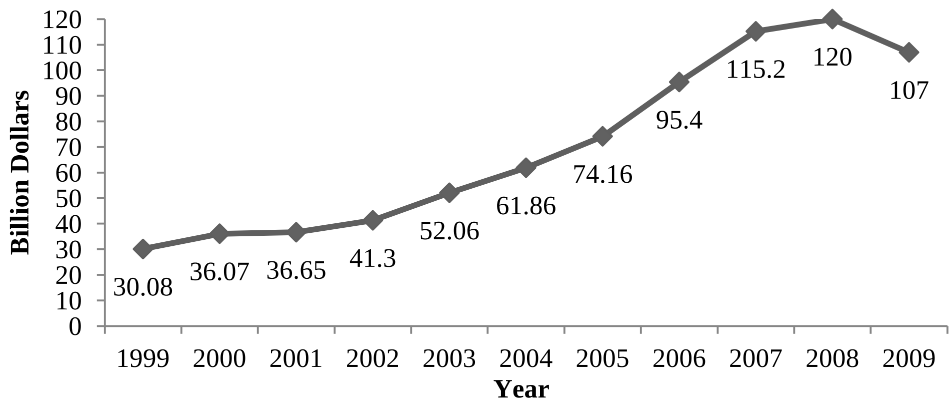

Figure 3. Chinese clothing export values to the global market from 1999 to 2009 (Billion Dollars).Adapted from "International World Trade Statistics," by World Trade Organization, 2000-2010. Copyright 2012 by World Trade Organization

production; and c) cancelling the use of clothing tickets (Lal, 2009, p. 44). For example, the establishment of apparel industrial clusters along the eastern coast under the support of governmental policies since 1980 has contributed to the rapid development of the apparel industry. These clusters located in Zhejiang, Fujian, Guangdong, and Jiangsu Provinces allow access to numerous resources, advanced technology, effective and specified suppliers, and information on innovation (Gereffi, 1999; Jin & Moon, 2006; Ketels, 2006; Liu & Gu, 2007; Melani, 2006; Zeng, 2010, p. 24). In addition, another significant contribution is the cancelling of clothing tickets. Clothing tickets were coupons for restricted purchasing that allowed people to buy textile or apparel products in restricted amounts. Consumers were restricted to purchasing clothing and accessories only when they were in possession of clothing tickets. However, the abolishment of clothing tickets stimulated domestic demand, boosted purchasing behavior, and liberated market activities that promoted the progress of domestic market development (Lal, 2009, p. 44).

A study of a specific geographic area in China also demonstrated the development and significance of apparel manufacturing in China's growth. Hu, Otsuka, and Sonobe's (2002) research analyzed the town of Jili in Zhejiang Province which was the preliminary stage of a cluster formation. The town of Jili used to mainly produce low quality clothing for children utilizing small-scale equipment. During 1983, the town government built a marketplace for fabric, raw materials and apparel trade. Under the new marketplace, material suppliers accessed innovative information more easily through frequent communication with the manufacturers. In addition, upgrading in technology contributed to further development in areas such as garment quality control systems in Jili apparel enterprises. When traditional visual product inspection was determined to be ineffective (time-wasting, low productivity), visual inspection of apparel products was replaced by an electronically controlled "Product Defects Online Delivery System" to meet the demands of high quality production in the form of equipment and technology upgrading (Sonobe et al., 2002).

Future challenge.

Many researchers believed that the Chinese textile and clothing industry mainly relied on a cheap and intensive labor force and well-developed by-product manufacturing (such as buttons and zippers); and this was a competitive advantage for

China for large scale labor intensive production in the global market (Dickerson, 1999, p. 168; Gu & Liu, 2007; He, Yang, & Zhang, 2010; Jin, 2004; Lal, 2009, p. 39; Liu, 2009, p. 109; MaCann, 2011; Shen, 2008; Smook, 2005, p. 9; Hu et al., 2002; Xu, 2008; Bao et al., 2004). However, low cost and cheap labor did not solely bring opportunities and advantages for China to enter the global commodity chain but also caused difficulties and uncertainty for Chinese apparel manufacturers. In 2005, when the quota regime was abolished, Chinese textile and apparel products flooded into the U.S. and EU markets at low prices and a fast speed under a non-quota environment. China's apparel flood led to between 165,500 and 630,000 people being unemployed in the EU and American textile and apparel companies; these companies in developed countries were threatened by Chinese apparel manufacturers (Barrie, 2004; Little et al., 2003).They complained and asked their governments to keep restrictions on China's apparel imports (Barrie, 2004). Abolishment of trade restrictions brought negative influences this time in terms of other protective trade measures and technology barriers: developed countries started to limit apparel product imports from China through non-tariff protections which included green barriers, anti-dumping measures, and anti-subsidy measures such as ISO9000 quality management certificates, ISO14000 environment management certificates and the Europe Ecological textiles mark (Xu, 2008; Ma & Yang, 2010). While in China, apparel manufacturers cared about their business seriously because of the resurgence of trade protective measures, actions, and policies from foreign markets (Wang, 2008).

In addition to external pressure on trade, the Chinese domestic apparel market also faces fierce domestic market competition and the challenges of lacking innovative designs and competitive brands. Based on this situation, groups of researchers have identified shortcomings of the Chinese apparel industry in marketing strategies and brand establishment. Within the total apparel export values between 1978 to 2006, Chinese owned brands accounted for less than 10% of exports which indicated weakness in Intellectual Property Rights (IPR) (Liu, 2009, p. 142). Gereffi (1999) concluded China has difficulties in transitioning away from labor-intensive manufacturing into an "OBM" (Original Branding Manufacturing) producer in the global market, and the Chinese apparel industry needs to improve its abilities in design innovation, brands establishment, marketing strategy, and after-sales service. McCann (2011) pointed out that the Chinese apparel industry shows weakness in management and needs enhancement in effective marketing operations. Xu (2008) concluded that sales performance and business strategies efficiency of Chinese apparel enterprises are low based on the comparison between Chinese and foreign apparel enterprises in 2005 and 2006. Zhao's (2010) research indicated China has nearly 175 famous domestic textile and apparel brands but only one of them is a world famous brand, BOSIDENG©, honored as China's world famous brands by Chinese famous brands certificate committee in 2007 (BOSIDENG International Company, 2011). When considering innovative design, brand value, and high level fashion education as contributing factors to competitiveness, China shows weak performance and Chinese manufacturers are still weak in exporting their own designs or innovative products (Michael & Stalk, 2011). As the apparel industry will still be a supporting pillar of China's development in both the economy and trade in the future, it may need comparative advantages in powerful brands for further development instead of being a supplier of low value added products in the global value chain (Gereffi, 1999; He, et al., 2010; McCann, 2011; Smook, 2005, p. 9; Xu, 2008; Zhao, 2010).

By 2030, it is estimated that the population in China will reach 1.5 billion and will account for a large percent of world product consumption in future. High income level cities such as Shenzhen, Guangzhou, Shanghai, and Beijing have already been targeted by domestic and foreign retailers (Au, Kwan, & Yeung, 2003; Micheal &Stalk, 2011). Increasingly, foreign companies with adequate investment and advanced technology have entered China to gain market share in the apparel sector as Chinese consumers' purchasing levels keep growing (Au et al., 2003; Hui, Siu, & Wang, 2004; Bao et al., 2004). However, knowledge of domestic apparel demand conditions could play a significant role in pointing out the direction of future market conditions for Chinese firms to compete under fierce rivalry. Previous studies have reviewed Chinese apparel consumers' characteristics in the domestic market, discussing aspects of fashion consciousness, purchasing behavior, and the influence of demographic characteristics. For example, Au et al. (2003) concluded that most Chinese apparel consumers lack fashion sensitivity in that they are not leaders of new style and innovation. Yan (1994) pointed out Chinese apparel consumers sometimes are just looking instead of being serious buyers and they prefer to foreign brands. With respect to educational levels of consumers, Michael& Stalk (2011) found that although education levels are growing in China, the country still fails to foster university students in high numbers compared to developed countries.

China is transitioning from the factor-driven stage into the investment-driven stage of development (Anonymous, 2010; Dan, 2010; Sabir, R. I. & Sabir, 2010; Yao &

Wang, 2011).It faces facts of increasing global consumer market share, decreasing export values compared to other Asian countries, and fast growing middle-class cities and inhabitants (Michael &Stalk, 2011), so that competitive advantages studies are necessary for the further development of the Chinese apparel industry. Additionally, the research field of demand conditions, in terms of Generation Y consumers, is scarce in the area of Chinese apparel industry studies (Chang, Hui, Siu, & Wang, 2001). Under this circumstance, this study discusses the contribution to domestic demand conditions from young Chinese apparel consumers to the Chinese apparel industry's further competitive development according to Porter's (1990) competitive theory and other related supports. The aim is to investigate whether young Chinese consumers (Chinese Gen-Y consumers) represent the type of exacting demand conditions to trigger or stimulate the Chinese apparel industry to upgrade to Porter's innovation stage. Hence, the objectives of this study are:

a. To discuss the size and growth of the market segment of Chinese Gen-Y apparel consumers, and;

b. To assess the (fashion) sophistication of Chinese Gen-Y apparel consumers, and;

c. To discuss whether Chinese Gen-Y apparel consumers represent the exacting demand conditions necessary, based on a and b.

The follow section will introduce theories of demand conditions as the theoretical framework of this study. The methodology employed to study Chinese Gen-Y consumers will be introduced in detail in Chapter 3.

Demand Condition Theory

A review.

Previous studies suggest that concentration on customer demand is one of the most vital aspects of maintaining a firm's competitiveness within the supply chain and marketing. Classifying demand conditions as a competitive advantage was first discussed by Linder in 1961 (Beise & Gemünden, 2004), and the theory was later further developed by several additional scholars (Achterkamp, Kratzer, & Oosterloo, 2011; Brait, 2004; Donath , 2000; Eisenberg , 2011; He & Yu, 2010; Scheraga, Tellis, & Tucker, 2000; Teodorescu,1985; Urban& von Hippel, 1986; von Hippel, 1986). The existing literature concerning demand conditions as a competitive advantage range across various fields such as customer relationship management (Beise & Gemünden, 2004; Buckinx &van den Poel, 2005; Feng & Wang, 2012; Walters, 2008; Zander, I. & Zander, 2005), customer attraction (Leung & Taylor, 2002; Miller, 1990), customer value (Claycomb, Dröge, & Germain, 2005; Jacobson & Mizik, 2003;Woodruff, 1997;), customer knowledge (Cheng, Lo, Yeung, & Yeunga, 2008; Claycomb et al., 2005), demand chain management (Walters, 2008), and lead users (von Hippel, 1986). An interdependent relationship has also been found where consumer demand defines the supply chain and supply management correspondingly shapes the growth of consumer demand (Au et al., 2003; Griffiths, James, & Kempson, 2000; Walters, 2008). That refers to the fact that firms compete in today's fierce and changing market on the ability to identify and satisfy customer needs (Cheng et al., 2008).Continuously satisfying consumer demand is a driving factor for firms in marketing competition (Woodruff, 1997). Sophisticated and demanding customers within a nation provide a context for firms to continuously construct and invest external and internal organizational capabilities such as market orientation, knowledge management, and customer relationship management (Castro, Cepeda-Carrio'n, & Landroguez, 2011).

D'Amico, Horton, and Keillor (2001) pointed out that studying consumer characteristics is more valuable than studying country characteristics in competitive advantages development. Within the apparel industry, the significance of demand conditions in marketing strategy and industrial competitive advantage development has been demonstrated by many studies. The apparel industry is characterized by a fast moving consumer goods orientation which requires quick response between retailers and consumers (Lowson, 2001), hence responsiveness to consumer demands and the significance of customer satisfaction have been considered an important element of concern for firms, especially for limited life-cycle products in a market-driven environment (Castro et al., 2011; Lowson, 2001; Little et al., 2003; Cheng et al., 2008; Walters, 2008). Little et al. (2003) stated that the new challenge for the global apparel industry of a nation is to know and to continuously satisfy changing consumer demand, hence to establish a competitive position in the global market with respect to challenge changing consumer demand and manufacturers.

Porter's demand condition theory.

Michael Porter (1990) introduced the four competitive determinants known as the "diamond model" which are used to analyze why nations succeed internationally in particular industries (p. 2). Recent literature has supported and confirmed Porter's

(1990) diamond model as one of the most influential and significant theories for analyzing and gauging the competitiveness of a country in both the national level and firm level. Many researchers have used the model as theoretical support to study the competitive position or strategies of a specific nation's industry (Adner & Zemsky, 2006; Beise & Gemünden, 2004; Byun & Mann, 2011; Castro et al., 2011; Dickerson, 1999, p. 107; Grant, 1991; Jin & Moon, 2006; Jones, 2002, p. 108; Karpova & Lee, 2009; Ketels, 2006; Kirchbach, 2003; Lowson, 2001; Smook, 2005, p. 14). Porter's competitive theory can also serve as a firm's representative strategy guide for surviving in fierce domestic and global market competition, and it is suitable for both developing and transitional countries (Chobanyan and Leigh, 2006; Helms & Pettus, 2008). Porter's four determinants are demand conditions, factor conditions, context for firm strategy and rivalry, and related and supporting industries (Porter, 1990, p. 71). In addition to the four determinants, Porter (1990) also discussed two additional key factors which influence the development of the entire competitive system: the role of government and chance (Jin & Moon, 2006; Ketels, 2006; & Porter, 1990). According to Porter (1990), the relationship among the four competitive determinates is "a mutually reinforcing system" where the success of one component may expand to others during the development of a nation (p. 72, 145).

Porter's (1990) demand conditions competitive diamond has been used by numerous scholars as theoretical support to discuss nations' consumer demand. In Porter's (1990) four determinants, contributions in demand conditions are the fundamental resource in predicting growth of potential consumer markets or market segments, exploring possible purchasers for products or services, and stimulating domestic rivalry in both business-to-business markets and business-to-customer markets (Kendall, 2009, p. 63; Porter, 1990, p. 86, 136; Jin and Moon, 2006;Desarbo, Jedidi, & Sinha, 2001; Hammond, Hawkins, &Rocha, 2005).Demand conditions also influence industrial dynamics on innovation and evolution which shapes the competitiveness of a nation (Beise &Gemünden, 2004; Byun & Mann, 2011; Castro et al., 2011; Malerba, 2007; Porter, 1990, p. 89).

One benefit of focusing on domestic demand is that it can be accessed more easily and respond faster compared to the international market because of the geographical advantage and cultural similarities which allow less investment for firms and more effective communication between users and producers in an industry (Porter, 1990, p. 86; Malerba, 2007; Beise & Gemünden, 2004). Even if the disadvantage of geography is overcome by a foreign firm, the cultural differences may be hard to adjust to and cause problems in managing marketing analysis and decision making when they are in the growing stage or are not competitive enough (Porter, 1990, p. 86). Hence, place-based association, or agglomeration, of local fashion and design activities: 1) promotes the establishment of powerful brands and will attract more attention of both domestic and global consumers (Jansson & Power, 2010); and 2) helps to agglomerate consumers' national passion and regional pride which influences consumer demand significantly within a familiar cultural context (Porter, 1990, p. 90; Borja, Eckman,Edscals, & Hyllegard, 2005). For example, a group of fashion design firms and related businesses geographically located together is one of the significant contributions to competitive advantage of top fashion cities such as Paris, Milan, London, New York, and Tokyo (Jansson & Power, 2010).

Another benefit of exacting demand conditions is the influence of innovation diffusion. Innovation diffusion is a key factor in determining the country's position in lead or lag markets within an industry because innovation is not able to diffuse to all consumers at the same time in the market (Porter, 1990, p. 95; von Hippel, 1986). To completely ascertain why a country is positioned in the innovative stage of an industry is very complex, while demand conditions is an effective theory which can properly explain why consumers in some countries are leaders and others are followers (Beisea & Cleff, 2004). A successful international diffusion of an innovation from a specific country requires the support and insight knowledge of a leader in a local market context (Beise & Gemünden, 2004; Beisea & Cleff, 2004; Urban & von Hippel, 1986). Beise and Gemünden(2004) employed the penetration rate of a specific innovation as an indicator to discuss the trend of lead market and lag market as time passed. It refers to a trend that a new innovation originates from the country with leading firms and sophisticated domestic users (referred to as the lead market) and then diffuses globally to countries which follow (referred to as lag markets). The lead market will be saturated early in the global market with early established and accumulated facilities, technologies, and experiences. Similarly, Porter (1990) concluded "early saturation" is one attribute of exacting domestic demand that allows lead markets to have innovative local rivals and pressures them to penetrate global markets earlier than other countries which may be in the stage of being a lag market at that time (p. 96).

Von Hippel's work (1986) mentioning the concept of lead user provided strong support to Porter's (1990) demand condition theory in view of early saturation and sophistication of demand conditions. Von Hippel first study about users' dominant role in product innovation was in 1976; his definition of “lead user” derived from consumers with real-life experiences in the lead market and he concluded that analysis of lead users is essential to market strategies exploration (1986). His study did not pay much attention to size and growth of demand but emphasized the sophisticated aspect of users in terms of the prediction of innovation and ability to problem-solve. Compared to Porter’s (1990) demand condition theory, Von Hippel (1986) provided a clearer identification about sophisticated demand conditions in the form of lead users; and he believed lead users can be effectively identified through well-conducted marketing research (Urban & von Hippel, 1986). Von Hippel’s (1986) definition of lead users was:

> *“—Lead users face needs that will be general in a marketplace—but face them months or years before the bulk of that marketplace encounters them, and*
>
> *—Lead users are positioned to benefit significantly by obtaining a solution to those needs.”*(p. 796)

In sum, lead users, which can be an individual, a group, or a company are eager to obtain the highest benefit when they seek innovations to solve existing problems and these abilities contribute to the upgrading of an industry (von Hippel, 1986; Urban & von Hippel, 1986; Eisenberg, 2011; Zander & Zander, 2005). The theory was supported and enhanced by several research projects (Acherkamp et al., 2010; Beisea& Cleff, 2004; Donath, 2000; Eisenberg, 2011; Franke, von Hippel, & Schreier, 2006; He & Yu, 2010; Teodorescu, 1985; Urban & von Hippel, 1986).

Attributes of domestic demands.

The patterns of domestic demand in different countries are varied according to economic, social, cultural, and environment differentiations (Beise & Gemünden, 2004). Numerous scholars have analyzed nations' demand conditions in the apparel sector such as studies of Argentina (Helms & Pettus, 2008), Armenia (Chobanyan & Leigh, 2006), India (Byun & Mann, 2011), Japan (Lee & Karpova, 2011), Korea (Jin & Moon, 2006; Kim, Knight, & Pelton, 2009; Moon, Rugman, & Verbeke, 1998), Singapore (Moon et al., 1998), Spain (Borja et al., 2005), Sri Lanka (Rathnayake, 2011), Thailand (Copeland, Hodges, Karpova, & Watchravesringkan, 2010), and the United States (Lee & Karpova, 2011; Fadiga, Misra, & Ramirez, 2005). However, Porter's (1990) research concluded three essential qualities (attributes) of demand conditions in an industry's competitive advantage of a nation: the composition (the nature of buyer needs) of home demand, the size and pattern of growth of home demand, and the mechanisms by which a nation's domestic preferences are transmitted to foreign markets (p. 86). Porter (1990) also indicated the roles and relationships of each attribute in home demand: the composition of home demand is a fundamental one to competitive improvement, while the size and pattern of growth amplifying the composition of home demand are in the aspects of investment behavior, timing, and motivation; and the internationalization of home demand aims at pulling products and services abroad (p. 97). In this study, we consider the total positive effects of each quality toward competitiveness as "exacting demand conditions of a nation." The aspects which contribute to demand conditions as a competitive advantage in industrial development can be specified as shown in Figure5 according to Porter (1990).

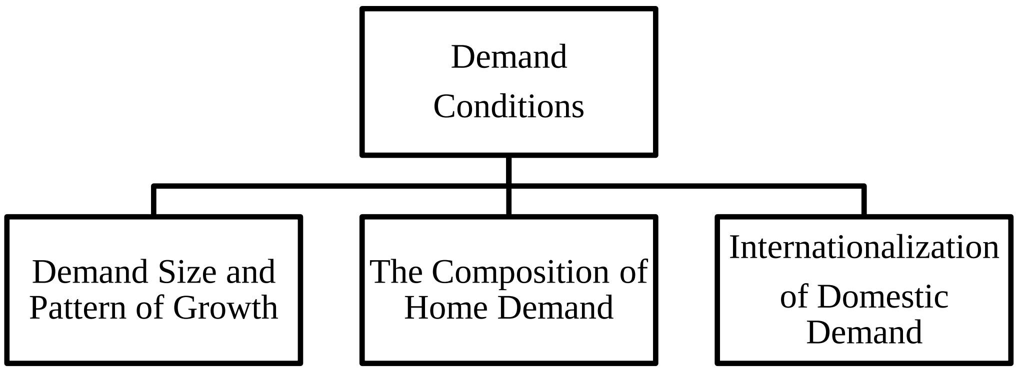

Figure 5. Michael Porter's Three Attributes of Demand Conditions. Adapted from "*The Competitive Advantage of Nations*," by Porter, 1990, p. 86.

The composition of home demand.

With the aspect of the home demand composition, the nature of buyers needs is essential as it is a fundamental element deciding how firms perceive, interpret, and respond to the market. According to Porter (1990), countries with high quality demand conditions may gain a competitive advantage because domestic demand can provide a clearer and earlier picture of what consumers want and this pressure pushes local firms to innovate and compete more in the marketplace (p. 86). The composition of home demand consists of three parts as follows:

Segment structure of demand. Consumers are groups of people that purchase and use goods and services (Kendall, 2009, p. 62).An industry in a nation with large, differentiated segmented home demand may gain an advantage in reaping economies of scale (Porter, 1990, p. 87). Numerous studies have found that consumer demand in terms of market differentiation and segments is closely related to the development of an industry (Bhardwaj, Kim, & Kumar, 2010; Choy & O'Cass; 2008; Frings, 2005, p. 43; Kendall, 2009, p. 64& 86; Malerba, 2007). Consumers can be segmented by age according to each group's psychographics and purchasing behavior differentiations: Baby Boomers, Generation X, Generation Y (Gen-Y), and the "Grey Market" (Frings, 2005, p. 43; Kendall, 2009, p. 64). Generation Y consumers can be defined as individuals who were born from 1980 onward by Kendall (2009), 1977 to 1995 by Featherstone (2006), 1977 to 1994 by Morton (2002) based on different researchers, we use youth people who were born from 1980 to 1989 for the investigation of the Chinese apparel demand.

Among the four consumer groups, Gen-Yers are more likely to be involved in products and services with more time and money spent for new brands and technologies in order to improve their standard of living (Au et al., 2003; Beaudoin, Lachance, & Robitaille, 2003; Dias, 2003; Heitmeyer & Sullivan, 2008; Kendall, 2005, p. 65; Kim, Knight, & Pelton, 2009). Hence, Generation Y (G-Y) is considered to be the largest potential buyers and the target of fashion and retail professionals in the future (Biswas, 2006; Evans, 2008; Kendall, 2005, p. 65; Heitmeyer & Sullivan, 2008; Law, Leung, & Zhang, 2004). Previous studies about Chinese young consumers have found that they generally share the common characteristics of Gen-Y consumer in purchasing behaviors (Bao et al., 2004). Given the significance of Gen-Y consumers in today's market, we focused on this customer group as the demand target in this study to discuss its contribution to the competitiveness of the Chinese apparel industry.

Sophisticated and demanding buyers. Demand conditions do not solely refer to the size of the market, but also concentrate on the nature of the market demand (Ketels, 2006; Porter, 1990, p. 86; Malerba, 2007). In the marketplace, sophisticated demand conditions stimulate the firms to innovate and create more advanced products and services with unexplored potential capabilities and advantages (Penrose, 1960; Zander, I. & Zander, 2005). Sophisticated consumers expect more innovative products with better quality and effective services, and some of them may also require a reasonable price (Griffiths et al., 2000). Hence, firms have to specialize and grow rapidly in order to satisfy the consumer demand, fit changing markets, and compete for market share (Bardwaj & Kumar, 2010; Karpova & Lee, 2011; Porter, 1990, p. 86). This dynamic and challenging domestic marketing environment with exacting consumers promotes product upgrading and technological accumulation and product innovation (Porter, 1990, p. 86, 87, 89, 91; Malerba, 2007). Continuous innovation of a product or service ensures firms will sustain competitive advantages and this sustainable innovation originates from the concentration of sophisticated users (Beisea & Cleff, 2004; Donath, 2000; Brait, 2004; Eisenberg, 2001; von Hippel, 1986).

Innovation should be focused on the most profitable part of the value chain (Brait, 2004). In the apparel industry, powerful fashion brands with creative original designs as a competitive advantage ensure firms keep satisfying sophisticated demand with high level fashion sensitivity (Jin and Moon, 2006; Kendall, 2009, p. 69; Kidd & Workman, 2000; Law et al., 2004; Zhao, 2010). The need for high value-added clothing brands and creative fashion designs is derived from consumers' high level fashion sensitivity and attention to personal image; and the sophistication of consumers' fashion sensitivity level and brand awareness are associated with consumers' lifestyles and social behavior. Related studies have been conducted by many researchers which support the connection between consumers' orientation prediction and marketing strategies development (Acherkamp, Kratzer, & Oosterloo, 2010; Beaudoin, Goldsmith, &Moore, 1999; Cho & Workman, 2012; Freiden, Goldsmith, & Heitmeyer, 1991; Kim, Knight, & Pelton, 2009; Law et al., 2004; Lo & Phau, 2004).

The Korean apparel industry development is a good example to indicate that consumers' sophistication is related to competitive level of a nation in the apparel industry. Korean apparel consumers pay much attention to personal appearance so they are extremely demanding and sensitive concerning fashion brands (Jin & Moon, 2006). Exacting local demand in Korea forces local firms to produce more sophisticated and creative products or services in faster and more effective ways (Byun & Mann, 2011; Porter, 1990, p. 86). Another example is Japanese apparel consumers. Lee and Karpova

(2011) conclude that the main reason for Japanese apparel industry‘s continuous competitiveness is that Japanese consumers prefer higher quality and luxury apparel and they are willing to pay more for clothing. In contrast, an apparel industry with less sophisticated domestic demand fails to attract more firms to join and to compete with powerful brands and creative original designs. Potential profit and innovation is blocked and this leads to limited product development and marketing performance (Porter, 1990, p. 87). For instance, because of the low demand in Argentina's apparel market, the country lacks the engine to employ advanced manufacturing facilities for large-scale production; it turns out that Argentina shows sluggish economic performance in the apparel industry with a high rate of unemployment and low GDP per capita (Helms & Pettus, 2008).

Anticipatory buyer needs. As Porter (1990) discussed, anticipatory needs of sophisticated consumers is an early warning indicator that the local market is almost saturated and this leading needs of buyers will spread globally in the near future (p.91). Under this situation, local firms are pushed to keep anticipating and perceiving the newest needs for products or services ahead of other nations. However, Porter (1990) concluded that the significance of anticipatory buyer needs is somehow similar to that of sophisticated and demanding buyers because they all stimulated local firms to improve and innovate at a faster speed than others through continuous growing demands (p. 91), while the difference is that anticipatory buyer needs forecast the development of firms in a global context while sophistication of demand conditions contributes to the domestic market. However, this study does not have such clear differentiation between the two attributes so that the evaluation of anticipatory of buyers' needs is combined with sophisticated and demanding buyers together to discuss the demand conditions of Chinese apparel industry in term of Gen-Y consumers.

Demand size and pattern of growth.

Porter (1990) believed that demand size and pattern of growth (see Figure 5) mainly influenced investment behavior of local firms such as upgrading of large-scale facilities, technology development, and productivity improvements which boost a nation to gain competitive advantage in a specific industry (Porter, 1990, p. 93; Malerba, 2007; Beise & Gemünden, 2004). Growing domestic demand predicts the global trend and potential problems and it triggers local firms to invest more to find the possible solutions in innovation (Beise & Gemünden, 2004; Urban & von Hippel, 1986). However, Porter (1990) also indicated large growing home demand is an advantage to an industry of a nation only when it's also desired in other nations at same time (p.93).For example, Korean fashion consumers' styles in clothing and making up are desired by consumers in many other Asian countries and even by those in North American countries (Jin & Moon, 2006). In addition, the number of independent buyers is also discussed by Porter (1990), but this attribute is mainly concerned with the business-to-business market, so it will not be considered in this research.

Internationalization of domestic demands.

The last attribution of demand conditions in Porter's (1990) theory is that firms can gain advantages when local buyers are multinational companies or mobile consumers because multinational companies or mobile consumers influence foreign needs (Porter, 1990, p. 98; Beise & Gemünden, 2004) (see Figure 5). In the apparel industry, loyal domestic buyers who often travel abroad may take domestic fashions with them thus exposing people in other countries to new brands; this is helpful to introduce domestic brands to the world since loyal domestic consumers have been familiar with a certain domestic brand, are loyal to it, and maximize the brand exposure (Porter, 1990, p. 98).

High-Value Added Apparel Brands

Significance of successful brands.

Often today's apparel industry is focused more on merchandising operations than manufacturing, the priorities have given to sourcing of components of production and distribution, preparation of marketing strategies for sales, and high quality after-sales service (Kendall, 2009, p. 50). To satisfy varying and sophisticated consumer demand in the apparel industry, competitive advantages should be gained in high value-added sectors such as innovative design and competitive brands (Little et al., 2003). Among numerous competitive strategies, competitive apparel brand development ensures the positive involvement and satisfaction of exacting demands from those consumers with a high level of fashion sensitivity; this helps to reinforce competitiveness to create long-term profit for companies (Choy & O'Cass; 2008; Cho, Lim, & Ryu, 2009; Keller, 2003; McColl & Moore, 2011). A powerful brand allows a firm such benefits as surviving a marketing crisis, earning higher profit margins, being tough with fluctuations in pricing, and enjoying possible marketing opportunities (Keller, 2003).Accordingly, merchandising activities in today's market are strongly supported by brand strategies.

A brand is the identity of a specific product, service, or business (Wyner, 2005). In the beginning of the twentieth century, brands represented a constant product quality at a constant price (Riezebos, 2003, p. 4). After 1980, the idea of a brand was upgraded to include the intangible value owned by firms since brand value guarantees their future development. The trend of brand development today is the "brand as a concept" that refers to developing brands to attract a cluster of consumers who share a common lifestyle associated with the brand (Kendall, 2009, p. 48; Riezebos, 2003, p. 4). From the consumers' perspective, purchasing intention is stimulated by successful brands which closely associate products and services with consumers' emotions and opinions. A person may be secured to a certain brand as its loyal customer because she or he can recall, recognize, and trust it for repeat purchasing and has feeling that the brand is relevant to her/him in tastes and needs even though the professional knowledge about the products may be lacked (Frost & O'Cass, 2002; Kendall, 2009, p. 16). For instance, a person who wants to buy a music player may consider the iPod © first because it is a popular brand with both trustworthy quality and a fashionable brand image (Smith, 2004). This phenomenon shows people recall and recognize a popular brand by its tangible and intangible symbols such as name, logo, and jingles (Kendall, 2009, p. 70).In general, the natural and basic contribution of a brand in today's market is that consumers will not consider your product or service if they are not aware of the brand.

In the global apparel market, countries today does not solely compete on manufacturing capacity but also on building their fashion brand image (Jansson & Power, 2010). Firms in the developed countries control the profitable aspects of the global apparel market. They own the intellectual and technological properties of tangible and intangible assets such as new technology for production (tangible) and brands and marketing strategies (intangible) (Gereffi, 1999). Powerful brands developed by such countries assimilate the global culture by the collection of common designs and symbols; these symbols are recognized easily by global consumers (Akaka & Alden, 2010). Levi's®, Gucci, Jack-Jones®, and Louis Vitton© are typical examples of successful global fashion brands. By providing high tasted fashion products, Gucci©'s designs meet the demands of global consumers that push Gucci into a more stable, competitive, and profitable global (Jansson & Power, 2010). Levi's® concentrated on customizing products with a range of styles and fit to satisfy sophisticated demand (Anderson-Connell, Brannon, & Ulrich, 2002). These globally recognized brands improve the fashion leading image of firms and enhance the competitiveness of the apparel industry of a country (Jin & Moon, 2006).

Tungate (2005) pointed out a basic understanding of apparel brands that "you don't buy clothes, you buy an identity."(p. 1) Kendall (2009) identified fashion brands as "Chosen from the personal expression of taste and style, these items represent how we wish others to perceive us (p. 13)". And Sharon (2006) stated when discussing powerful Taiwanese fashion brands: "The successful ones are international brands with an international market and easily recognized in Taiwanese society." Taiwanese apparel brands were studied by Sharon (2006) to indicated how Asian brands developed in the global market. Product features, after-sale services, style and design, and price are the key elements of powerful brands; these characteristics influence consumers' purchase behavior and attitude to products (Keller, 2003). When a Taiwanese consumer wants an item, a specific Taiwanese brand of the item will be recalled in his/her mind and considered for purchase; that means the brand conveyance is successful (Sharon, 2006). Sharon (2006) also used “brand spirit” to conclude and emphasize the value, image, and design of a brand.

Successful fashion brands are easily recognized ones among other brands in the minds of fashion consumers; they convey the purchasers’ personal preferences such as tastes, awareness, and style in clothing and accessories (Kendall, 2009, p.12; Sharon, 2006). According to Kendall (2009), powerful fashion brands own instantly recognizable tangible brand elements and promotional marketing intangible elements (p. 144). Tangible fashion brand elements include symbols, logos, colors, sounds, motion, and scent; while intangible fashion brand elements include services, policies, amenities, conveniences, perceptions, and sensations (Kendall, 2009, p. 145). These brand elements should be consistently recognizable and perceptible for consumers when they are comparing and purchasing among fashion brands through many types of media. Selling clothing today does not solely mean providing a certain quality of clothing for the money and manufacturing capacity but, rather refers to providing fashion and design-based images (Jansson & Power, 2010).

Marketing competition with brands.

Powerful brands not only express strong brand equity that may bring potential and sustainable benefits for firms; they also stimulate healthy marketing competition for the industrial upgrading of a nation (Porter, 1990). A fierce but healthy market full of competitive brands provides a platform for brand owners to accumulate experience and power for further global competition (Porter, 1990, p. 107). Porter (1990) discussed “firm strategy, structure, and rivalry" as one of the competitive advantages in the diamond model which concentrated on the significance of firms competition (p. 107). Observational stories of ten nations supported the idea that a nation which is competitive globally in an industry often owned several powerful and strong local rivals competing for both domestic and global market share; the rivals determine whether a firm is "qualified" to enter the global market (Porter, 1990, p. 117, 119). Vigorous domestic competition provided a marketing environment with "active pressure" for firms (Porter, 1990, p. 118) which transfers the focus from price competition to product properties such as quality, features, and after-sale services (Porter, 1990, p. 118). Firms were forced to decrease costs, improve quality, invest in innovation, and promote effective marketing strategies under the push of "active pressure".

In addition, vigorous domestic competition accelerates the speed of product replacement in continuing innovation under the establishment of high value-added brands (Porter, 1990). The competition leads to the fact that new technology and knowledge spread rapidly and effectively around the nation and foreign penetration also can be prevented under this market environment (Porter, 1990, p. 117 & p. 120). Spanish brand Zara is a successful global brand that provides continuous and rapid brand innovation to fashion consumers (Tungate, 2005, pp. 47; Walters, 2008). Zara only needs very few days to produce a new item from design to manufacturing at a faster speed than other competitors; this rapid new product replacement attracts consumers to keep coming back for new arrivals (Haig, 2004, p. 285; Walters, 2008). The rapid regeneration of Zara keeps the brand closely relevant to consumers' demand as their taste is changing all the time (Kendall, 2009, p. 285). Nike™ is another example of a globally famous sports brand established in 1964 (Haig, 2004, p. 90). It is known as the pioneer of apparel outsourcing but the achievement of Nike™ is not solely related to subcontracting, continuous product innovation is another key to success. In the early years of Nike™, it promoted a running shoe with a rubber outsole which was a breakthrough innovation in sporting equipment. After that, Nike Air™ in 1979, Air Max™ in 1987, and Pegasus™ in 1988 were the successful Nike™ sub-brands with unique and advanced features which other producers could not provide to consumers at that time; hence brand Nike™ reinforces the sales performance through competitive brand innovation in the apparel market (Haig, 2004, p. 90; Kendall, 2009, p. 143).

Case study: India and Korea.

Indian economic and trade liberalization in 2006 caused an increasing number of foreign apparel retailers to enter its market and this accelerated domestic competition (Byun & Mann, 2011). The changing competitive landscape resulted in the reform of Indian apparel retailers through improving the shortcomings in stock-keeping and self-service formats (Sengupta, 2008). Larger and well-functioning malls such as Pantaloon and Shopper's Stop were built across the nation to upgrade the apparel retail chain and geographical distribution; small-scale manufacturing businesses were introduced and cooperated with more domestic apparel brands on innovation in order to retain popularity among Indian consumers (Byun & Mann, 2011). Another example is the Korea apparel industry. After satisfying the domestic market and surviving in fierce competition with both domestic and foreign brands, Korean apparel firms started to promote domestic fashion brands to the global market. The Korean apparel industry had developed nearly

1,638 domestic fashion brands competing with 565 foreign fashion brands by 2000 (Jin & Moon, 2006).They continually set up boutiques and stores in metropolitan areas of China, Vietnam, Japan, and even the U.S. (Jin & Moon, 2006).

A mutually reinforcing system.

As Porter (1990) indicated if the domestic consumers are satisfied with basic level apparel products then the apparel manufacturing will be less developed. Correspondingly, if the domestic consumers continuously increase the level of their demands, then the competitiveness of the apparel industry will improve in satisfying these demand conditions. Brands establishment plays the role of a bridge to closely connect satisfying exacting demand and maintaining industrial competitiveness as a mutually reinforcing system. The nature of establishing powerful fashion brands is to satisfy demand conditions continuously and the successful ones ensure firms of a nation survive in market competition (Byun & Mann, 2011).Brands with the newest fashion designs and high quality service boost demand and improve consumers' fashion taste in a way that brand consciousness influences consumers' purchasing behavior; correspondingly, consumers with high level fashion sensitivity are able to identify existing brands in the market (Jin & Moon, 2006; Beaudoin et al., 2003; von Hippel, 1986).

For instance, Kim and Knight (2007) conducted an analysis of the relationship between brand perception and purchase intention in young Japanese apparel consumers born between 1977 and 1994. The results indicated that young Japanese consumers' purchasing decisions on apparel products were controlled by personal emotion that they expect to express uniqueness and personality through fashionable outfits. In response, Japanese apparel firms successfully built apparel brands that embodied an image of high-quality, uniqueness, and prestigious-ness to satisfy consumers' individuality expression (Kim & Knight, 2007). Hence, Japanese consumers consider domestic apparel brands as more luxurious and fashion ones while they see imported brands as non-fashion necessities with inferior quality (Karpova & Lee, 2011). Sophisticated consumers encourage and support Japanese apparel producers to continuously satisfy them with more competitive products. It turned out that the competitiveness of the Japanese apparel industry is maintaining and improving accompanied with increasing sophisticated domestic demands (Karpova & Lee, 2011).

As marketing and competing with brands to satisfy apparel demands is one of the most essential scenarios in today's apparel industrial competition, the evaluation of consumers' fashion sophistication and brand knowledge is a necessary part for a competitiveness study. In addition, from the view of marketing competition, the level of consumers' brand-related behaviors indicates firms' positions in the market; from the view of the apparel industrial upgrading, consumers' brand-related behaviors as one part of the demand condition study is a vital element to indicate and predict the progress of competitive advantages development. Accordingly, brand-related behaviors will be incorporated as an evaluative component to discuss the demand condition of Chinese Gen-Y consumers clothing purchasing in this study.

Chapter 3

Methodology

Satisfying a large and exacting domestic market is closely related to whether an industry of a country is able to satisfy global markets and compete in the global marketplace successfully (Helms & Pettus, 2008; Jin & Moon, 2006). In this chapter, an investigation model will be proposed to discuss the demand condition of Chinese Gen-Y consumers. The model is developed under Michael Porter's (1990) demand condition theory combined with principles of consumer fashion behavior and brand identification.

Introduction

Previous scholars have explored demand condition studies in terms of the competitiveness of nations. For instance, Byun and Mann (2011) analyzed the competitiveness of the Indian apparel industry under a theoretical framework of Porter's (1990) competitiveness diamond model. The demand condition as a part of the research mainly focused on analysis and influences of one consumer group (the Indian middle-class households) with the characteristics of rising disposable income, youthful population, and demographic and geographic diversity. In another demand condition study, Cheng et al. (2008) analyzed how customer knowledge best contributed to and influenced a specific firm's performance, this research mainly targeted how firms benefit from an exacting domestic demand which already existed instead of providing an evaluative method for the nature of customers. In addition, Jin and Moon's (2006) study discussed the demand conditions of the Korean apparel industry by simply using secondary data.

Although previous demand condition studies which discussed competitive advantages indicated the significant contribution of demand conditions to the industrial competitiveness of a nation, they failed to give an evaluation model for the measurement of exacting apparel demand conditions. In addition, most conclusions and discussions were based solely on existing literature and governmental statistics databases. For researches with primary data collections, the studies focused on aspects such as fashion knowledge (Beaudoin et al., 2003; O'Cass, 2004), fashion consciousness (Hui et al., 2004; Gutman and Millos, 1982; Rathnayake, 2011), fashion leaders and followers (Kidd & Workman, 2000; Flynn et al., 1996; Lo and Phau, 2004; Freiden et al., 1991), and influences of apparel demand (Malerba, 2007; Griffiths et al., 2000) with different measurement methods (See Table 2).These studies were on a consumer behavior platform without further combining with the nations' industrial competitiveness in the apparel sector.

Table 2
Summary of Apparel Consumer Behavior Research

Researchers	Year	Fields and Findings
		Fashion Knowledge
Gutman and Millos	1982	Consumers' positive relationship between fashion orientated customers and their shopping behavior through examining fashion lifestyle, self-image, detailed store patronage, and general classificatory section.
Beaudoin, Lachance, and Robitaille	2003	Adolescents' fashion knowledge is influenced by their high brand sensitivity; the study used five measured items: dimensionality, reliability, convergent and discriminant validity, nomological validity, and criterion validity which borrowed from Goldsmith and Hofacker's (1991) fashion innovative concept.
O'Cass	2004	Consumers' fashion clothing knowledge and self-confidence have a positive relationship with their fashion clothing involvement activities.
		Fashion consciousness
Hui, Siu, and Wang	2004	Fashion consciousness has a relationship with consumer preferences toward imported and domestic apparel brands, and imported brand lovers were conscious about fashion and brands.
Rathnayake	2011	Fashion consciousness of consumers not only related to demographic characteristics and domestic culture context but also influenced by foreign culture.
		Fashion Leaders and Followers
Freiden, Goldsmith, and Heitmeyer	1991	Fashion-leaders were more involved in fashion-related behaviors and enjoy excitement and fun in life.
Flynn, Goldsmith,and Moore	1996	Fashion leaders were influenced by their self-concept that they considered them more excitable, indulgent, contemporary, formal, colorful, and vain than fashion followers.
Kidd and Workman	2000	The study divided apparel demand into fashion leaders and followers through their positive or negative emotions and behaviors in view of fashion uniqueness and dissimilarity.
Lo and Phau	2004	Fashion innovators have impulsive purchasing behavior.
		Influences of Apparel Demand
Griffiths, James, and Kempson	2000	Demand condition was influenced by long-term customer led changes (seasonality, economy, & markets), short-term customer led changes (weather, environment, & buying habits), and company led changes (sales and marketing strategy, delivery methods, and supply chain structures).
Malerba	2007	Consumer behavior and consumer capabilities were the two most influential factors on demand conditions.

Furthermore, a critique of Porter’s (1990) competitive theory is that it does not provide clear definitions and specific measurements of each of the determinants (Grant, 1991; Byun & Mann, 2011). A more concentrated and specified measurement model toward exacting apparel demand conditions is required so that it can be applied independently or together with other competitive determinates to analyze how demand conditions contribute to the competitiveness growth of a nation. In addition, this research field is also scarce on research on the Chinese apparel industry (Chang, Hui, Siu, & Wang, 2001).

An Investigation Model of Chinese Gen-Y Consumers

Under the guide of Porter’s (1990) demand condition theory and related principles in consumers’ fashion behavior, an investigation model is proposed as shown in Figure 7. The items under the broken line are employed to demonstrate Michael Porter’s (1990) demand condition theory. Primary data and secondary data will be used as the evidence to investigate the demand condition of Chinese Gen-Y consumers. Considering that Porter’s (1990) demand condition theory referred to both business-to-consumer markets and business-to-business markets, some attributes of demand conditions in his study will not be discussed in this study such as analysis of independent buyers. Hence, the objectives of this study are:

a. To discuss the size and growth of the Chinese Gen-Y apparel consumer market;

b. To assess of the fashion sophistication of Chinese Gen-Y apparel consumers, and;

c. To discuss whether Chinese Gen-Y apparel consumers meet Porter's (1990) definition of exacting demand conditions based on a and b.

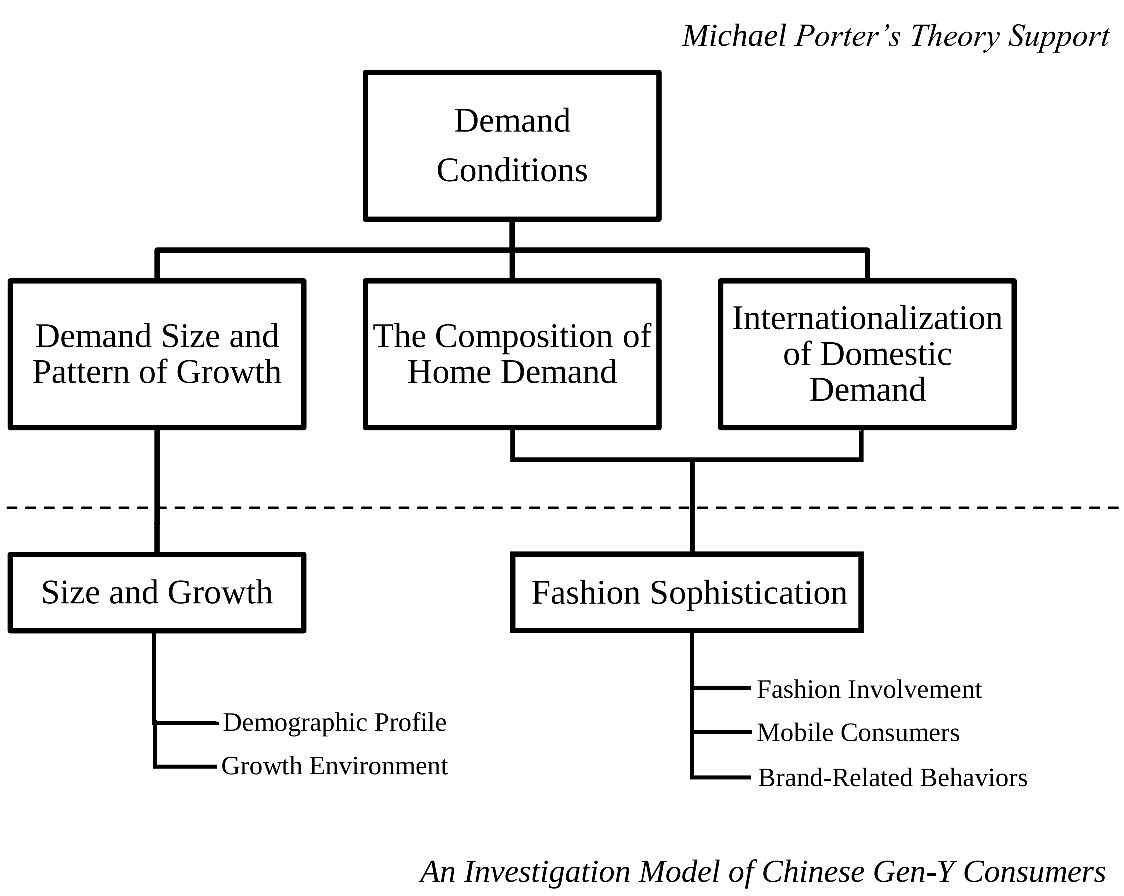

Figure 6. An Investigation Model of Demand Condition Study

Description of survey instrument.

The primary data employed for this study was collected through a self-administrated questionnaire to collect primary information from Chinese Gen-Y consumers on various aspects of fashion sophistication. A research method such as personal interviews or questionnaire has been used effectively to measure the sophistication of demand conditions as discussed by von Hippel (1986). Numerous scholars have conducted the investigation of apparel consumers by employing structured questionnaires in the fields of fashion consciousness (Beaudoin et al., 1999; Beaudoin et al., 2003; Chang et al., 2001; Dias, 2003; Flynn et al., 1996; Freiden et al., 1991;Gutman & Mills, 1982; Johnson & Workman, 1993; Kidd & Workman, 2000; Gam et al., 2007), brand involvement and identification (Hui et al., 2004; Beaudoin et al., 2003; Belleau, Nowlin, Summers, & Xu, 2001; Kim et al., 2009), and Consumer Behavior (Cho & Workman, 2012; Cowart & Goldsmith, 2007; Gutman & Mills, 1982; Hammond et al., 2005; Kim, E. Y., Kim, & Kumar, 2003; Lo & Phau, 2004; Paulins & Xu, 2005).

The questionnaire was posted on a Chinese survey site (Sojump, 2012) on the internet so the respondents could directly participate in the investigation online by the link provided by the researcher. The questionnaire mainly incorporated three parts for data collection: clothing purchasing behavior, opinions and attitudes toward fashion and apparel brands, and demographic characteristics of the respondents. Questions in each part were arranged through a funnel approach so that respondents were able to indicate their opinions among the alternatives provided about fashion sophistication in a smooth flow (Iacobucci & Churchill, 2002, p. 345). Questions in the survey flow in a sequence from broad topics in shopping habits to narrower topics on personal attitudes and preferences in fashion and brands. In addition, the questionnaire was not designed for investigating consumers' views and behaviors of a specific clothing category. The investigation of this study targets the entire Chinese apparel industry without focusing on specific products.

Because the native language of respondents in this study is Mandarin, the questionnaire was produced in two language versions. The English language questionnaire can be found in Appendix A. All participants in this study accessed the questionnaire in the Chinese language, which can be found in Appendix B. In addition, the proposed survey protocol received human ethics approval by the Joint-Faculty Research Ethics Board of the University of Manitoba prior to the implementation of the study; the Approval Certificate from the Office of Research Services can be found in Appendix C. When Gen-Y consumers were invited, a link to an informed consent letter (Appendix D) was provided in the first question of the survey; they then indicated that they had read it and consented to participate by checking the alternative in Question 1.

Sampling method.

Respondents in this investigation were selected through a snowball sampling method. The researcher first located the initial set of respondents with the desired characteristics through email invitations; these individuals later become informants to attract others with the same shared characteristics to join the survey (Iacobucci & Churchill, 2002, p. 456). Contact letters in Chinese and English can be found separately in Appendix D and E. Within this study, the characteristics sought were mainly defined by age and geographical location; the survey desired consumers living in China and born from 1980 onward. Although a self-selection bias may have occurred by using a snowball method, the respondents in this study showed a broad distribution across response categories for most questions which is an indication that no extreme bias exists in the data (see Appendix G).

The demographic profile of the respondents was collected in the third part of the questionnaire covering gender, age group, education, and student or employee status. The respondents were not required to provide any other personal information such as their name, and all data, including email information was confidential. All data collected from respondents will be stored securely in a locked file cabinet in a secure room and only authorized researchers will have access to the data during the process of the thesis.

Sample size.

As the population of Chinese Gen-Y consumers is adequate for the desired level of precision and confidence, this study followed a rule of thumb for determining sample size. Sample sizes in business and consumer research larger than 30 and less than 500 are appropriate for most research (Sekaran, 1992, p. 253). Accordingly, the sample size of the study is estimated to reach 100 for the analysis.

Evaluative components for discussion.

Size and Growth of Chinese Gen-Y Consumer.

Demand conditions hold different significance depending on which competitive stage a nation is in for each industry. The apparel industry, as a labor intensive type, gains competitive advantages most in the investment-driven stage to develop and upgrade (Porter, 1990, p. 563; Malerba, 2007). Additionally, this study focuses the discussion of exacting domestic demand conditions on the investment-driven stage in which the Chinese apparel industry is positioned in this study. In the investment-driven stage, exacting domestic demand will be a competitive advantage of a nation in two circumstances (Porter, 1990, p. 550):

a) Local home demand is large in size compared to other needs of a nation, and;

b) Local home demand is specialized and occupies a large share of total consumption compared to that in other areas.

Based on the two attributions above, the profile of the Chinese Gen-Y apparel consumer market in size and growth will be discussed in terms of demographic profile and growth environment as these aspects have proven to be effective evidence in determining the demand conditions of a nation (Fadiga et al., 2005; Porter, 1990, p. 137 & 469). Sources include governmental statistics, literature review, and marketing research demographics, including aspects of per capita consumption, age, occupation, and education level.

According to Sekaran (1992), contextual factors and background information of consumers are the significant factors to study and research marketing demand of an industry (p. 33). Factors in social, political, economic and cultural environments lead to various patterns of domestic demand (Beise & Gemünden, 2004). Hence, this section concentrates on the demographic profile and growth environment of Chinese Gen-Y consumers. The demographic profile covers population size and growth of Chinese youth; the growth environment discussion focuses on influences of political factors, social factors, household income and expenditures, education, and culture. Data and evidence used in this section are from reliable sources including statistical reports, governmental publications, databases available from previous research, and other trusted official websites (Sekaran, 1992, p. 33).

Fashion Sophistication.

It is proposed that measuring fashion sophistication in the targeted domestic consumer market will be a proxy for the presence of sophisticated demand conditions which may exist in any particular apparel industry (Beisea & Cleff, 2004; Urban & von Hippel, 1986).In this study we define sophisticated domestic demand conditions in an apparel industry as having consumers who anticipate sustaining and renewing fashion sensitivity and are able to seek identifiable apparel brands to satisfy their needs.

Consumers' attitudes and behaviors with respect to fashion sophistication can be observed through consumers' buying behaviors and lifestyles (Greco & Paksoy, 1989). At first, a basic question about criteria for clothing shopping will be employed to discover the general attributes of Chinese Gen-Y consumers in the survey. Furthermore, sophisticated apparel consumers are able to identify brands which convey their fashion tastes and attitudes properly as discussed in the previous chapter (Cho & Workman, 2012; Law et al., 2004;von Hippel, 1986;), so this study will also pay attention to the brand-related behaviors of Chinese Gen-Y apparel consumers according to their apparel brand preferences. Hence, we propose to identify the fashion sophistication from three components: fashion involvement, brand-related behaviors, and mobile consumers (see Figure 6).

Fashion involvement. Consumers with a high level of fashion sophistication are involved more in fashion shopping. One of the important examined elements is the consumers' disposable expenditure on clothes shopping. That's how much money consumers are willing to spend on clothing and accessory purchases. However, this factor should be associated with each consumer's income level when purchasing ability is considered (Freiden et al., 1991; Johnson & Workman, 1993). Lo & Phau (2004) also indicated that impulsive purchasing is a common behavior of fashion conscious consumers because of their strong curiosity and sensitivity to fashion.

The majority of apparel consumers start to accept new fashion styles after admiring others in the media or feeling tired of their old clothing style (Easterling & Jernigan, 1990, p. 41). Accordingly, this component examines the origin of Gen-Yers' fashion attitude by asking their preferences on "new trend following" attitude, "I satisfy myself" attitude, or "concern about quality" attitude. The three fashion attitudes decide the type of consumer fashion behaviors possessed by Chinese Gen-Yers. Sophisticated fashion shoppers enjoy talking and discussing fashion styles more frequently with others. They need recognition and acceptance through fashion communication with others such as family, friends, classmates, co-workers, and even customer service people (Kidd & Workman, 2000; Law et al., 2004; Dias, 2003; Sohi, & Ramsey, 1997). In this study, we also examine whether Chinese Gen-Y apparel consumers have others shopping with them to conduct fashion communications when they are shopping.

In addition, online apparel shopping should be considered as another indicator of fashion involvement. Online shopping as a new apparel shopping channel has upgraded into a modern medium for fashion shopping and fashion information sharing in an effective way (Choi & Lee, 2003; Law,E. Y., Kim, & Kumar, 2003). Interest in online shopping has led to a positive contribution toward attitude and behavior of apparel consumption especially for young consumers, and online shopping performance is also an indicator for future e-commerce development of a nation (Cowart & Goldsmith, 2007; Goldsmith, E. B., & Goldsmith, 2002; Paulins & Xu, 2005).

Accordingly, the researched components of fashion involvement toward Chinese Gen-Y consumers are fashion attitude, disposable expenditure on clothing and accessories, impulsive purchasing, fashion communication, and participation in online shopping.

Brand-Related Behaviors. Brand-related behaviors is very important in the evaluation because highly fashion sensitive consumers are able to identify existing brands according to their fashion sensitivity and preferences (Copeland et al., 2010; Harradine & Ross, 2011). Brand experiences and interactions held in consumers' memory not only influence consumers' decision making but also express consumers brand knowledge which will be examined as brand attitude in this section (O'Cass, 2004). In addition, whether the brands of a firm can be identified is also an indicator of its success or failure (Bao et al., 2004). The evaluation of brand-related behaviors contains the proportion of Gen-Y consumers' branded to unbranded clothing products they already have, whether they are faithful to certain clothing brands, and their opinions about branded apparel products.

Mobile Consumers. A new assumption in this study for fashion sophistication analysis is the incorporation of the influence of mobile consumers based on Porter's (1990) demand condition theory (for the business to consumer markets).Mobile apparel consumers who often travel abroad may take domestic fashions with them and thus expose the domestic product abroad; they also absorb advanced fashion styles in other areas to enhance their taste in clothing as an improvement of fashion sophistication (Bardhi, Bengtsson, & Venkatraman, 2010; Porter, 1990, p. 98).

Chapter 4

Results and Discussion

This chapter discusses the demand conditions of Chinese Gen-Y apparel consumers based on the proposed investigation model of the study (See Figure 6): demand size and growth and fashion sophistication. For the discussion of demand size and growth, Gen-Y consumer will be evaluated through the use of both the primary data from the survey and the secondary data from statistic bulletins, governmental publications, databases available from previous research, and materials from official websites. Gen-Y consumers' demographic characteristics and growth background will be assessed as key factors that influence their fashion consciousness and clothing purchasing behaviors.

For the discussion of fashion sophistication, statistical summary of the questionnaire will be used for the general evaluation based on the proposed investigation model. Based on the original definition of sophisticated demand conditions in the previous chapter, the fashion sensitivity consisted of three factors: fashion involvement, brand-related behaviors, and mobile consumers. The study finally presents whether Chinese Gen-Y apparel consumer group represents exacting demand and are potentially able to improve the competitiveness of the Chinese apparel industry if targeted based on the discussion of size, growth, and fashion sophistication.

Sample Profile

A total of 105 surveys were completed. Respondents participating in this survey were nearly equally divided between men (52.4 percent) and women (47.6 percent). The majority of participants were urban youth aged 20-24 years old (62 percent). Half of the participants had a Bachelor's Degree (55 percent) and nearly one quarter had a Master Degree (23.8 percent). The sample was also equally divided between current students (52.4 percent) and employees who had already graduated (47.6%) (See Appendix G, section 1).Generally, the respondents from the survey represented Gen-Y consumers in China who are well-educated and urban residents.

Size and Growth of Gen-Y Consumer

This section concentrates on the demographic profile and growth environment of Chinese Gen-Y consumers. The demographic profile covers population size and growth of Chinese youth; the growth environment discussion focuses on influences of political factors, social factors, household income and expenditures, education, and culture.

Demographic profile.

The total population of China reached 1.338 billion in 2010 (The World Bank, 2012) and it ranks first place in terms of total world population (Central Intelligence Agency, 2012). In this study, we use Chinese youth who were born between 1980 and 1989, ranging in age from 23 to 32 in 2012 as Generation Y consumers for the investigation of apparel demand (Taylor, 2008). The Chinese Gen-Y group aged 20 to 29 in 2009 occupied 14% of the total population at around187 million people in 2009 (aged in 23 to 32 in 2012) (National Bureau of Statistics of China, 2010) (See Table 4). The gender ratio is 50.1% male and 49.9% female. The population size of young people aged 25 to 29 is smaller than that of older age groups, because they were born during the time when China strictly enforced the countrywide birth control policy begun in the 1970s so that most of them are the only child in their families. It leads to the fact that Chinese Gen-Yers comprise a smaller group than the generations aged in 30 to 34, 35 to 39, and 40 to 44 in population (See Table 4) (Brandt & Rawski, 2008, p. 138; Hsieh, 2004, p. 207; Liu, 2009; Ming, 2008; Sun, Xi, & Xiao, 2006, p. 79). Urban cities such as Beijing, Shanghai, and Tianjin have lower birth rates than the national average because of the restricted birth control policy. However, the population is still growing in urban cities with the increasing migration of people from rural areas in recent years especially for youth who decide to move to urban cities for more job opportunities and chances in career achievement (Brooks & Yusuf, 2010).

Table 4.

Chinese Population Profile by Age and Gender in 2009

	Population (Million People)			Percentage of the Total Population (%)		
Age	Total	Male	Female	Total	Male	Female
15-19	95.67	50.56	45.07	7.17	3.79	3.38
20-24	100.61	50.57	50.17	7.52	3.78	3.75
25-29	86.70	43.21	43.35	6.48	3.23	3.24
30-34	90.19	44.48	45.71	6.76	3.33	3.43
35-39	121.47	60.23	61.23	9.10	4.51	4.59
40-44	128.70	63.99	64.48	9.64	4.80	4.85
45-49	105.80	52.29	53.52	7.93	3.92	4.01
50-54	96.60	48.62	47.99	7.24	3.64	3.60
55-59	90.62	45.35	45.27	6.79	3.40	3.39

Adapted from "China Statistic Year Book," by National Bureau of Statistic of China, 2010.

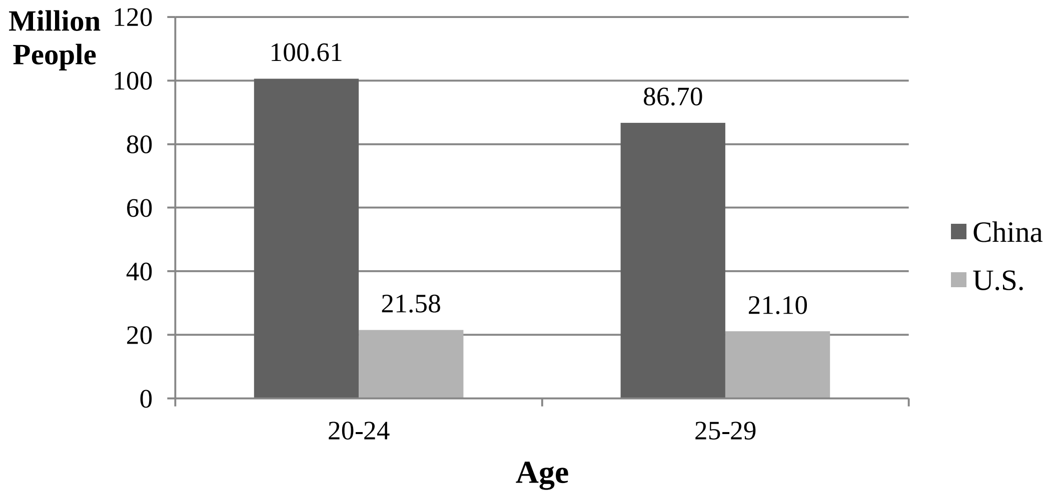

Figure 7. Comparison of Gen-Y population between China and U.S in 2009 and 2010. Adapted from "China Statistic Year Book," by National Bureau of Statistic of China, 2010; "Age and Sex Composition: 2010," by U.S. Census Bureau, 2011.

If a comparison of demand size between Chinese Gen-Yers and U.S. young consumers is conducted, China Gen-Yers aged between 20 to 29 years old are nearly fourfold larger in size than the U.S. (187.37 and 42.68 respectively in millions of people) and they share the same proportion of the total population (14%) (U.S. Census Bureau, 2011)(See Figure 7).With respect to demand size, we may suppose that Chinese Gen-Y consumers represent a comparatively large demand compared to that of U.S. young consumers. The size of this Chinese consumer group demonstrates that they provide a substantial potential market as required by Porter (1990) for an exacting domestic demand condition.

Growth environment.

In 1978, the leader Deng Xiaoping suggested and implemented the open door policy as a significant direction for China's economic recovery and further development; the carrying out of the policy proved to be an achievement in boosting the remarkable development of China in terms of its economy, politics, and culture (Chang, 1990, p.244; Liu, 2009, p. 94; Sun et al., 2006, p. 80). The Chinese Gen-Y group witnessed extraordinary changes as China evolved into a new social system with a well-regulated political environment (Sun et al., 2006, p. 79).

Social and political.

The social classes in China used to be controlled and managed by simple, fixed, unfair systems known as identity requirement, household registration system, or unit system(Sun et al., 2006, p. 81). They were tools used to restrict the population mobility (the right to settle down in cities from rural areas), and the old household registration system also divided Chinese people into two classes of urban citizens and second-class rural citizens according to place of birth; citizens of the two classes were differentiated in benefits of education, welfare, urban job opportunities, and government services (Buckingham & Chan, 2008). With the rapid progress of the open door policy after 1979, the social system has reformed and the restriction effects of the traditional social stratum and migration rules dwindled, the society upgraded into a better social environment where everybody in the nation was equal in front of the law and opportunities without the differences caused by birth places of rural and urban areas (Sun et al., 2006, p. 81; Hsieh, 2004, p. 230).

Hence, Chinese young people in the new social and political environment have urbanized rapidly under the fast development of the nation. After the restriction between urban and rural immigration was eliminated, increasing numbers of rural youth moved to urban areas to seek wealth and pursue careers (Brandt & Rawski, 2008, p. 139; Hsieh, 2004, p. 230). The urban population's share of the nation's total population has extraordinarily increased to 49.7% in 2010 compared to 28.0% in 1993 and nearly half of the young people (around 47.44%) in China have been urbanized with better education and a more advanced social environment (Asia Development Bank, 2011; Brandt & Rawski, 2008, p. 136& 143; Hsieh, 2004, p. 233; Ming, 2008).

The Gen-Yers of China who were born in this timeframe benefited from an increasingly well-constructed social system. This fair and healthy social environment shaped a positive belief among young people that contributing achievements and earning higher status were possible through their efforts in studying and work (Sun et al., 2006, p. 81). As Chinese people start to seek satisfaction in high social value and self-fulfillment (Burkholder et al., 2006; Sun et al., 2006, p. 84), Chinese Gen-Yers also engage in enjoying more leisure time and positively participating in social activities to acquire knowledge outside of the textbook and build their social network (Sun et al., p. 88). On the other hand, Urbanized Chinese young consumers were more sophisticated in consumption activities; they enjoy a modernized shopping environment and popular fashion brands, consider shopping activities as entertainment, and incline to innovative products (Sun et al., 2006, p. 99; Sun & Wu, 2004). Thus, this segment of Chinese consumers has the social characteristics favorable for exacting demand according to Porter's (1990) theory.

Household income and expenditure.

China's GDP has reached 5927 billion dollars in 2010 positioning it in the upper middle income levels compared to 1198billion U.S. dollars in 2000 and it grows annually at a rate of 10.4 percent, the GDP per capita reached 4428 U.S. dollars in 2010 compared to 949 U.S. dollars in 2000 (The World Bank, 2012). Consumers' purchasing power is strongly affected by households' income levels and economic conditions (Rabolt & Solomon, 2004, p. 218; Porter, 1990, p. 469). The extraordinary economic growth of China has contributed to the enhancement of people's living standards with increasing per capita disposable income (Sun et al., 2006, p. 79). In 2000, Chinese urban households held disposable income of 6279.58 Chinese Yuan, a triple increase in ten years (See Figure 8).

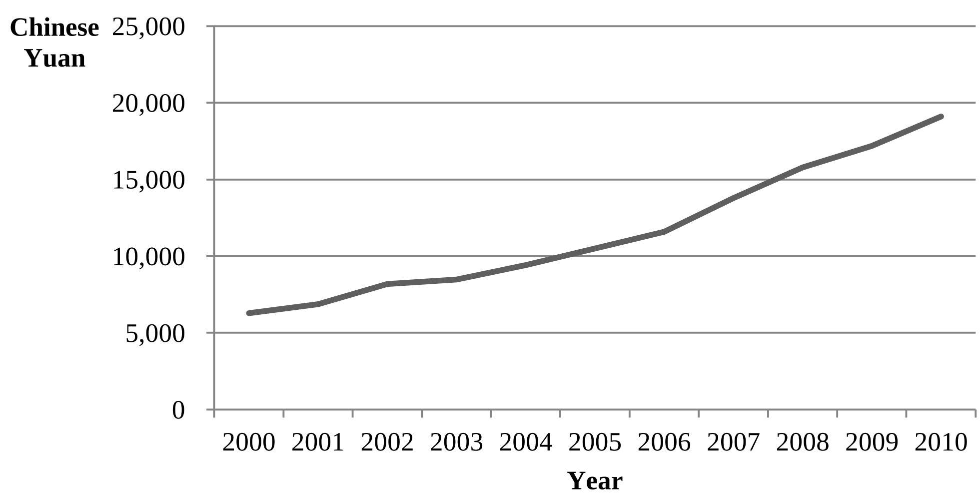

Figure 8.Per capita disposable income of Chinese urban people from 2000 to 2010. Adapted from "China Statistic Year Book," by National Bureau of Statistic of China, 2001 to 2010.

In the past, Chinese People held the view that working hard and getting rich was the target of life. However, the number of people who believe this concept of life is shrinking with the improvement of quality of life and income levels. Chinese people are tending to pay more attention to consumption which can express their individuality and suit their life tastes (Burkholder, Fang, McEwen, & Zhang, 2006).The changed view in consumption value and patterns today boosts the domestic demand for various commodities, and shopping as a daily activity for many Chinese people has upgraded into a new way of entertainment (Au et al., 2003; Sun et al., 2006, p. 80). Consumers enjoy numerous choices in deciding what, where, and when to buy goods and services in today’s market.

Table 5

Per Capita Annual Clothing Expenditures of Chinese Urban Households by Income Levels

Income levels of Households[a]	2000 Expenditure in Clothing (Yuan)	2000 Percent of Per Capita Disposable Income (%)	2005 Expenditure in Clothing (Yuan)	2005 Percent of Per Capita Disposable Income (%)	2010 Expenditure in Clothing (Yuan)	2010 Percent of Per Capita Disposable Income(%)
Highest	933.52	7.01	1759.59	6.11	3148.85	6.12
High	760.39	8.06	1255.95	7.30	2226.70	7.17
Upper Middle	627.81	8.38	1010.63	8.00	1786.57	7.70
Middle	504.70	8.56	784.56	8.54	1408.10	8.17
Lower Middle	375.07	8.11	565.13	8.42	1076.03	8.47
Low	279.10	7.68	408.63	8.36	804.73	8.67
Average[b]	500.46	7.97	800.51	7.63	1444.34	7.56

Note. [a]Income levels of urban households are categorized by per capita disposable income from the highest to the lowest: 10% the highest income, 10% high income, 20% upper middle income, 20% middle income, 20% lower middle income, 10% low income, and 10% lowest income. Data of the lowest income household is not included in this table. [b]The average annual clothing expenditure includes the lowest income household. Adapted from “China Statistic Year Book,” by National Bureau of Statistic of China, 2001, 2006, & 2010.

Statistical data shows that the two highest and three middle income segments of consumers spent increasing household expenditures on consumption categories such as household facilities, articles and services as well as transport and communications (National Bureau of Statistic of China, 2001, 2006, & 2011). For instance, high income households spent 8.84% of their total annual expenditures on household facilities, articles, and services in 2000 while this value doubled to 17.29% in 2010 (National Bureau of Statistic of China, 2001, 2006, & 2011). The expenditure share of clothing has decreased because of the increasing per capita disposable income for the four income groups, Chinese consumers' across the income groups nearly doubled their clothing budgets every five years from 2000 to 2010 (See Table 5). For example, Chinese consumers in the highest income levels annually spent 933.52 Yuan on clothing in 2000, the value increased dramatically to 1759.59 Yuan in 2005 and 3148.85 Yuan in 2010. Chinese consumers' extraordinary increasing purchasing power in clothing consumption demonstrates one of the theoretically required conditions for exacting domestic demand as Porter (1990) discussed.

Education.

Technical innovation was the key strategy for China's economic progress so that the implementation of the open door policy highly concentrated the role of education, science, and technology. Numerous reform policies in education and technology advancement were developed for the training of professionals under the open door policy. The Chinese government first reinstated the national examination for university entry and standard rules on compulsory education, they also continuously invested in and supported educational facilities and teacher resources to ensure a majority of people could access better education with a low economic burden and equal opportunities (Brandt &Rawski, 2008, p. 219). As of 2003, China had 2,110 institutions for higher education, 720 graduate schools and institutions, and 68 internet universities (Sun et al., 2006, p. 82). In addition, English has been a required course in primary schools in the Chinese educational system since 1978 helping with the rapid progress of China's open economy (Gao& Wang, 2008; Hu, 2005). The growing literacy rate from 1982 to 2009 is a reflection of the Chinese government's efforts to eliminate illiteracy (See Figure 9). The literacy rate of the people aged 15 and above was 94% in 2009 and that the majority of Chinese people are increasingly capable of basic reading and writing.

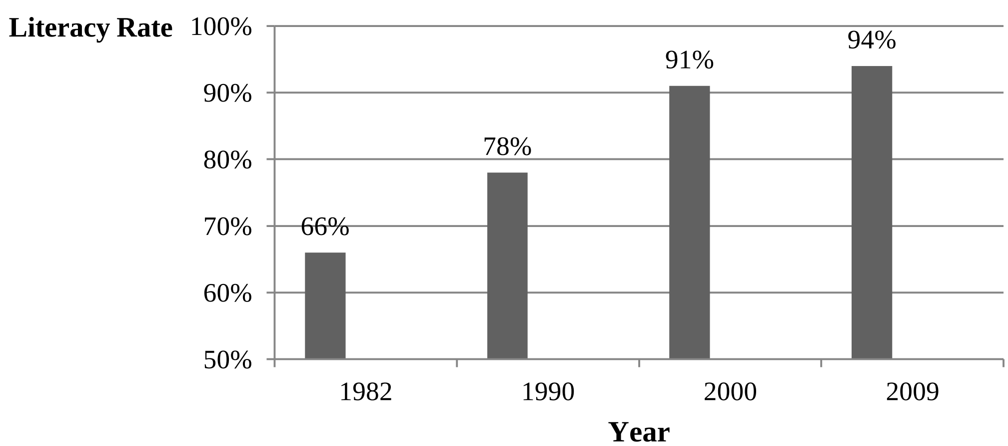

Figure 9. Literacy Rate of China (% of people ages 15 and above) from 1982 to 2009. World Bank, 2012.

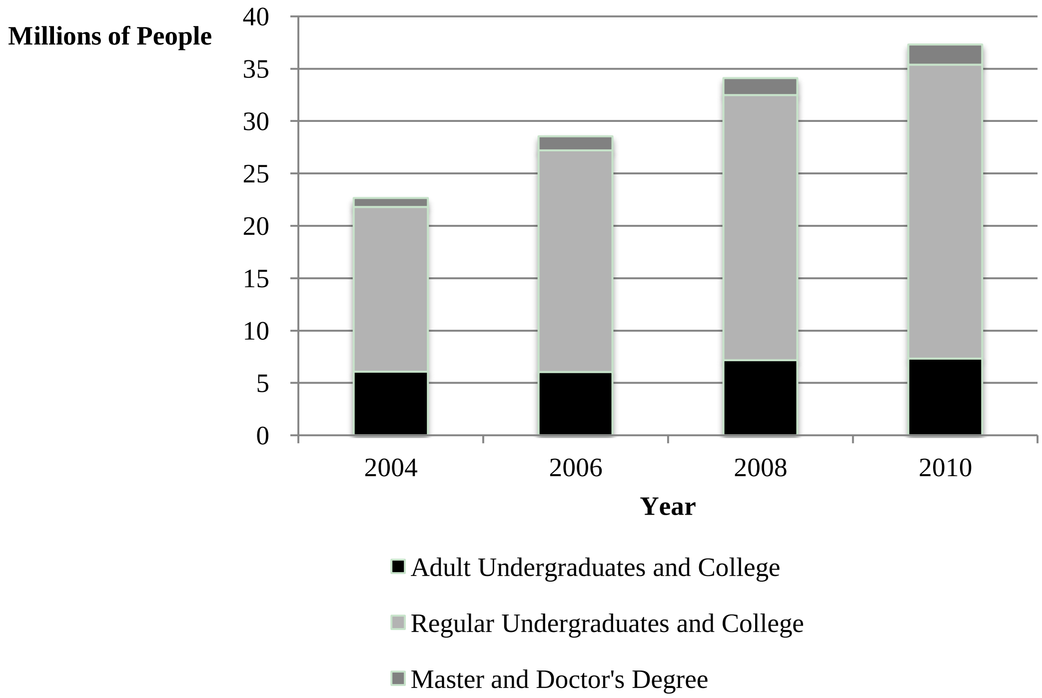

Figure 10. Educated people by type of degree level from 2004 to 2010. Adapted from "China Statistic Year Book," by National Bureau of Statistic of China, 2004, 2006, 2008, & 2010.

Chinese young people increasingly pursue higher educational levels in degrees of bachelor, master, and even PhD for the purposes of knowledge enhancement, career, and national development as indicated by statistics (See Figure 10). Chinese youth also devote attention to improving their ability in foreign language communication as China continues to see growth in the external trade and economic activities (Sun et al., 2006, p. 84). Accordingly, the majority of the Chinese Gen-Yers today are well-educated with international outlooks which would support Porter's theory (1990).

Culture.

The traditional Chinese culture which has developed over nearly five thousand years is today one of the most significant factors to influence Chinese people's purchasing behavior for both adults and youth (Chen & Shim, 1996; Dickson et al., 2004). Among the values of traditional Chinese culture, facing-saving ("mianzi" in Chinese) which originated from Confucianism is one of the most influential values explaining Chinese consumers' purchasing behaviors (Byoungho & Ji, 2010). The concept of "mianzi" concentrates on the maintaining of a proper and tasteful personal image in front of a person's social groups with proscribed behaviors and manners in many aspects such as dressing, talking, and eating. The face-saving value presents in this study as Gen-Y consumers desire for a more comfortable shopping environment, reasonable product policies, and respectful service attitude. Gen-Yers responded that high value added services of clothing shopping is one of the most important aspects to build a welcome and attractive brand image (58.1 percent respondents) (see Question 35 of the Appendix G). This study found that Gen-Y consumers' desired a comfortable and respectful shopping environment. They were strongly dissatisfied with the poor service attitude of sales clerk when shopping (62 percent) and 33 percent of would leave without purchasing because of dissatisfaction with the salesperson's attitude; they also indicated that Chinese fashion stores did not add new styles often enough to browse (44.8 percent)(see Question 13, 32, & 33of the Appendix G). With respect to the shopping environment, Chinese young consumers will feel more emotional enjoyment if they can browse for clothing in upscale shopping malls (37 percent) or branded retail outlets (27 percent) compared to supermarkets or wholesale markets (see Question 14 of the Appendix G).

In addition to the influence of accumulated traditional culture, modern multiculturalism also affects Chinese young consumers' values and opinions of consumption. The survey showed three quarters of the Gen-Yers like clothing originating from foreign areas such as Japan and Korea (27.6 percent), British (21 percent), and Occident (19 percent) and only 30 percent of the respondents chose Chinese traditional style or Hong Kong and Taiwanese style as their favorite ones (see Question 20 of the Appendix G). The respondents in the survey also indicated their preference for foreign brands when purchasing clothes (38 percent) and 47 percent of the respondents found no differences between domestic and foreign brands for clothing (see Question 30 of the Appendix G). Levis, Nike, and Adidas were the clothing brands with the most attractive brand images according to Chinese Gen-Yers' (see Question 38 of the Appendix G).

The significance of various cultural festivals in China also affects people's consumption patterns. In addition to traditional Chinese festivals, western festivals are more and more welcomed by Chinese people. In the survey, 44 Chinese Gen-Yers of the total 105 respondents considered festivals such as New Years, Spring Festivals, Valentine's Day, and Labour Day would be the best shopping times in the year (see Question 9 of the Appendix G).

The internet is a modern platform for communication and expression and it is also the most significant difference between the young generation and their parents (Liu, 2009).Internet culture has provided a new social manner for Chinese youth to express themselves, to escape from the problems in the society, and to freely communicate with friends. Access to the internet and the usage of mobile equipment in China represents the second largest market in the world (Sun et al., 2006, p. 82), Chinese youth aged in 15-24 years old are the majority of users in Internet Cafés and most of them are accompanied by at least one close friend, with internet surfing, online games, movies and other internet-based activities a main entertainment for young people (Liu, 2009).Gen-Yers in China are a generation of digital users who build social networks through online chatting and texting. The use of the internet among Chinese Gen-Yers accelerates information gathering and communication in numerous aspects of everyday life such as food, clothing, traveling, and studying.

In order to obtain fashion information, most of the Gen-Yers have replaced the traditional ways to obtain fashion news with only 8 percent of the respondents still reading fashion magazines frequently or always and the three most popular ones now among youth are RAY, ELLE, and ViVi (see Question 21, 22, & 23 of the Appendix G). Not surprisingly, the internet is the most welcomed and used media for today's young consumers in that half of the respondents chose the internet when asked about their source of fashion information (see Question 21 of the Appendix G).

In sum, the data supports Porter's (1990) theory of the characteristics of exacting demand that the culture background in China is one of the desired elements for the growth environment of Chinese Gen-Y consumers and it is a competitive advantage of the Chinese apparel industry.

Summary of demand size and growth.

Chinese Gen-Yers are a generation born under China's rapid development in social environment, economy, education, and culture. With respect to the aspects of demand size and growth, Chinese Gen-Y consumers are not the largest population group in China compared to that of other generations because of the birth control policy. According to Porter's theory in demand size and growth, domestic consumers are a competitive advantage for the nation's industry when they are large in size with special needs and they occupy a large share of total consumption compared to that in other nations. Hence, the demand size of Gen-Y consumers in China is still a huge market compared to the U.S. which is considered a representative sophisticated market of young consumers with positive purchasing attitude and national pride (Aquino, 2012; Dickson, Lennon, Montalto, Shen, & Zhang, 2002). Under this situation, the demand size of Chinese Gen-Y consumers represents a comparatively large marketing demand for apparel products.

With respect to the aspect of growth environment, Chinese Gen-Yers possess specialized characteristics which differentiate them from other consumer groups with influences of social and political environment, economy, education, and culture. The majority of the Chinese youth are highly urbanized with modern social values and consumption concepts from living and working in metropolitan areas. They are confident enough to seek individual values while possessing well-educated knowledge and enlarged international outlooks. Increasing per capita disposable income improves Chinese Gen-Yers purchasing power for consumption products. In addition, traditional Chinese culture still has some influence on their views of personal image while multicultural values from foreign countries influence their clothing styles strongly. Hence, with the aspects of demand size and growth, Chinese Gen-Y consumers are a comparatively large and differentiated demand segment with conditions that may facilitate the Chinese apparel industry to gain the competitive advantage in reaping economics of scale according to Porter's (1990) demand condition theory.

Fashion Sophistication

First of all, the survey investigated the general attributes of Chinese Gen-Y consumers by asking the question about their main criteria for clothing shopping. Not surprisingly, the top four basic factors when purchasing clothing included quality, price, style, and comfort, the same as most other consumers concerns in the world (see Question 24 of the Appendix G).More than half of the Gen-Yers notice low priced products and 35.2 percent of them insist to buy lower priced products when quality is not important (see Question 28 of the Appendix G).The most important reason given for reducing Gen-Yers' purchasing intention for a new item is that the product failed to offer good value for money (70 percent) (see Question 13 of the Appendix G) and the most favorite sales promotion is price reduction and the most favorite fashion style is casual clothing (see Question 15 & 19 of the Appendix G). Price is the most important reason of Gen-Yers making choices between domestic and foreign brands (see Question 31 of the Appendix G). Hence, the survey indicates that Chinese Gen-Y consumers possess the characteristics of general consumers in concerns of price and quality, and characteristics of young consumers in fashion style when shopping for clothing.

Additionally, the survey found that brand images and personality are two extra factors that Gen-Yers are increasingly concerned about when purchasing clothing. As expected in Question 24 (Appendix G), when asked to pick the top three criteria used when purchasing clothing, the top four criteria are quality, price, style and comfort. However, brand image and personality rank in fourth and fifth place. This means that a substantial number of people put style, brand image and personality in their top three criteria. This is additional evidence that Chinese Gen-Y consumers are becoming more sophisticated in fashion and brands.

As discussed in the previous chapter, fashion involvement, brand identification, and mobile consumers are the theoretical evaluative components employed in this study for fashion sophistication evaluation. Table 6 summarizes the evaluative items for each component of the fashion sophistication analysis.

Table 6. Evaluative Items for Fashion Sophistication Analysis.

Components	Evaluative Items	Question Number
Fashion Involvement	Fashion Attitude	Q18
	Monthly Expenditure on Clothing	Q3, Q8, & Q12
	Impulsive Purchasing	Q11
	Fashion Communication	Q5
	Participation of Online Shopping	Q16 & 17
Brand Identification	Brand Attitude	Q26
	Proportion of Branded Products	Q27
	Brand Faithful	Q29
Mobile Consumers	Traveling Abroad	Q6 & Q7

Fashion Involvement.

When examining attitudes toward fashion, Chinese Gen-Yers seem to pay more attention to their personal feelings about style and the quality of the products. They believed personal preferences are more important than following fashion trends (42 percent) and there are a large group of Gen-Yers who put more weight on product quality when they are considering fashion products (48 percent) (see Question 18 of the Appendix G).

When looking at the monthly expenditures for clothing, the survey found that three quarters of Chinese Gen-Yers (74.3 percent) spent at least 100 RMB on clothing per month and 46 percent of them were usually willing to pay over 300 RMB for new clothes in a month (see Question 3 of the Appendix G). The expenditures were supported by their full or part-time jobs (58 percent) but a small group of youth still relied on their families (see Question 4 of the Appendix G). When asked how often they purchase a new item of clothing, nearly 60 percent of the participants were monthly shoppers and 40 percent were weekly (see Question 5 of the Appendix G). The survey found that after purchasing a new item of clothing, 87 percent of the Gen-Y consumers usually will find an accessory to go with it for the better outfits and nearly 20 percent of them frequently shop for accessories for the new item (see Question 12 of the Appendix G).

For comparison, a person with a middle or high income generally spends 117 RMB or 222 RMB on clothing monthly according to the National Bureau of Statistics of China (2010). Apparently, the level of Chinese young consumers' expenditures on clothing has exceeded the national average level. A small group of respondents (13.3 percent) even invested over 500 RMB on new clothes per month (see Question 3 of the Appendix G). The purchasing power of Gen-Y consumers in China is huge even though they may occupy a relatively smaller population size. Normally, their purchasing behaviors were divided between spur of the moment and planned shopping. Except for basic purchasing motivations such as clothing wearing out and seasonal changes, half of the Gen-Yers purchasing happened without attention (46 percent) (see Question 10 & 11of the Appendix G).

One aspect of fashion communication is talking to others. The survey examined whether Gen-Yers are shopping alone regularly or if they have others with them. Three quarters of the Gen-Yers in the survey have shopping partners such as friends (46.7 percent), family members (14.3 percent), or spouse (13.3 percent). Only 22.9 percent of the respondents normally shop alone (see Question 5 of the Appendix G).

The last investigated aspect of fashion involvement is the participation in online shopping for clothing. Eighty percent of the Chinese Gen-Yers have experienced online shopping (see Question 16 of the Appendix G). This high percentage indicated online shopping has upgraded into a common platform for young people's clothing consumption. This is a positive contribution toward future e-commerce development for the Chinese apparel industry. However, the two main reasons that Gen-Yers do not like online shopping are concerns about evaluating quality and the inability to try-on before purchasing. This finding indicates Chinese Gen-Yers attention to the issue of quality assurance of apparel products (see Question 17 of the Appendix G).

With respect to fashion involvement, gender differences were not significance except for clothing shopping frequency. The result of the independent T-test indicated male consumers purchased a new item of clothing less frequently than female customers with statistical values of $t = -2.5$, $df=103$, and $p=0.014$. Chinese young male and female consumers show similar fashion involved behavior in attitude, expenditure, impulsive purchasing, communication, and online shopping.

Brand-Related Behaviors.

Demanding consumers pay attention to brands. Brand-related behaviors were investigated through three aspects of Chinese Gen-Y consumers: their brand attitudes, the proportion of branded products to unbranded products they already have, and whether they are faithful to specific apparel brands (see Table 6). Within the entire sample, there was only 1 percent of the Gen-Yers who never bought branded clothing. This implies that the majority of Chinese young people possess brand awareness for clothing. Among the brand-aware respondents, 50.5 percent buy branded clothing only when quality is important (quality inclined shoppers), 40 percent usually do not pay much attention to brands when shopping (random shoppers), and 8.6 percent of them always stick to well-known apparel brands (prestige inclined shoppers) (see Question 26 of the Appendix G). Furthermore, half of the total respondents have over 50 percent of branded clothing in their wardrobe (see Question 27 of the Appendix G). Within this group, there are more quality inclined respondents than random shoppers and prestige inclined shoppers according to the crosstab analysis (see Appendix H, Case Processing Summary 2). It is clear that Chinese Gen-Yers who prefer to purchase branded clothes are not attracted to the brand image but to a view that brands ensure a better quality of the product. This finding is also reinforced by the answers of an open ended question which asked their opinions about brands. Gen-Yers talked about a brand such as “Good quality and attractive style, popular, and comfortable”, “Good quality and attractive styles”, or “quality insurance” (see Question 25 of the Appendix G).

When Gen-Yers were asked whether they are faithful to specific brands, over 56 percent of them prefer to choose specific brands of clothing and 36 percent always experience new brands (see Question 29 of the Appendix G). The results indicated Chinese Gen-Yers possess an attribute of brand loyalty which reflects favorable demand conditions for manufacturers and brand developers and there were no gender differences in the questions concerning brand-related behaviors.

Mobile Consumers.

One of the characteristics that Porter discussed as contributing to exacting demand is to have mobile consumers. The current sample of Chinese Gen-Yers show mixed results as 19 percent of the respondents reported traveling abroad frequently, 16.2 percent traveled abroad occasionally and 64.8 percent have not had a chance to travel abroad. However, for those who traveled abroad often, nearly 80 percent of them reported that they will pay attention to foreign fashion products to absorb styles from other regions (see Question 6 & 7 of the Appendix G). In addition, there were no gender differences toward mobile consumers within the respondents.

Summary of fashion sophistication.

The fashion sophistication concept mainly discussed Gen-Y consumers clothing consumption in fashion involvement, brand identification, and mobile consumers (see Figure 6). Basically, Chinese Gen-Y consumers possess basic attributes of worldwide consumers in concerns of product quality, price, style, and comfort. According to further survey analysis, Gen-Yers possess a relatively high level of fashion involvement as their investment in clothing consumption was very significant compared to the national average. With respect to fashion attitudes, Gen-Yers seem concerned more about their personal style preferences instead of following trends. In addition, Chinese Gen-Yers showed high levels of interest in fashion accessory purchasing and online purchasing which has grown in importance as a new platform of consumption and was widely used by a majority of the sample. The sample also appeared to be involved in fashion communication by usually shopping with others. The investigation of fashion sophistication of Chinese Gen-Yers found their specialized and positive performance in fashion attitude, expenditure, communication, and online shopping. From the aspect of brand identification, the results suggest a view about branded products which is that they ensure the quality of the products. On the other hand, our participants were able to identify the brands that suit them among numerous clothing brands in the market. They were also able to provide valuable and suggestive views on domestic and foreign brands which could potentially contribute to the further development of Chinese apparel manufacturers. With respect to aspect of mobile consumers, although Chinese Gen-Yers in this survey were not strongly mobile with about 35 percent having had the chance to work, study or travel abroad, those who were mobile appeared to be brand carriers and fashion ambassadors which may support Porter’s theory. Through T-tests on gender, it was revealed that Chinese young male and female consumers have different clothing shopping frequencies in that female consumers are more frequent buyers of clothing than male consumers. It is interesting that this is only gender differentiated item.

Chapter 5

Conclusions, Limitations, and Implications

Conclusions

This study was an empirical investigation of the Chinese Gen-Y consumers' demand conditions for apparel products covering aspects of demand size and growth, and fashion sophistication under the guide of Michael Porter's (1990) demand condition theory and related principles of consumers fashion behavior and brand identification. The objectives of the study were to examine whether Gen-Y consumers' demand conditions can contribute to the industrial upgrading of the Chinese apparel industry as a competitive advantage. It appears that Chinese Gen-Y consumers are competitive in demand size and growth with aspects of comparatively large market size, incredible purchasing power, and urbanized social values and consumption concepts. Furthermore, the research on Gen-Y consumers' fashion sophistication discovered they possessed the specialized characteristics of consumer fashion behavior which are favorable for having an exacting domestic demand for apparel products based on Porter's (1990) competitive advantage theory.

For the first objective, the study examined demand size and growth of the Chinese Gen-Y consumers. Chinese Gen-Yers are a generation born under China's rapid development in social environment, economy, education, and culture. In general, the demand size of Chinese Gen-Y consumers represents a comparatively large marketing demand in size and growth for apparel products consumption compared to the demand size in other countries such as the U.S The growth environment of Chinese Gen-Yers discussed their characteristics in aspects of social values, economic capabilities, educational levels, and culture. Gen-Yers possess specialized characteristics in social values and consumption concepts. The majority of the Chinese youth are highly urbanized by living and working in cities. They are well-educated in science knowledge and international outlooks. Gen-Yers also benefit from the rapid growth of the living standard of Chinese households with increasing per capita disposable income. Young people do not solely inherit the traditional Chinese cultural values of respect and polite manners but are also influenced by foreign cultures especially in clothing styles. Through the research of objective one, it found that Chinese Gen-Yers represent a relatively large consumer demand which also represents the growth of market potential. This growing market segment possess favorable conditions that should encourage Chinese apparel manufacturers to enlarge investment behavior in clothing design and marketing upgrading and development to develop international brands.

For the second objective, fashion sophistication examines Gen-Yers clothing consumption in the areas of fashion involvement, brand identification, and mobile consumers. In general, the sample of Chinese Gen-Yers were involved and invested more on clothing consumption from the aspects of expenses, accessory purchasing, and online shopping. Through the investigation of brand-related behaviors, Gen-Yers appear to value the quality of clothing products; they are also able to provide valuable and suggestive views on domestic and foreign brands which will be a significant contribution to the Chinese apparel manufacturers. While our sample was not extremely mobile, Chinese Gen-Yers have become or are potential brand carriers and fashion information ambassadors who, according to Porter (1990), represent a competitive advantage of mobile consumers for the Chinese apparel industry.

Based on the analysis of primary and secondary data, Chinese Gen-Y consumers represent a comparatively large demand size and relatively sophisticated market demand for apparel products. According to Michael Porter's (1990) demand condition theory, it appears that Generation-Y consumers in China could be seen as a competitive advantage for the next development stage. The design and marketing upgrading of Chinese apparel industry should happen if Chinese apparel manufacturers focus on satisfying the large and sophisticated domestic demand of Gen-Y consumers.

Limitations of the Study

Demand condition theory is a complicated research area especially when consumer behaviors and industrial development are combined within the study. In addition, employing a model to investigate apparel demand conditions as a competitive advantage is a new application of Michael Porter's (1990) competitive advantage theory. First, given the fact that the investigation model of the study (the survey) is exploratory, it may not be as mature and generalized as other consumer behavior and demand condition studies. This study concentrated on proposing a framework regarding the combination of sophistication of consumer behavior and the competitiveness of the nation. Further research is needed to refine the factors of the model through a larger and more random sample under the proposed investigation framework. Secondly, the data of the survey were collected only in several urban cities in China. The results may not be able to generalize to other regions or countries. Third, this study did not make comparisons between Chinese Gen-Yers and other demographic consumer groups. Follow-up studies may investigate other consumer groups in China to compare with Chinese Gen-Yers as a further support by using the investigation model in this study. Lastly, this study used Michael Porter's competitive theory as the theoretical support. His term "industrial upgrading" was used to express the competitive advantages improvement that the Chinese apparel industry may be ready to undertake. However, for China at least, and maybe other countries, industrial and technology upgrading has already happened in the apparel sector as these countries supply the latest factory techniques to produce offshore brands. In practice, design and marketing upgrading may actually be the next step that Porter's theory predicts in the future with the increasing purchasing power of the Chinese consumers.

Implications

Practical Implications

Given the fact that relying on low labor costs cannot continue to be a successful strategy for the Chinese apparel industry for the next development stage of competitive advantage, it has been suggested that establishing powerful and profitable brands may be the way to obtain sustainable success (Choy & O'Cass, 2008; Cho et al., 2009; Keller, 2003; Little et al., 2003; McColl & Moore, 2001; Porter, 1990). The survey in this study uncovered problems that existed among Chinese apparel brands and their store environments. First, consumers held the view that domestic brands lacked innovation on original styles and were always out of fashion compared to foreign famous brands and a majority of young people liked domestic products because of the cheaper prices. They felt it was hard to make a proper choice among domestic brands in order to express their fashion taste and personalities. Second, the service attitude of salespersons in Chinese domestic apparel stores appeared to be rated very poorly. As the consumers appeared highly sensitive to a respectful shopping environment, Chinese apparel firms need to invest in salesperson training to improve the shopping environment. The four most favorite brands among Chinese Gen-Y consumers were Nike, H&M, ONLY, and Adidas; when it comes to the brands with the most popular and attractive image, Chinese Gen-Yers like Levis, Nike, and Adidas best for the reasons of their design and styles (see Question 36, 37, & 38 of the Appendix G). Further study should focus on their brand management strategies for both products and services development. However, original product design, competitive brands, and satisfied after-sales services would not only benefit young consumers in China for apparel products, but are also the engines that should ensure China will successfully step into the investment-driven stage.

Theoretical Implications

This study employed Michael Porter's (1990) competitive advantage development as the theoretical framework to examine a nation's demand condition within the development of the apparel industry. It tried to indicate whether a segment of domestic demand was a large, growing, and sophisticated one that was able to contribute to the competitive advantages development of the nation. The existing literature reviewed about demand condition theory in the field of competitive advantages was limited in providing an investigation model to evaluate, and failed to quantify the consumer behaviors for evaluating fashion sophistication. This study was designed to provide a new investigation model to examine the apparel demand conditions by combining Porter's (1990) theory with evaluation of fashion sophistication and brand identification. Items in the model do not solely demonstrate topics of Porter's (1990) idea in studying market demand, but also reflect how consumers' purchasing behaviors influence the nation's apparel industry development. The investigation model of this study could be employed for the study of other consumer groups or countries' demand conditions in apparel product consumption.

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Appendix A. Questionnaire (English)

You have been asked to complete this survey on your clothing preferences. A detailed consent letter which explains this research in detail and your rights as a participant has been provided to you. Please check the following box to indicate that you have read this letter and consent to participate in this survey. ☐

Section I

The questions in this section ask about your clothing purchases. Please answer according to your own experiences.

2. Have you filled out a similar survey before?
   ☐ Yes, within the last 3 months
   ☐ Yes, within the last 6 months
   ☐ Yes, within the last year
   ☐ Never
   ☐ I cannot remember

3. How much would you usually spend in a month buying new clothes?
   ☐Less than 100 RMB ☐ 100 to 300 RMB ☐ 300 to 500 RMB ☐ More than 500 RMB

4. Which of the following options <u>best describes</u> the source of the money you spend on your clothing?
   ☐ Parents' support
   ☐ full or part-time job
   ☐other family members or relatives
   ☐friends
   ☐boyfriend or girlfriend
   ☐ If other source, please specify: 单击此处输入文字。
   ____

5. Who do you most often shop with?
   ☐ Alone ☐ Friends ☐ Family members ☐ Spouse ☐ Colleagues ☐ Roommates
   ☐ If any other person, please specify: 单击此处输入文字。

6. Do you ever travel abroad for business, studying, tourism, or other reasons?

☐Frequently☐Occasionally☐Never

7. If you travel abroad sometimes, do you shop for clothing?
☐Always☐Frequently☐Occasionally☐Never
8. How often do you purchase a new item of clothing?
☐ 1-5 times per year
☐ 6-10 times per year
☐ Once per month
☐ 2-3 times per month
☐ 4-7 times per month
☐ 8 times or more per month
☐ I am not sure

9. What are the times of the year you like to shop for clothing? Check all that apply.
☐ Festivals, such as New Year, Spring Festival, Valentine's Day, Labour Day and so on.
☐ Seasonal Changes
☐ Important Personal Events, such as my birthday or an anniversary.
☐ I do not have a preferred time
☐ If other time, please specify: 单击此处输入文字。

10. Normally, where do you usually get inspiration or motivation for new purchases? Choose all that apply.
☐ I like to follow new fashion trends
☐ I am influenced by new arrivals in the stores
☐ My families or friends advise me
☐ Seasonal Changes
☐ When I am shopping, purchasing usually happens without intention
☐ Sales Promotions or sales inspire me
☐ I wear out my clothing, I need more.
☐ If anything else inspires you, please specify: 单击此处输入文字。

11. Are your purchases usually planned or spur of the moment?
☐ Planned ☐ Spur of the moment ☐ equally divided between the two ☐ I am not sure

12. After you purchase a new clothing item, how often will you buy an accessory to go with it? Such as shoes, hat, jewellery, ties, or a coat.
☐ Always ☐ Frequently ☐ Occasionally ☐ Never

13. When you are shopping, which of the following reduce your desire to purchase a new item of clothing? Choose all that apply.
☐ The item does not offer good value for money
☐ The shopping environment makes me feel uncomfortable
☐ I don't like the item's advertising, packaging, or brand image
☐ I am not satisfied with salesperson's attitude
☐ There is no sales promotion or sale for this item
☐ If any other, please specify:

14. Which of the following sales promotions is your favourite?
☐ Price Reduction
☐ Price Pack (e.g. Buy one get one)
☐ Premiums (e.g. Merchandise accompanied by gifts)
☐ Frequency Programs (e.g. Points Programs/Privilege membership)
☐ Cash Refund/Rebate Offers
☐ Coupons
☐ If other, please specify: 单击此处输入文字。

15. Which of the following shopping environments is your favourite for purchasing clothing?
☐ Supermarket
☐ Designer Boutiques
☐ Branded Retail Outlets
☐ Wholesale Market
☐ Upscale Shopping Mall
☐ On-line Shopping
☐ Shopping Street
☐ If other, please specify: 单击此处输入文字。

16. Have you ever shopped for clothes online?
☐ Always ☐ Frequently ☐ Occasionally ☐ Never

17. If you have not tried online shopping for clothes, what are the main reasons? Choose all that apply.
☐ Online sellers cannot be trusted
☐ Using online banking is too complicated

☐ I cannot try on clothes through online shopping
☐ I am worried about the quality of the clothing
☐ Product return or replacement and other services are too complex
☐ If any other, please specify: 单击此处输入文字。

18. Which statement best reflects your attitude toward fashion?
☐ I am always following the newest fashion trend
☐ I only buy what I truly need
☐ I buy clothes I like, regardless of current fashion
☐ I don't care anything about fashion
☐ If other, please specify: 单击此处输入文字。

19. What is your favourite fashion style?
☐ Casual ☐ Sport ☐ Business ☐ Anti-Fashion ☐ Cool Neutral ☐ Retro-style
☐ If other, please specify: 单击此处输入文字。

20. Which of the following regions' clothing style is your favourite?
☐ British Style ☐ Occident Style
☐ Japanese and Korean Style ☐ Hong Kong and Taiwanese Style
☐ Chinese Traditional Style
☐ If other, please specify: 单击此处输入文字。

21. What are your sources of fashion information? Please check all that apply.
☐ Family members ☐Friends
☐ TV or Magazines ☐ Internet
☐ Personal Experience ☐ Styles in Stores
☐ Information provided at the purchase location
☐ If any other, please specify: 单击此处输入文字。

22. Do you read fashion magazines?
☐ I always read fashion magazines
☐ I frequently read fashion magazines
☐ I do not read fashion magazine so often
☐ I never read fashion magazines

23. If you like to read fashion magazines, which of the following magazines are your favourites?

☐ ELLE ☐ Harper’s BAZAAR ☐ MILK

☐ MINA☐ COSMOPOLITAN☐ VIVI

☐ VOGUE ☐ YOHO☐Ray ☐ SELF

☐ If other, please specify: 单击此处输入文字。

24. What are your THREE main criteria when purchasing clothing?

☐ Quality ☐ Price ☐ Service ☐ Style ☐ Sales Promotion ☐ Comfort ☐ Personality

☐ Brand Image ☐ Popularity ☐ Style in Store ☐ Color and Material

☐ If other, please specify: 单击此处输入文字。

Section II

In this section, please indicate your opinions about clothing brands and your attitudes toward domestic clothing brands (Chinese brands, not foreign brands) according to your own experiences.

25. Would you please simply describe what the definition of “brands” is in your mind?
单击此处输入文字。

26. Which statement best reflects your opinion about branded clothing products?

☐ I always buy well-known branded clothing

☐ I buy branded clothing only when quality is important

☐ I do not pay much attention to brands when clothing shopping

☐ I never buy branded clothing.

27. What is your best estimate of the proportion of branded to unbranded clothes in your wardrobe?

☐ 20% branded:80% unbranded

☐40% branded:60% unbranded

☐ 50%branded:50%unbranded

☐ 60% branded:40% unbranded

☐80% branded: 20% unbranded

☐ I am not sure

☐ If other, please specify: 单击此处输入文字。

28. When shopping for clothing, do you look around for the lowest prices?

☐ I always choose the least-priced clothing products.

☐ I choose the least-priced clothing only when quality is NOT important.

☐ I do not pay much attention to price when clothing shopping.

☐ I never purchase the least-priced clothing option.

☐ I am not sure

29. Are you faithful to specific brands of clothing, purchasing them repeatedly?

☐Yes, always. I stick to the same brands.

☐Only for clothing products that need high quality and special design

☐Never, I keep experiencing new brands

☐ I am not sure

☐ If other, please specify: 单击此处输入文字。

30. What is your preference for which brands in clothing, you prefer to buy?

☐ Domestic Brand labels ☐ Foreign Brand labels

☐ I find no differences between domestic and foreign clothing brand labels

31. If you like Domestic clothing brands, please tell us some of the reasons why? (Please check all that apply.)

☐ I support Domestic brands and products without any reason

☐ Domestic clothing brands are cheaper

☐ Domestic clothing brands are more trustworthy in quality

☐ Domestic clothing brands offer a larger variety of choice of styles

☐ I like the styles of Domestic clothing brands

☐ If any other reason, please specify: 单击此处输入文字。

32. If you do not like Domestic clothing brands, what are you most dissatisfied with? (Please check all that apply.)

☐ Domestic clothing brands are always out of fashion and lack originality

☐ Domestic clothing brands are more expensive than I can afford

☐ Domestic clothing brands have poor product quality

☐ If any other, please specify: 单击此处输入文字。

33. Is there something about the stores that you are dissatisfied with?

☐ Stores do not add new styles often enough

☐ Service attitude of sales clerks when shopping is poor

☐ Design and look of stores feels uncomfortable

☐ Policies such as return policies are unreasonable

☐ If any other, please specify: 单击此处输入文字。

34. If you like foreign brands more than domestic brands, please tell me your reasons: 单击此处输入文字。

35. In your opinion, which THREE of the following options help to build a welcome and attractive brand image?

☐ Originality of new designs which lead fashion trends

☐ Impressive advertisement through media.

☐ Quality and competitive prices are the most important

☐ Popular celebrities are good brand ambassadors

☐ Good value added services like easy return policy, helpful salesforce, and privilege membership.

☐ Having a good website with current information and feedback

☐ If other, please specify: 单击此处输入文字。

36. Among the following clothing brands, which three are your favourites?

☐ Adidas	☐Ayilian	☐Baleno	☐bossini	☐ City-me
☐ebase	☐ ESPRIT	☐Etam	☐ Gap	☐ Giordano
☐ H&M	☐JackJones	☐Jordan	☐Jeanswest	☐ Lee
☐ Levi's	☐ Lining	☐Meters/bonwe	☐Nike	☐odbo
☐ ONLY	☐Semir	☐Tonlion	☐VERO MODA	☐Yishion
☐ ZARA	☐If other, please specify: 单击此处输入文字。			

37. Could you give us the reasons why you like the three brands you have chosen above?

☐ I like their brand images

☐ I like their designs and styles

☐ I can afford the price of these brands

☐ I like their sales service

☐ I trust their product quality

☐ If other, please specify: 单击此处输入文字。

38. Which of the following fashion clothing brands, have the most popular and strong brand images among those people you know? (Please choose up to three)

☐ Adidas	☐Ayilian	☐Baleno	☐bossini	☐ City-me
☐ebase	☐ ESPRIT	☐Etam	☐ Gap	☐ Giordano
☐ H&M	☐JackJones	☐Jordan	☐Jeanswest	☐ Lee
☐ Levi's	☐ Lining	☐Meters/bonwe	☐Nike	☐odbo
☐ ONLY	☐Semir	☐Tonlion	☐VERO MODA	☐Yishion
☐ ZARA	☐If other, please specify: 单击此处输入文字。			

39. Do you have any ideas or opinions about domestic clothing brands? Or do you want to say something about clothing brands that you like or dislike? If you have any comments about fashion, clothing, brands, or even the questionnaire, please feel free to write them down! We appreciate your participation and help!

单击此处输入文字。

Section III

Your gender: ☐ Male ☐ Female

Your age: ☐18-19 ☐ 20-24 ☐25-29 ☐ 30 or over

What is the highest educational level you have completed or are currently completing:
☐Less than High school
☐ High school diploma
☐Trade certificate or diploma/College certificate or diploma
☐Some University education
☐Undergraduate/Bachelor's degree
☐ Master's degree
☐ PhD degree or higher
☐Other, please specify: 单击此处输入文字。

Are you a student right now?☐ Yes☐ No
If you are not a student right now, please tell us your occupation: 单击此处输入文字。

Please save this survey to your computer or jump drive and email it to the researcher at: Yanan Hu at umhu43@cc.umanitoba.caOR 380240839@qq.com

Good-bye and thank you for your help with my survey.

Appendix B. Questionnaire (Chinese)

您在填写本问卷之前，是否已经阅读并同意本问卷的同意书？ ☐

第一部分：

该部分涉及您日常服装消费的习惯，请如实回答。

2. 您曾经是否填写过相似的调查问卷？

   ☐是的，在最近 3 个月内

   ☐是的，在最近半年之内

   ☐是的，在最近一年之内

   ☐从来没有过

   ☐没有印象

3. 您每月在服装上面的消费大致是多少？

   ☐少于 100 元☐ 100~300 元☐ 300~500 元☒多于 500 元

4. 您在服装方面的消费资金主要源于哪里？

   ☐父母资助☐个人收入，包括兼职和全职

   ☐其他，请简单说明：单击此处输入文字。___________________________

5. 您经常在谁的陪同下逛街？

   ☐自己☐朋友☐家人☐配偶☐同事或者室友

   ☐其他，请简单说明：单击此处输入文字。___________________________

6. 您大概的服装消费频率是？

   ☐ 1-5 次每年

   ☐ 5-10 次每年

   ☐一个月一次

   ☐ 2-3 次每月

   ☐ 4-7 次每月

   ☐多余 8 次每月

☐我不是很清楚

7. 您是否因为工作，学习，旅游等原因出国？

☐经常出国

☐偶尔出国

☐从来没有过

8. 如果您经常出国，是否会在国外选择服装？

☐一定会

☐经常会

☐偶尔会

☐从来不会

9. 在一年当中，哪种情境或者时间段您的服装消费最多？（可多选）

☐节假日，如元旦，春节，黄金周等等

☐换季的时候

☐为了重要的个人事件，如生日或者纪念日

☐我没有什么特别的购物情境或者时间段

☐其他，请简单说明：单击此处输入文字。___________________________

10. 通常情况下，您为自己购置新服装单品的原因是？（可多选）

☐我想时刻紧随潮流

☐新品上市

☐亲朋好友建议

☐气候变化

☐逛街的时候偶然发现

☐商家有非常诱人的促销活动

☐我的衣服不够穿，需要买新的

☐其他，请简单说明:单击此处输入文字。___________________________

11. 您的服装消费一般是计划好而行之，还是经常一时冲动？

□有准备好的购置计划□经常一时冲动而购物□两者都有□我不是很清楚

12. 当您购置一件新单品后，通常是否会为其添置合适的配饰？如帽子，鞋，手袋等。

□一定会这样□经常如此□有的时候会□从来不会

13. 当您在逛街的时候，以下哪个原因会打消您对某件服饰或者品牌的购买欲望？（可多选）

□不能物有所值

□该商家的购物环境令我反感

□不喜欢该单品的品牌形象，如广告，包装，代言人等

□服务态度令我不满意

□没有任何促销活动

□其他，请简单说明：单击此处输入文字。____________________________

14. 您最喜欢如下哪种促销方式？

□降价或折扣促销□捆绑销售如买一送一□礼品赠送

□购物或者会员积分□累积消费返现□优惠券

□其他，请简单说明：单击此处输入文字。____________________________

15. 您最喜欢在以下哪种环境中进行服装选购?

□超市□设施完善并且优雅的商场□设计师个人店

□网上购物□品牌专卖店□商业街

□批发市场

□其他，请简单说明：单击此处输入文字。____________________________

16. 您是否尝试过网上购买服装？

□是的，服装全都在网上购买□是的，经常网购服装

□有的时候网购服装□从来没有过

17. 如果您没有尝试过网购服装，请选择原因。

□不信任网上的商家的信用，担心欺诈

☐网上银行的使用过于繁琐

☐网上的服装商品不能进行试穿

☐不信网上商品的质量

☐商品退还等等服务太繁琐并且耗费时间

☐其他，请简单说明：单击此处输入文字。____________________________

18. 关于时尚潮流，您的态度是？

☐我紧随时尚潮流的最新步伐

☐我只选择我需要的服装单品，质量才是最重要的。

☐我只选择我所喜欢的，与潮流与否无关

☐其他，请简单说明：

19. 您最喜欢的服装款式是什么？

☐休闲☐运动☐商业☐另类时尚☐中性☐复古

☐其他，请简单说明：单击此处输入文字。____________________________

20. 以下哪个地区的服装风格您最喜爱？（至多选择 2 个）

☐英伦风☐欧美风☐日韩风☐港台风☐中国风

☐其他，请简单说明：单击此处输入文字。____________________________

21. 您的时尚资讯一般来源于？（可多选）

☐家人推荐☐好友建议☐电视或者平面媒介☐网络

☐商店或专卖店的户外宣传☐个人经验☐店内信息

☐其他，请简单说明：单击此处输入文字。____________________________

22. 您平时是否阅读时尚杂志？

☐非常喜欢阅读时尚杂志

☐经常阅读时尚杂志

☐偶尔阅读时尚杂志

☐从来不看时尚杂志

23. 如果您关注时尚杂志，下列哪家平面杂志您比较喜欢？（至多选择 2 个）

☐ ELLE 世界时装之苑☐Harper's BAZAAR 时尚芭莎☐ MILK

☐MINA 米娜☐时尚伊人 COSMOPOLITAN ☐ViVi 昕薇

☐VOGUE 美容与服饰☐ YOHO 潮流志☐ Ray 瑞丽☐Self 悦己

☐其他，请简单说明：单击此处输入文字。__________________________

24. 请从以下选项中选择 3 个您选购服装时最为关注的方面。

☐质量☐价格☐服务☐款式

☐促销与否☐舒适度☐个性度☐品牌

☐流行性☐购物环境

☐其他，请简单说明：单击此处输入文字。__________________________

第二部分：

该部分涉及您的服装品牌意识和对国内主流服装品牌的看法，请如实回答。

25. 请简单说说您对"品牌"是如何定义的。

单击此处输入文字。__________________________

26. 您对服装品牌的态度是？

☐是的，非常在意品牌

☐只在选购服装质量比较重要的单品的时候

☐我不是很在意服装品牌

☐我从来不选购品牌服装

27. 在您所有服装中，品牌单品与非品牌单品的大致比例是？

☐ 20%品牌单品:80%非品牌单品

☐40%品牌单品: 60%非品牌单品

☐60%品牌单品: 40%非品牌单品

☐80%品牌单品: 20%非品牌单品

☐我不清楚

☐其他比例：单击此处输入文字。_________________________

28. 您在选购服装的时候，是否对价格很敏感？

☐是的 ☐有时候 ☐不在意价格☐我不是很清楚

29. 您是否经常选购固定的服装品牌，对某品牌有很长时间的偏爱？

☐是的，我有固定偏爱的服装品牌。

☐对于某些服装质量或者设计要求很高的单品，我有固定的品牌选择

☐不是，我经常尝试不同的服装品牌。

☐我不是很清楚

☐其他，请简单说明: 单击此处输入文字。_________________________

30. 在选购服装时，您倾向于：

☐国内服装品牌☐国外服装品牌

☐是国内品牌或者国外品牌对我影响不大

31. 如果您更喜欢国内服装品牌，为何？（可多选）

☐支持国货

☐价格更能接受

☐质量值得信赖

☐国内服装品牌选择面比较广

☐喜欢国内品牌的设计款式

☐其他，请简单说明：单击此处输入文字。_________________________

32. 如果您不是很喜欢国内服装品牌，原因是？（可多选）

☐产品缺乏个性，创新和活力

☐价格偏高

☐质量太差

☐其他，请简单说明：单击此处输入文字。_________________________

33. 您觉得现在市场上各大品牌的服装专卖店店内环境有哪些不足？

☐店内新品更新太慢

☐销售人员的服务态度太差，或者过于热情

☐店内装潢令人不舒服

☐各种服务政策如退换条款等不合理

☐其他，请简单说明单击此处输入文字。

34. 如果您喜爱国外服装品牌，请简单写下原因：

单击此处输入文字。

____

____

35. 一个受欢迎的流行度高并且有吸引力的服装品牌，您觉得一下 3 个因素最重要？

☐设计的创新，能够紧随时尚潮流

☐吸引人的广告

☐物美价廉最为重要

☐有我喜欢的品牌形象代言人

☐服务态度亲切，店内优惠政策吸引人

☐具有提供有效顾客反馈和时效新品潮流信息的网站

☐其他，请简单说明：单击此处输入文字。_________________________

36. 在下列服装品牌中，请选择 3 个您最喜爱的：

☐ Adidas	☐阿依莲	☐班尼路	☐堡狮龙	☐ City-me
☐ebase	☐ ESPRIT	☐艾格	☐ Gap	☐佐丹奴
☐ H&M	☐JackJones	☐Jordan	☐真维斯	☐ Lee
☐ Levi’s	☐李宁	☐美特斯邦威	☐Nike	☐odbo
☐ ONLY	☐森马	☐唐狮	☐VERO MODA	☐以纯
☐ ZARA	☐If other, please specify: 单击此处输入文字。			

37. 您之所以喜爱上面一题中选择出的 3 个服装品牌的原因是？（最多选择 3 个）

☐我喜欢它们的品牌形象

☐我喜欢它们的服装风格和款式

☐我能够接受它们的价格

☐我喜欢它们的服务

☐我信赖它们的服装质量

☐其他，请简单说明：单击此处输入文字。___________________________

38. 以下服装品牌中，哪 3 个您认为它的品牌最有价值和最为高端?

☐ Adidas	☐阿依莲	☐班尼路	☐堡狮龙	☐ City-me
☐ebase	☐ ESPRIT	☐艾格	☐ Gap	☐佐丹奴
☐ H&M	☐JackJones	☐Jordan	☐真维斯	☐ Lee
☐ Levi's	☐李宁	☐美特斯邦威	☐Nike	☐odbo
☐ ONLY	☐森马	☐唐狮	☐VERO MODA	☐以纯
☐ ZARA	☐其他，请简单说明：单击此处输入文字。			

39. 关于现在市场上的国内服装品牌，您是否有想说的观点或者建议呢？或者您对服装品牌的喜好有何想法？如果您对服装时尚，品牌，质量甚至是本调查问卷有任何一件或者建议，我们非常感谢您能在下面写下它们，衷心感谢您的参与和帮助。

单击此处输入文字。

____
____
____

第三部分

您的性：☐女☐男

您的参与：☐18-19　☐ 20-24　☐25-29　☐30 以上

如果您不是学生，请写下您的职业: 单击此处输入文字。___________________________

您现在是学生吗? ☐是☐否

您的受教育程度: ☐高中以下

☐高中

☐专科

☐远程教育，成人教育等

☐本科

☐硕士

☐博士或者更高

☐其他，请简单说明：单击此处输入文字。________________________

若有任何问题，欢迎您联系 umhu43@cc.umanitoba.ca OR 380240839@qq.com

非常感谢您对本课题的支持参与和宝贵的帮助，祝您生活愉快！

Appendix C. Letter of Approval by Joint-Faculty REB

UNIVERSITY OF MANITOBA | OFFICE OF RESEARCH SERVICES
Office of the Vice-President (Research)

CTC Building
208 - 194 Dafoe Road
Winnipeg, MB R3T 2N2
Fax (204) 269-7173
www.umanitoba.ca/research

APPROVAL CERTIFICATE

November 4, 2011

TO: **Yanan Hu** (Advisor T. Feltham)
Principal Investigator

FROM: **Wayne Taylor, Chair**
Joint-Faculty Research Ethics Board (JFREB)

Re: **Protocol #J2011:129**
"A Review of Chinese Apparel Industry Demand Conditions, Firm Strategies and Brand Management"

Please be advised that your above-referenced protocol has received human ethics approval by the **Joint-Faculty Research Ethics Board**, which is organized and operates according to the Tri-Council Policy Statement (2). This approval is valid for one year only.

Any significant changes of the protocol and/or informed consent form should be reported to the Human Ethics Secretariat in advance of implementation of such changes.

Please note:

- **If you have funds pending human ethics approval, the auditor requires that you submit a copy of this Approval Certificate to the Office of Research Services, fax 261-0325 - please include the name of the funding agency and your UM Project number. This must be faxed before your account can be accessed.**

- **if you have received multi-year funding for this research, responsibility lies with you to apply for and obtain Renewal Approval at the expiry of the initial one-year approval; otherwise the account will be locked.**

The Research Quality Management Office may request to review research documentation from this project to demonstrate compliance with this approved protocol and the University of Manitoba Ethics of Research Involving Humans.

The Research Ethics Board requests a final report for your study (available at: http://umanitoba.ca/research/ors/ethics/ors_ethics_human_REB_forms_guidelines.html**) in order to be in compliance with Tri-Council Guidelines.**

Bringing Research to Life

Appendix D. Consent Letter

UNIVERSITY OF MANITOBA | Faculty of Human Ecology
Textile Sciences

317 Human Ecology Building
Winnipeg, Manitoba
Canada R3T 2N2
Telephone (204) 474-8064
Fax (204) 474-7592
E-mail: felthamt@cc.umanitoba.ca

Consent Form

Research Title: A Review of Chinese Apparel Industry Demand Conditions, Firm Strategies & Brand Management
Researcher: Yanan Hu
This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more detail about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.
Purpose of this research: Developing powerful apparel brands should start with analyzing domestic market demand conditions. This research is designed to examine whether Chinese apparel brands can satisfy young fashion consumers with powerful and competitive brands. The first goal of this research is to analyze purchasing psychology and preferences of young Chinese apparel consumers according to their experiences. The second goal is to examine Chinese apparel brand effectiveness by measuring consumers' brand awareness.
Research Procedures: Participants in this research will be recruited through a snowball method of asking friends and family to par-ticipate. Participants are asked to fill out a concise survey about purchasing behavior and apparel brands according to their real life experiences. The survey will take 8-10 minutes to finish. The survey has three parts. The first part asks about the psychology and intentions of young Chinese consumers' purchasing behavior. The second part asks about the brand awareness of young Chinese consumers and their attitudes toward domestic apparel brands. The third part asks participants to provide some basic information such as gender and age. If participants have questions later, they can call the researcher Yanan Hu at the University of Manitoba at: 204-890 2595 or email at umhu43@cc.umanitoba.ca.
Recording devices: The researcher will be recording the questionnaires on a secured computer.
Benefits: Participants may gain further insight into their clothing choices.
Risk: There is minimal risk to the participants. If any email is provided for the summary of results, it will be kept separately from the data and not associated with individual responses. There are no risks to a third party from participation in this study.
Degree of confidentiality: Anything contributed to the conversation will be anonymous; no names will be recorded or used in the written text. Any information collected will be securely stored and used only by the researcher for scholarly research purposes. Collected information will be destroyed within three years.
Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or involved institutions from their legal and professional respons-ibilities. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation. The University of Manitoba Research Ethics Board(s) and a representative(s) of the University of Manitoba Research Quality Management/ Assurance office may also require access to your search records for safety and quality assurance purposes.
This research has been approved by the joint-faculty Research Ethics Board. If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Secretariat (HEC) at 474-7122. A copy of this consent form has been given to you to keep for your records and reference.

Participant's Signature ____________________ Date __________

Researcher's Signature Yanan Hu 胡亚楠 Date Nov. 23rd, 2011

Appendix E. Contact Email Script (English)

Invitation: Young Chinese Apparel Consumers Purchasing Behaviour and Brand Awareness Questionnaire

Dear friend,

Will you do me a favour?

I am conducting a search among young Chinese consumers in clothing purchasing behaviour and domestic apparel brands. The purpose of this research is to find out the opinion of young consumers purchasing psychology and behaviour in fashion markets, and the awareness of fashion brands in today's market. Your answers will enable the clothing manufacturers and brand owners in China to be aware of their product quality and brand effectiveness, and they will help clothing manufacturers and brand owners promote more attractive fashion designs and improve clothing products that you expect. We would like to receive your opinion regarding clothing purchasing and domestic clothing brands. We thank you for your participation.

The questionnaire is very brief and will take 8 to 10 minutes to fill out. Of course all answers and opinions you provided are confidential and will be used only for research in the University of Manitoba. If you have friends or families who share the same age group and residence city, please forward this email to them, I will very much appreciate your cooperation. If you are interested in receiving the summary of results of this research, just email your contact information to the principal researcher Yanan Hu at umhu43@cc.umanitoba.ca after you finish the questionnaire. We will be glad to send you a complimentary summary and result when ready.

We appreciate if you would help us finish the questionnaire according to your real clothing purchasing experience and return it to us. If you have any questions or need help, please feel free to contact us.

Sincerely,
Yanan Hu

Oct, 11th. 2011

Appendix F. Contact Email Script (Chinese)

服装消费心理以及品牌意识调查问卷

亲爱的朋友，

您好!

这是一份关于年轻消费者服装消费心理以及服装品牌意识的市场调查问卷。此问卷作为课题“中国服装业需求水平以及品牌力度”的一部分，目的在于通过年轻消费者购物习惯和品牌意识检查当今服装市场消费主力的需求状况与品牌力度。您对这份问卷的作答将为服装品牌创造者作可靠的参考，以达到提升品牌时尚度和提高服装产品质量的目的，使服装制造商为您提供更好更满意的商品。我们将会非常感谢您能够提供自己的亲身服装消费经验以及对于时尚潮流的态度来帮助我们完成该项研究。

本问卷形式简洁，预计在 8 至 10 分钟之内即可完成。问卷采取匿名填写方式，并且仅用于综合统计分析以及学术研究，不惧任何商业目的，也不会对答卷内容进行泄露和个案处理，您所有的参与将会严格保密。如果您身边有亲朋好友和您属于相同的年龄段和居住地，非常感谢您将此邮件转发给他们。在完成问卷之后，如果您有任何的疑问或者希望了解本课题的结果，欢迎随时与课题负责人通过以下方式联系，我们会尽快回复并且为您提供课题的相关结论。

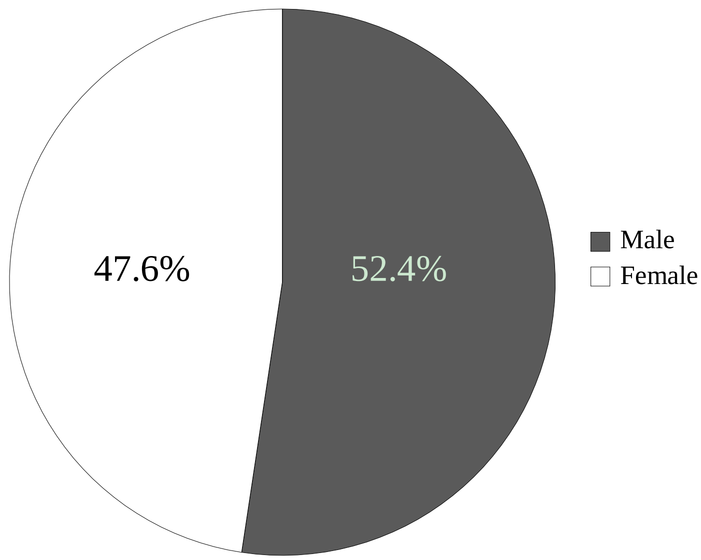
联系人：胡亚楠（曼尼托巴大学）
E-mail: umhu43@cc.umanitoba.ca
再次感谢您在百忙之中能抽空填写本问卷，谢谢您的理解和支持。

2011 年 10 月 11 日

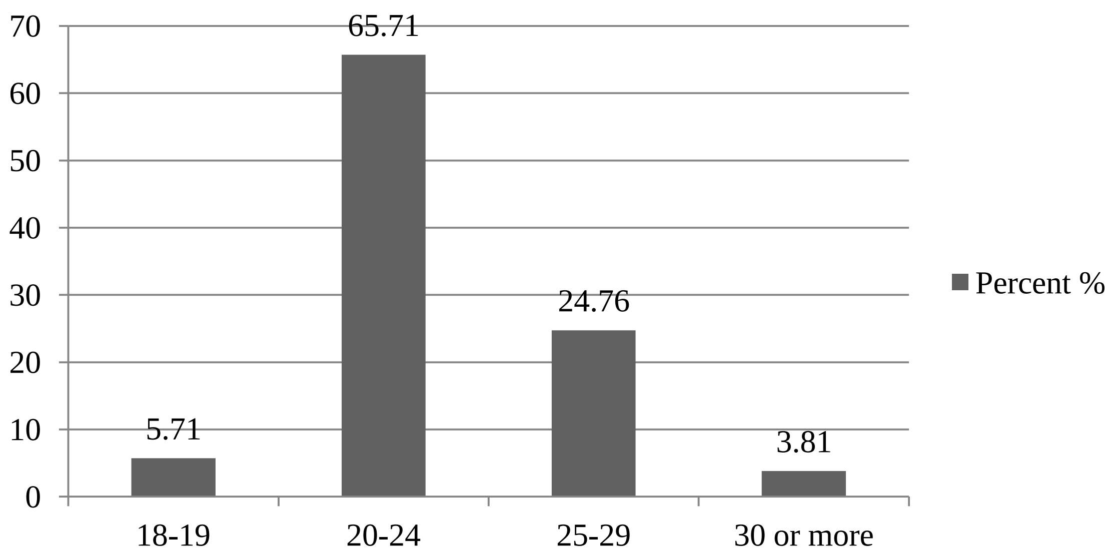
Appendix G. Summary Statistics of the Questionnaire

Section 1. Summary Statistics of Respondents' Demographics

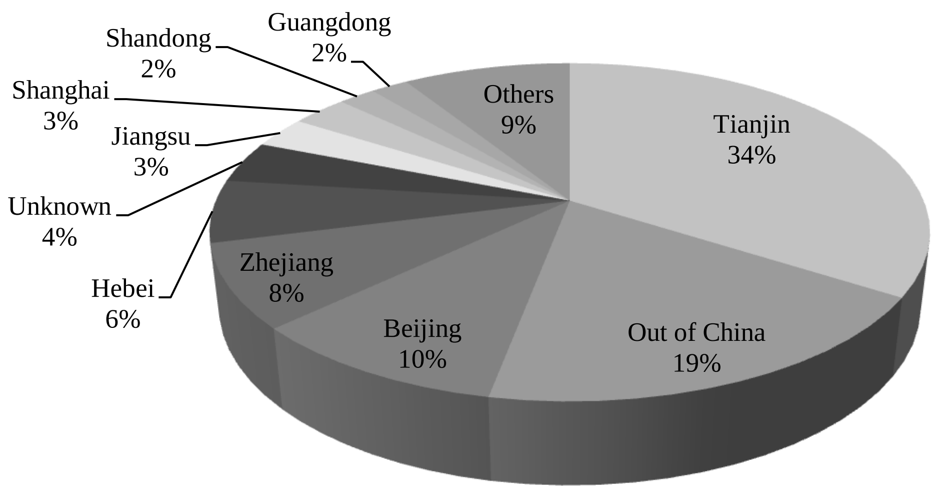
(N=105 for All Graphs)



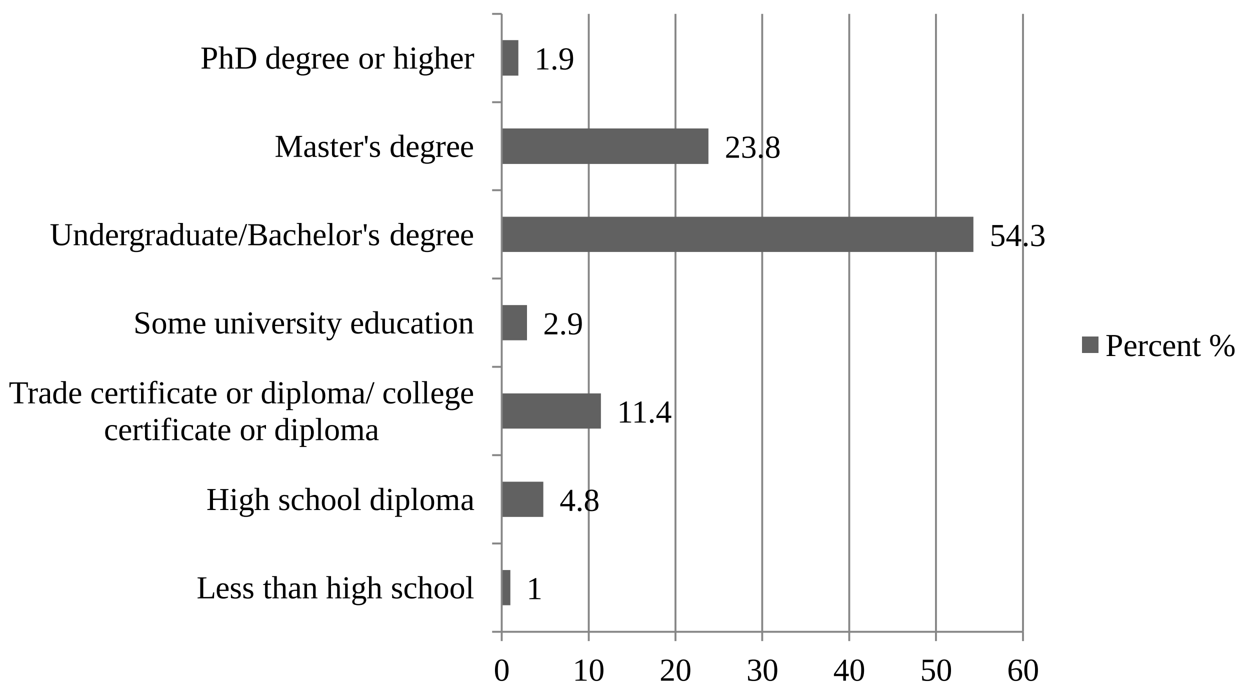
Gender



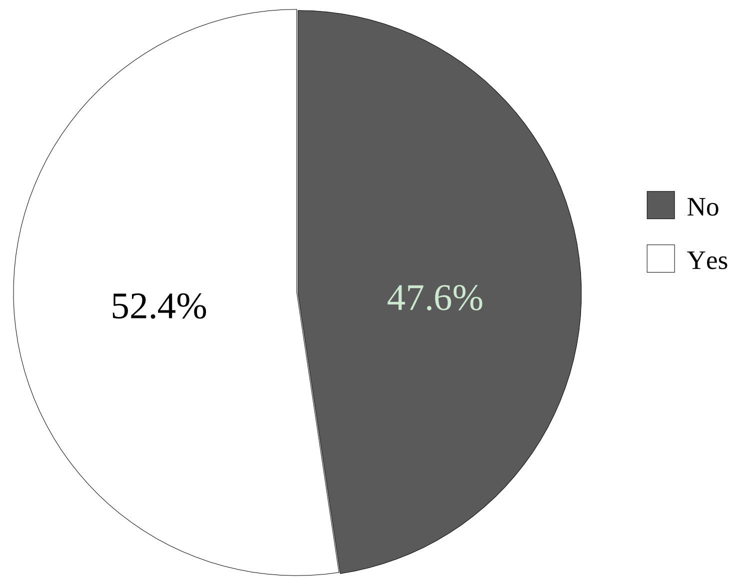
Age



Geographical Distribution



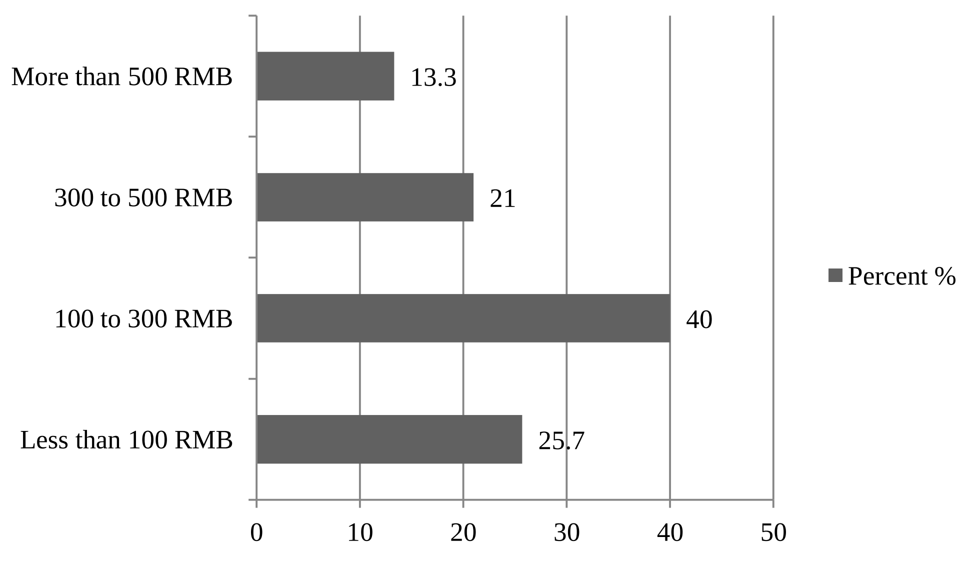
Educational Levels



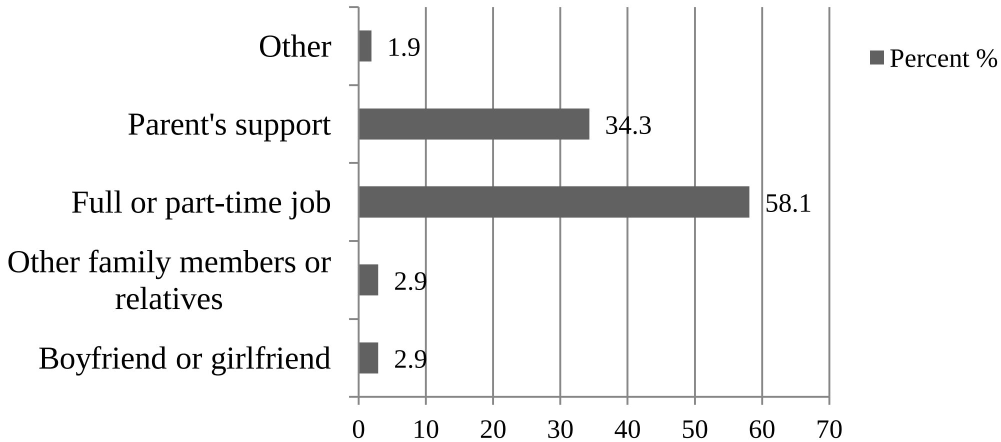
Whether are you a student right now?

Section 2. Summary Statistic of Questions

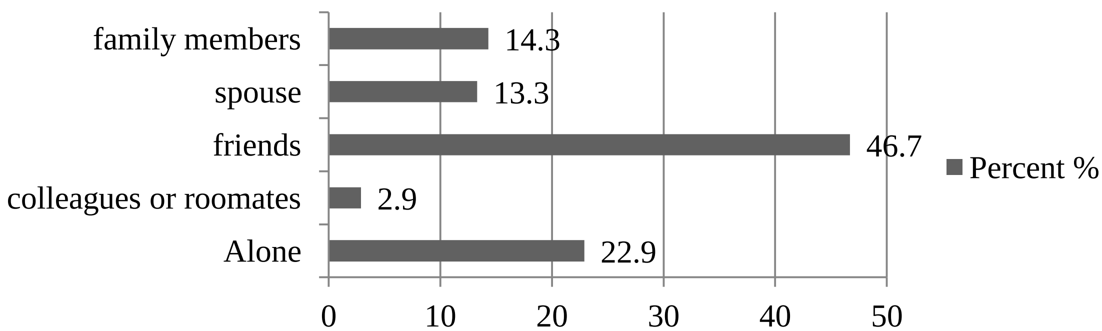
Question 3: How much do you usually spend in a month buying new clothes?



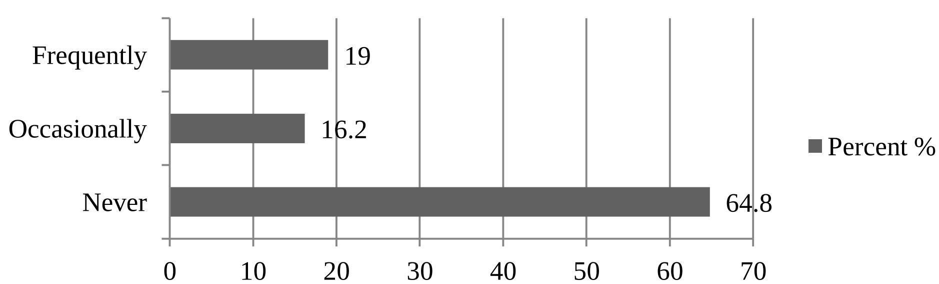
Question 4: Which of the following options best describes the source of the money you spend on your clothing?



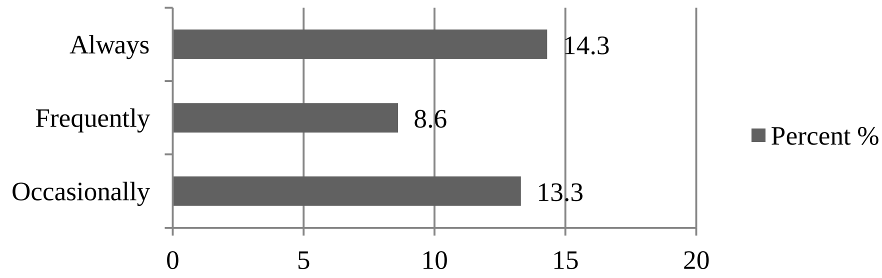
Question 5: Who do you often shop with?



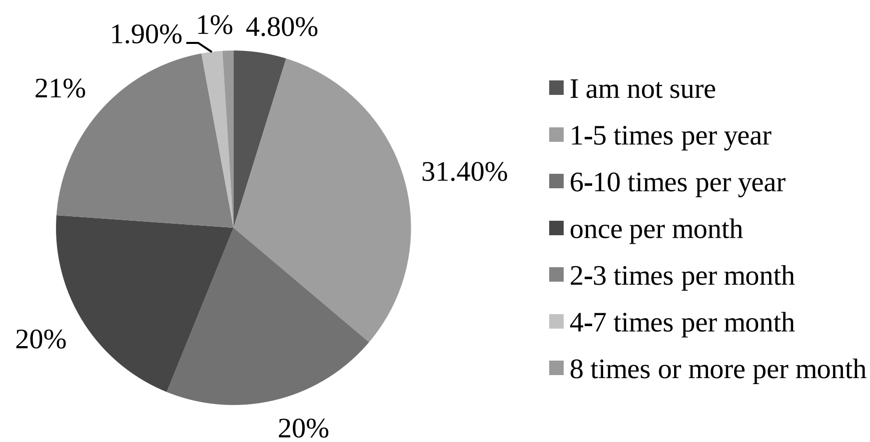
Question 6: Do you ever travel abroad for business, studying, tourism, or other reasons?



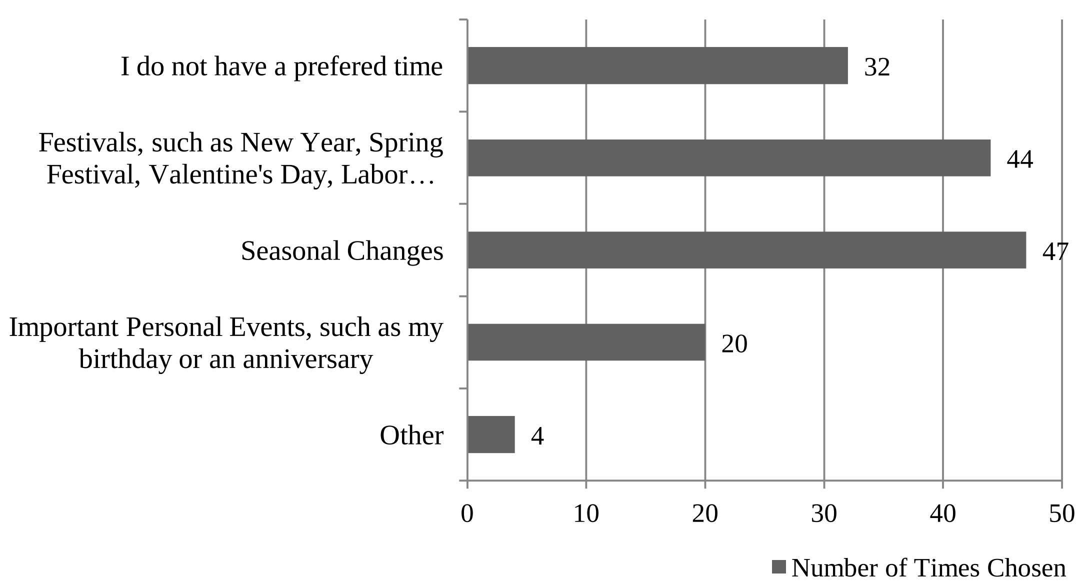
Question 7: If you travel abroad sometimes, do you shop for clothing?



Question 8: How often do you purchase a new item of clothing?



Question 9: What would be the time of the year you like the most for clothing shopping? Check all that apply.

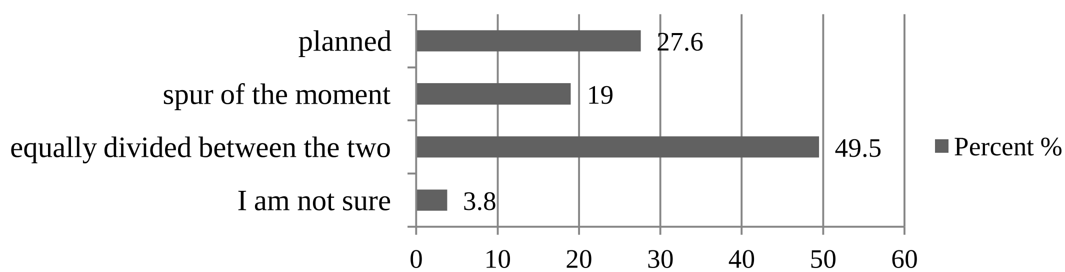


Note. Respondents chosen more than one option in this question.

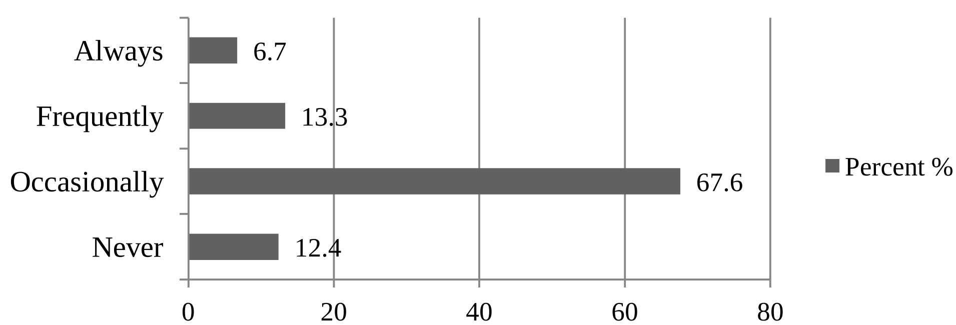
Question 10: Normally, where do you usually get inspiration or motivation for new purchases? Check all that apply.

Note. Respondents chosen more than one option in this question.

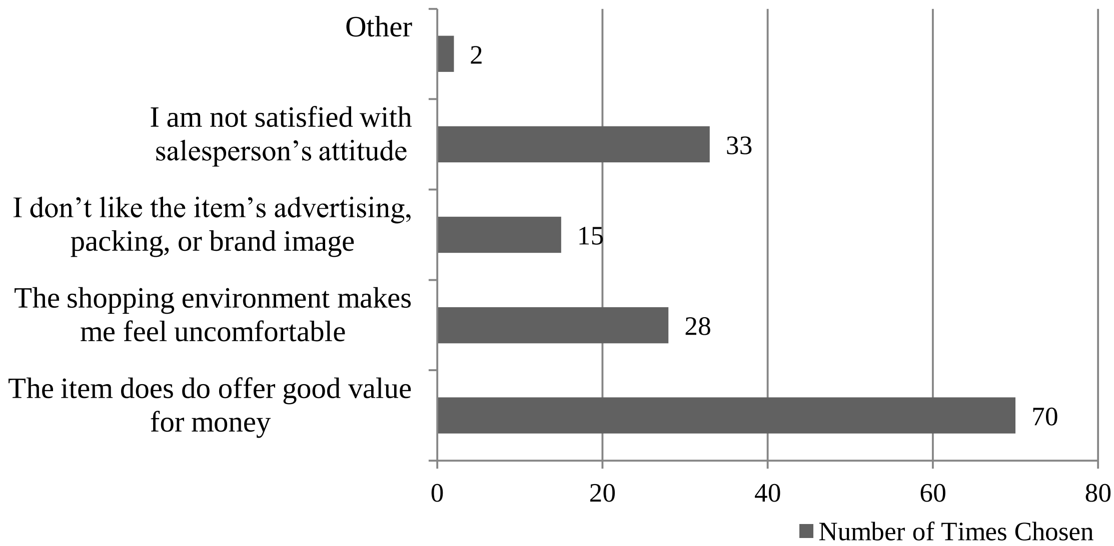
Question 11: Are you purchase usually planned or spur of the moment?



Question 12: After you purchase a new clothing item, how often will you buy an accessory to go with it? Such as shoes, hat, jewellery, ties, or a coat.

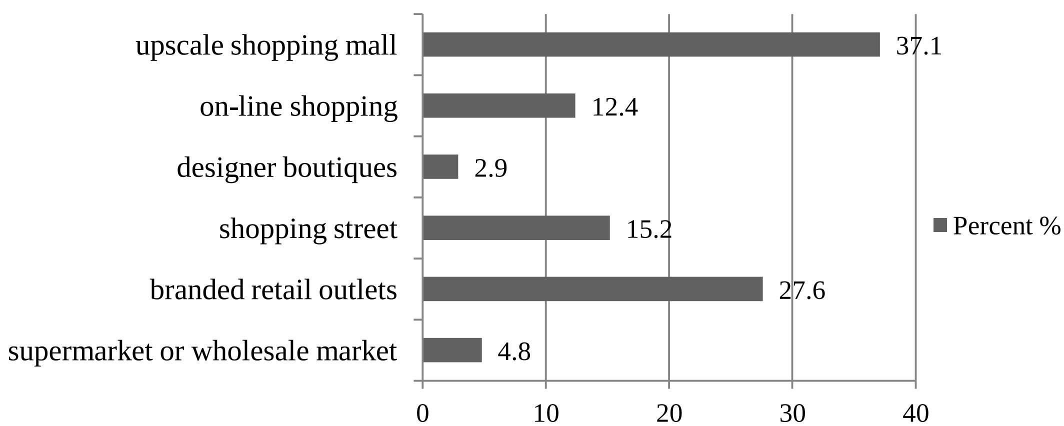


Question 13: When you are shopping, which is the following reduce your desire to purchase a new item of clothing? Check all that apply.

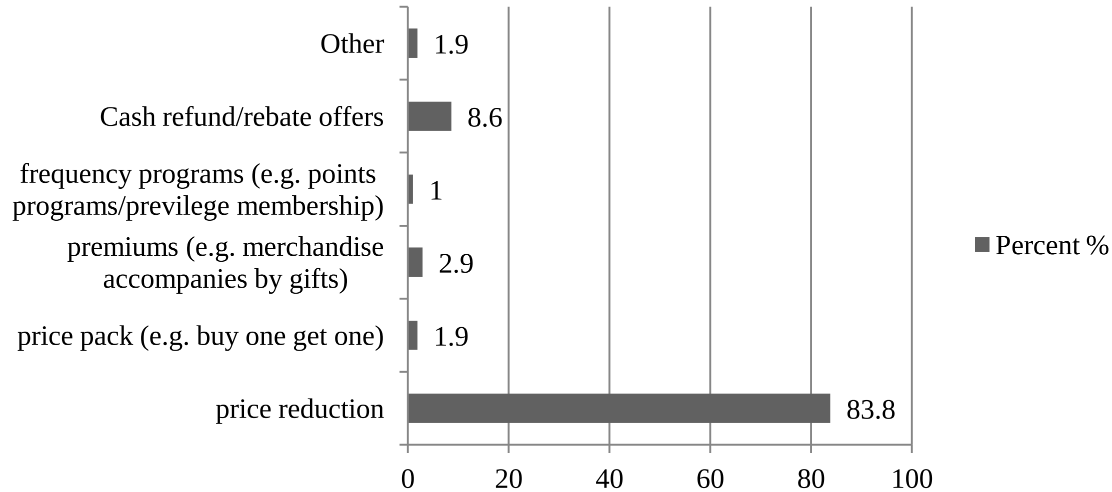


Note. Respondents chosen more than one option in this question.

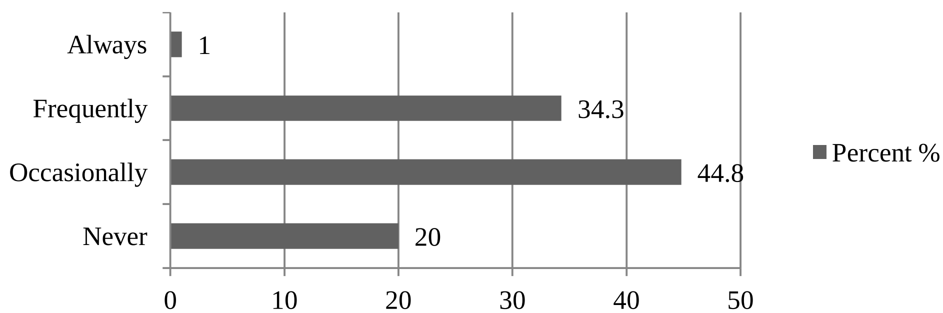
Question 14: Which of the following shopping environment is your favourite for purchasing clothing?



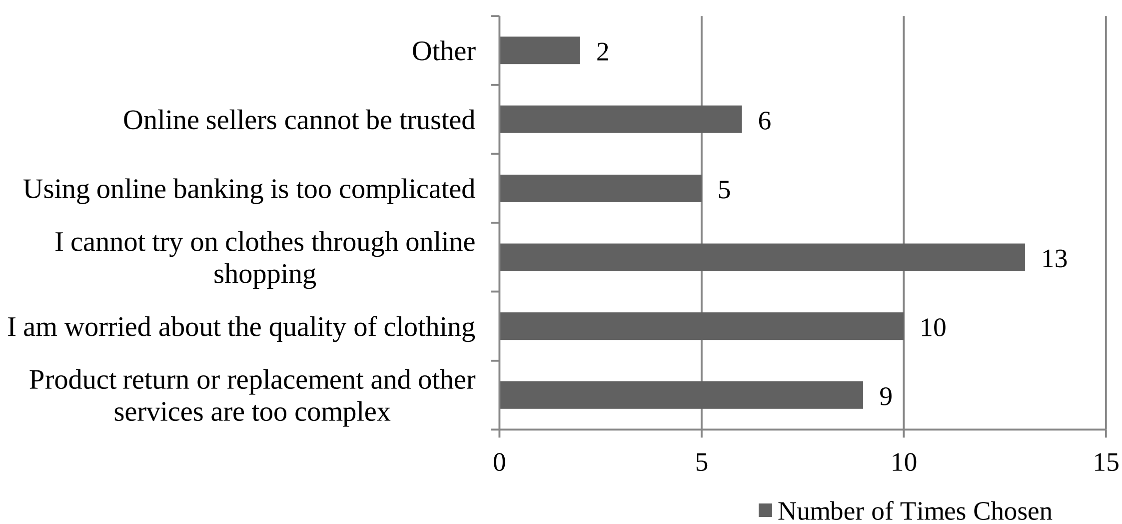
Question 15: Which of the following sales promotion is your favourite?



Question 16: Have you ever shopped for clothes online?

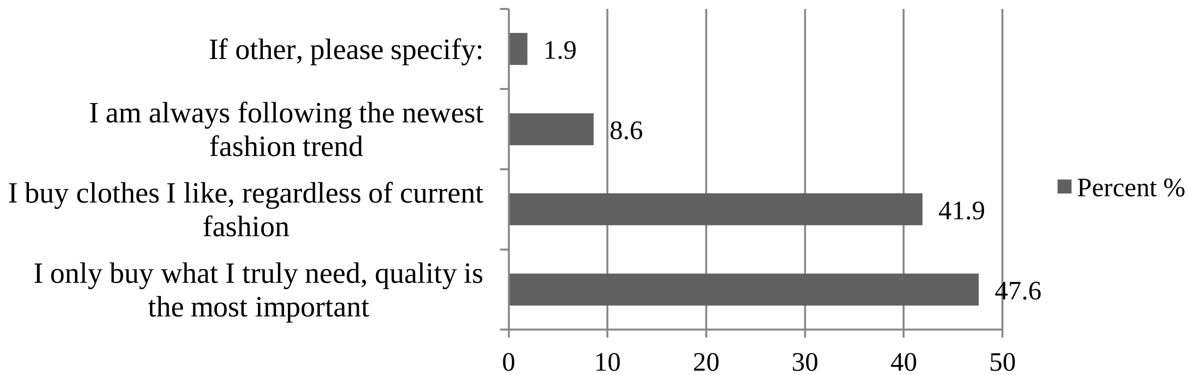


Question 17: If you have not tried online shopping for clothes, what are the main reasons? Check all that apply.

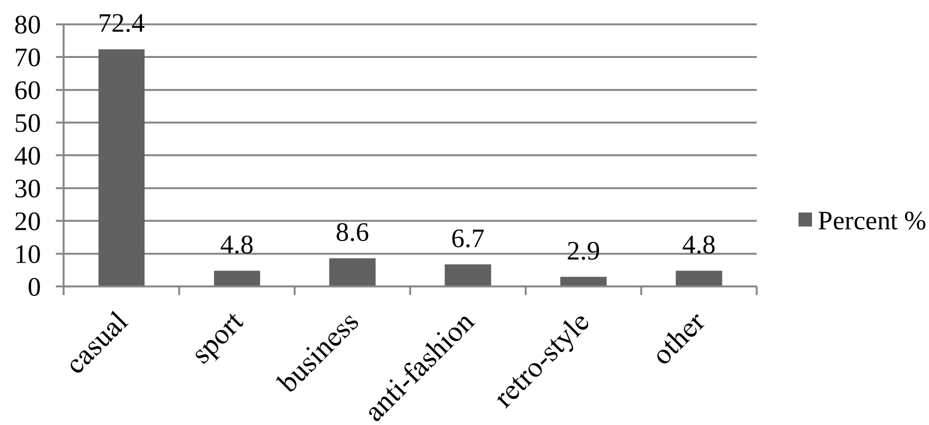


Note. Respondents chosen more than one option in this question.

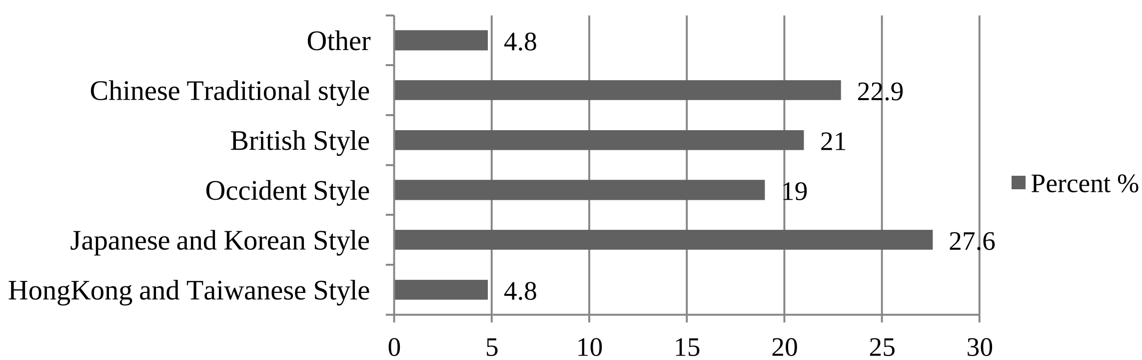
Question 18: Which statement best reflect your attitude toward fashion?



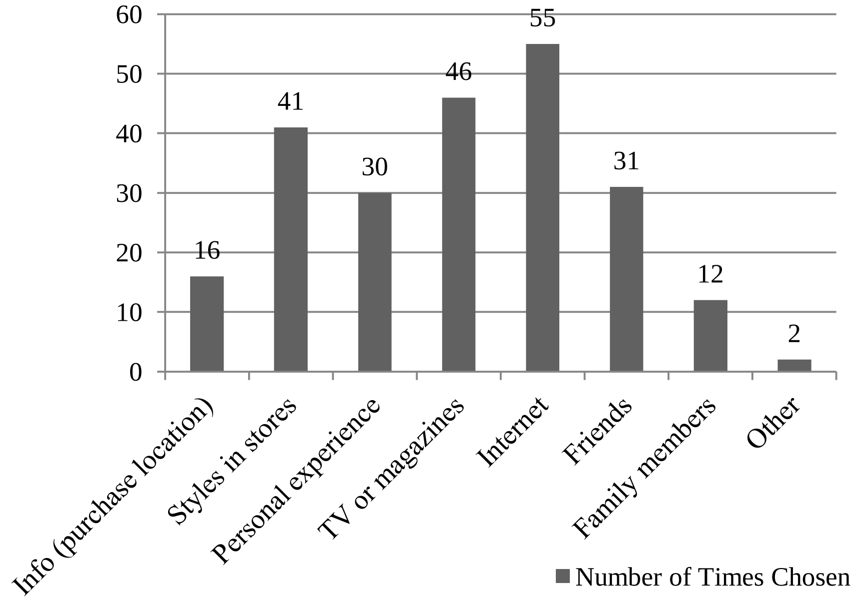
Question 19: What is your favourite fashion style?



Question 20: Which of the following regions' clothing style is your favourite?

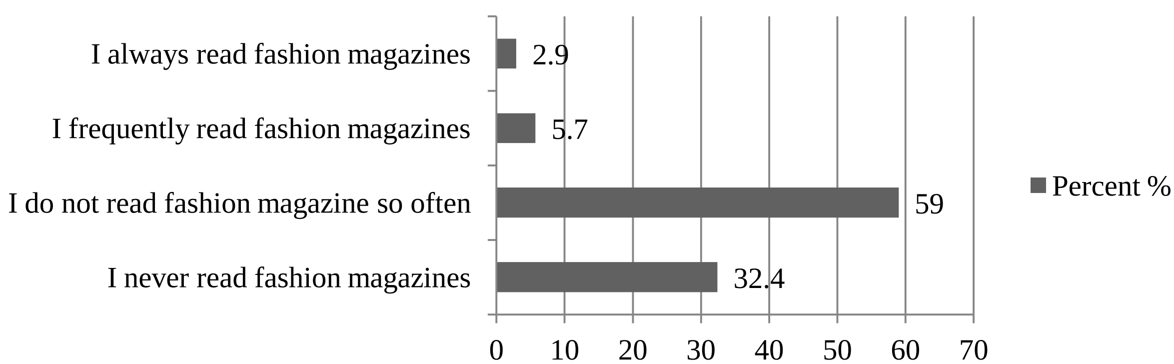


Question 21: What are your sources of fashion information? Please check all that apply.

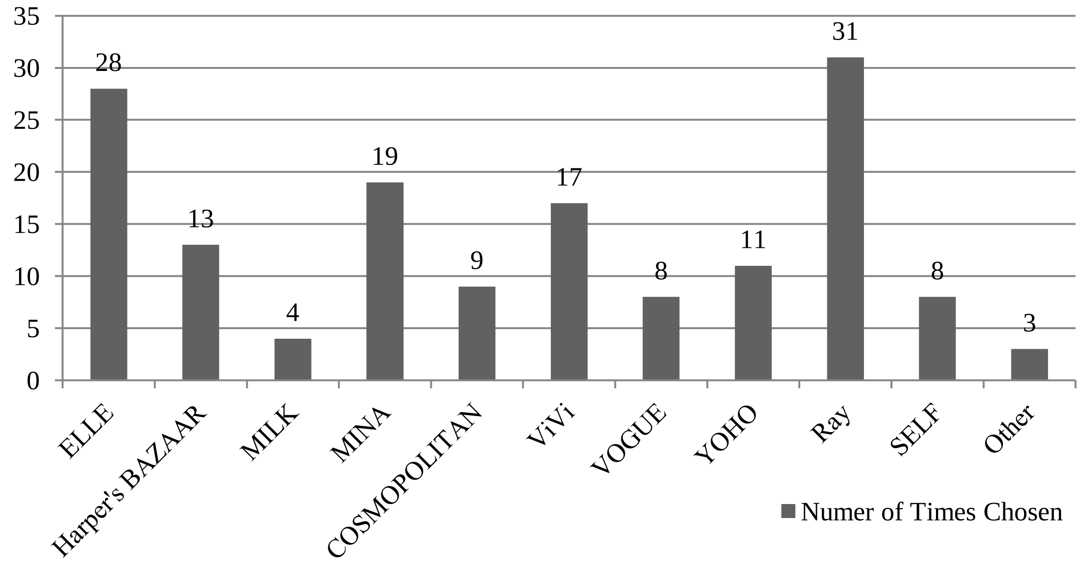


Note. Respondents chosen more than one option in this question.

Question 22: Do you read fashion magazines?

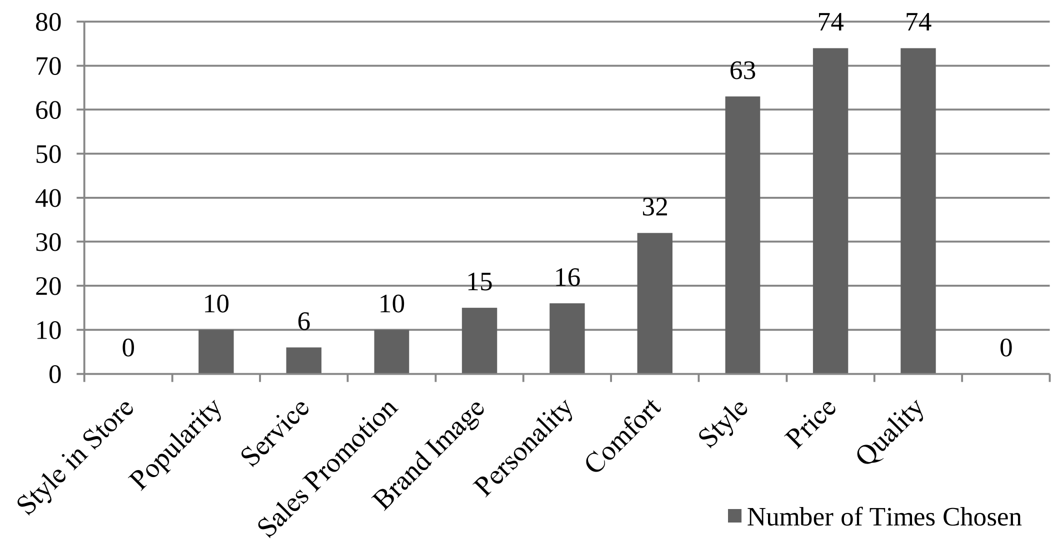


Question 23: If you like read fashion magazines, which TWO often following magazines are your favourite?



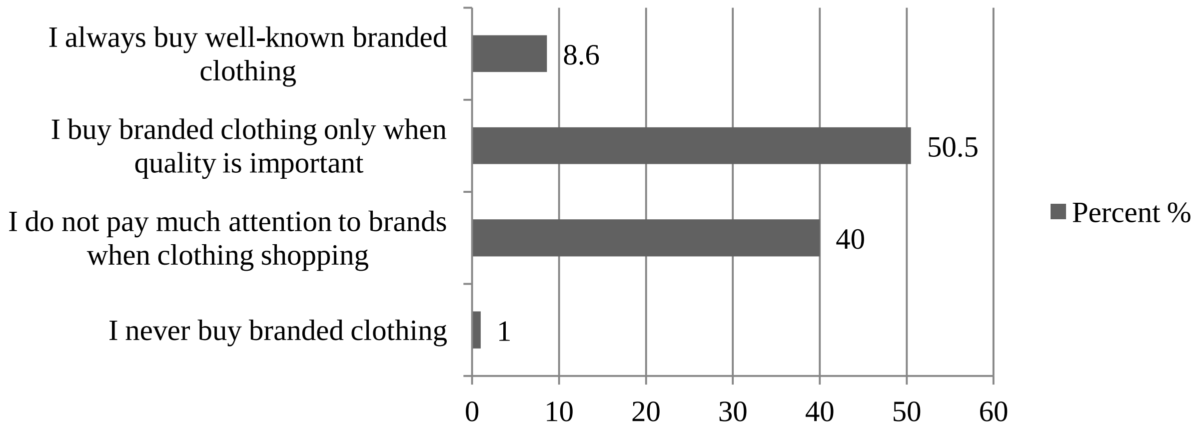
Note. Respondents chosen more than one option in this question.

Question 24: What are THREE main criteria when purchasing clothing?

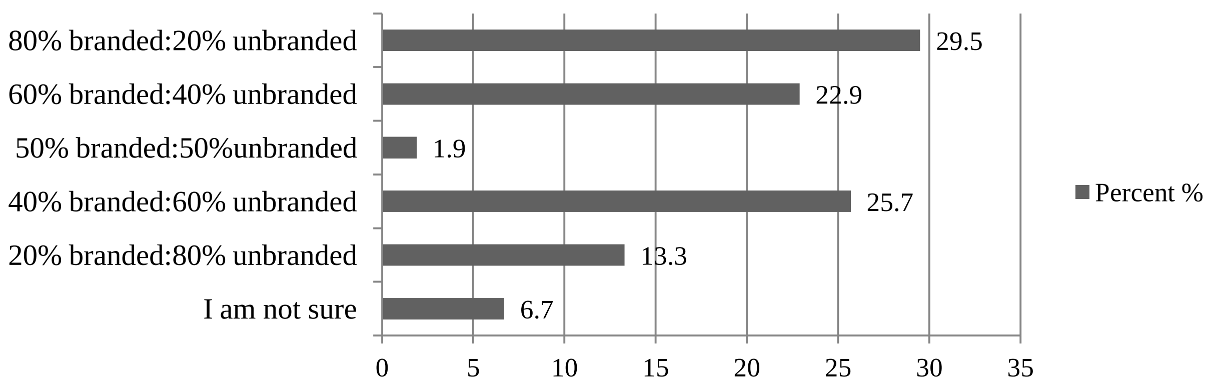


Note. Respondents chosen more than one option in this question.

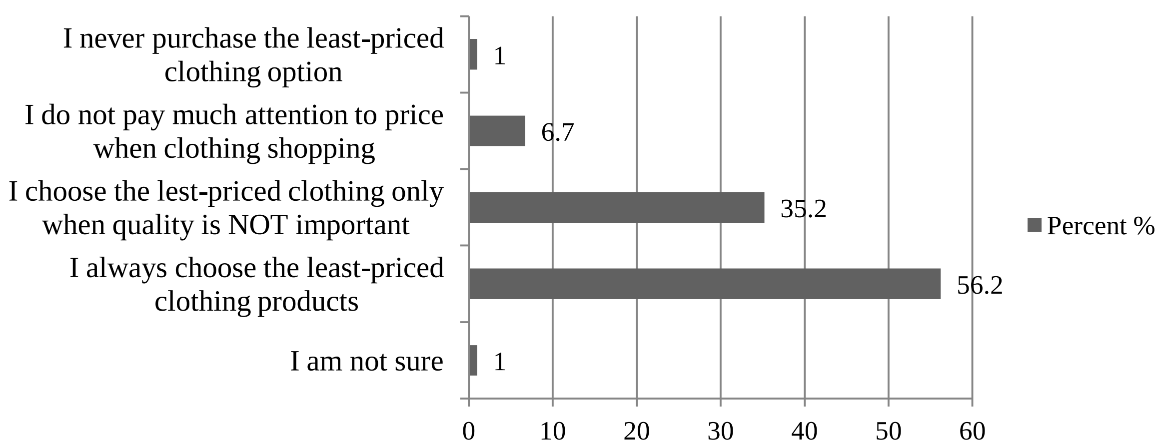
Question 26: Which statement best reflect your opinion about branded clothing products?



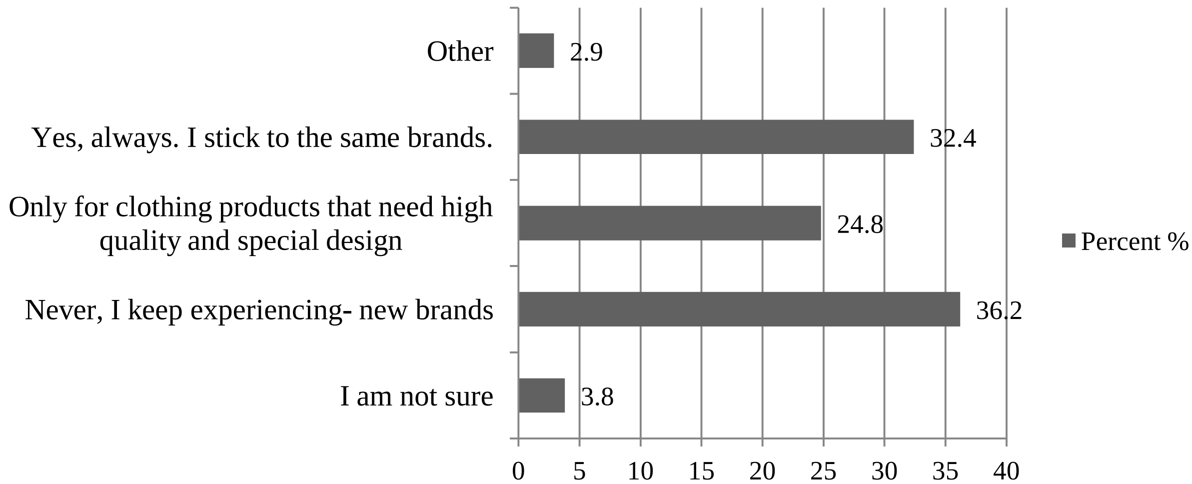
Question 27: What is your best estimate of the proportion of branded to unbranded clothes in your wardrobe?



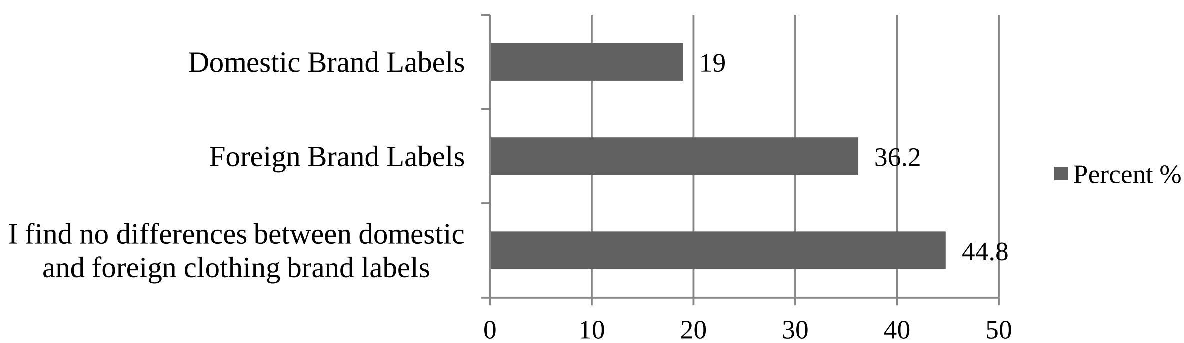
Question 28: When shopping for clothing, do you look around for the lowest prices?



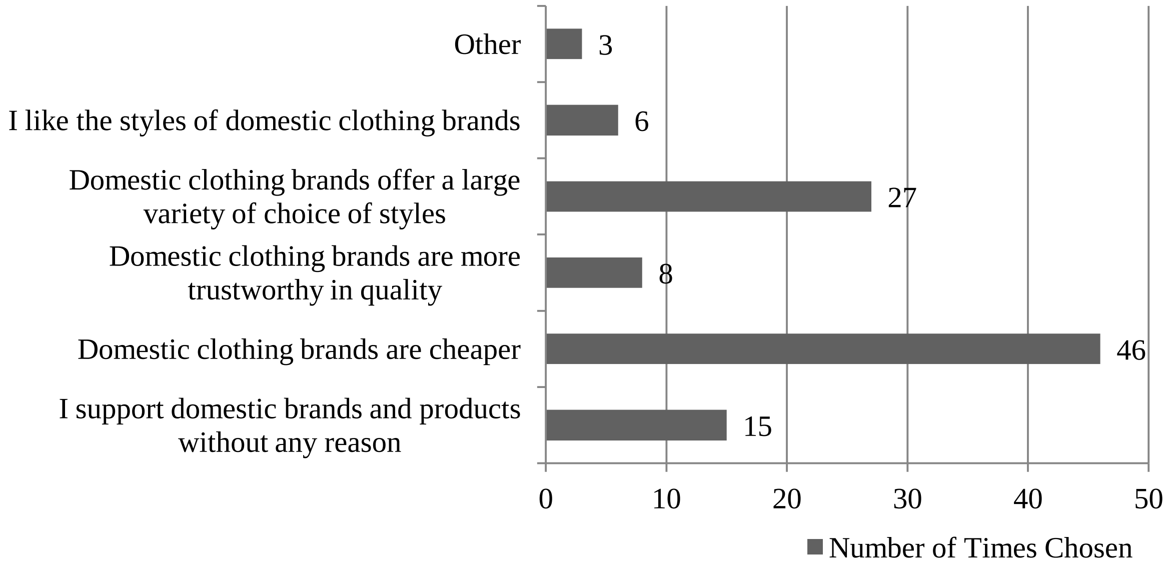
Question 29: Are you faithful to specific brand of clothing, purchasing them repeatly?



Question 30: What is your preference for which brands in clothing you prefer to buy?

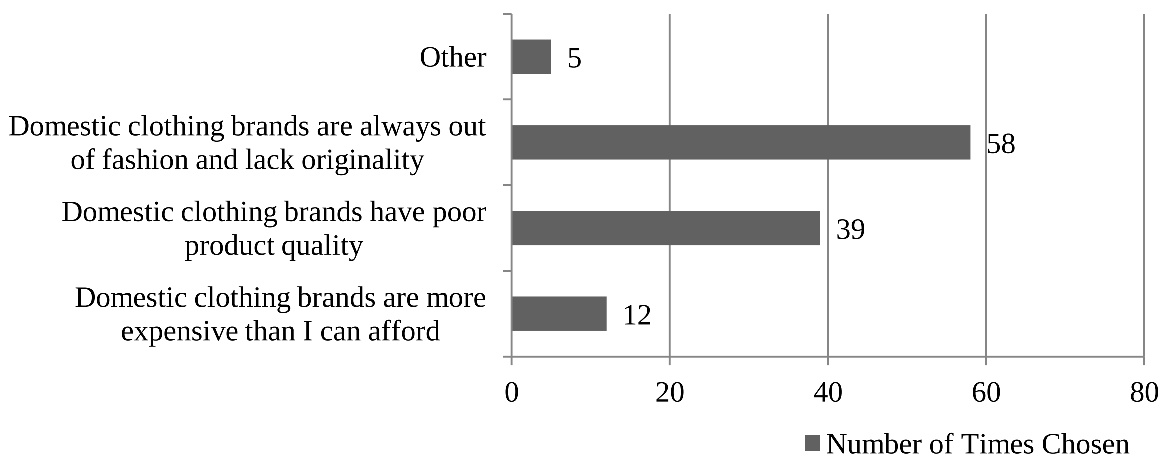


Question 31: If you like domestic brands, please tell us some reasons. Check all that apply.



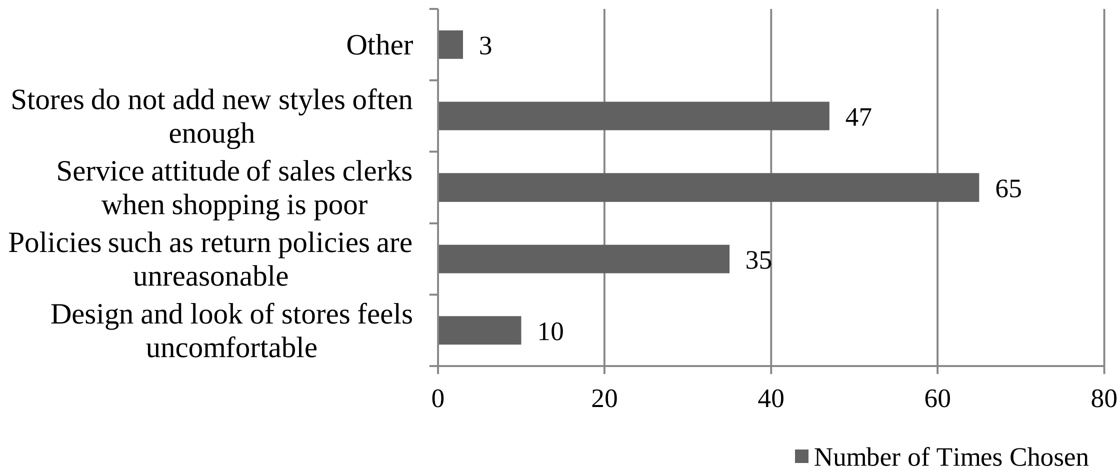
Note. Respondents chosen more than one option in this question.

Question 32: If you do not like domestic brands, what are you most dissatisfied with? Please check all that apply.

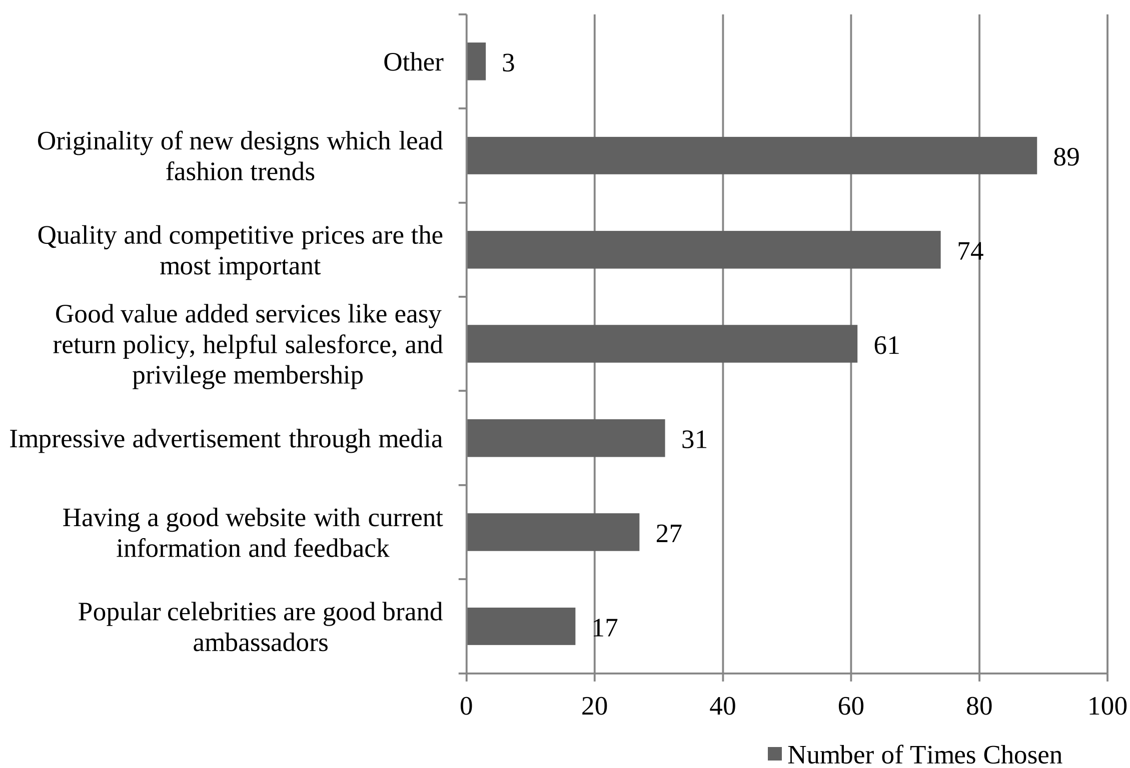


Note. Respondents chosen more than one option in this question.

Question 33: Is there something about the stores that you are dissatisfied with?

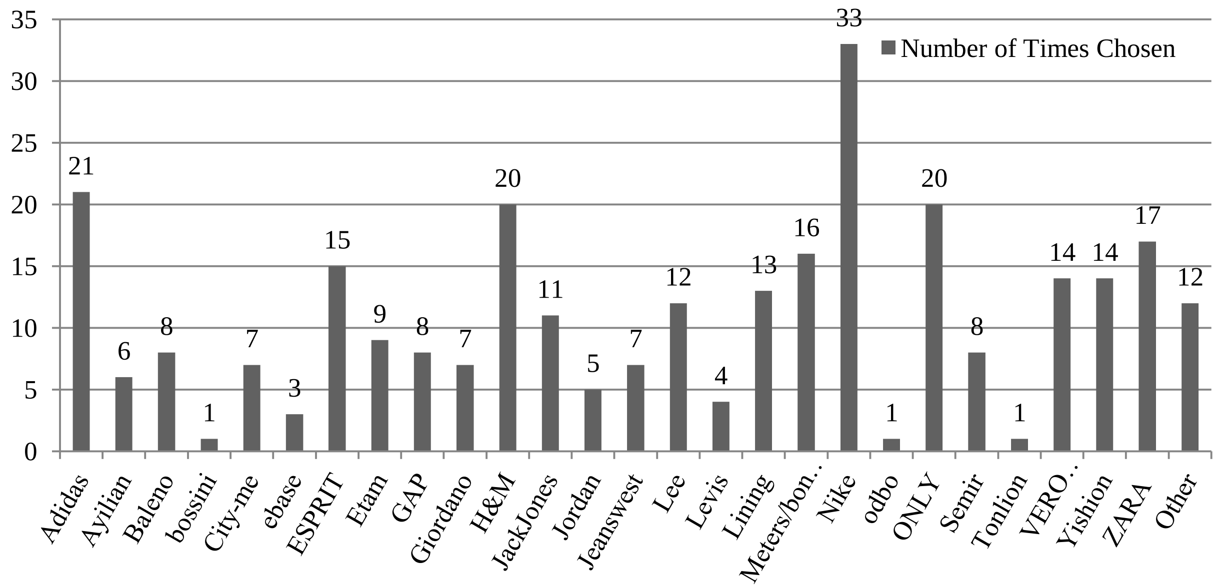


Question 35: In your opinion, which THREE of the following options help to build a welcome and attractive brand image?



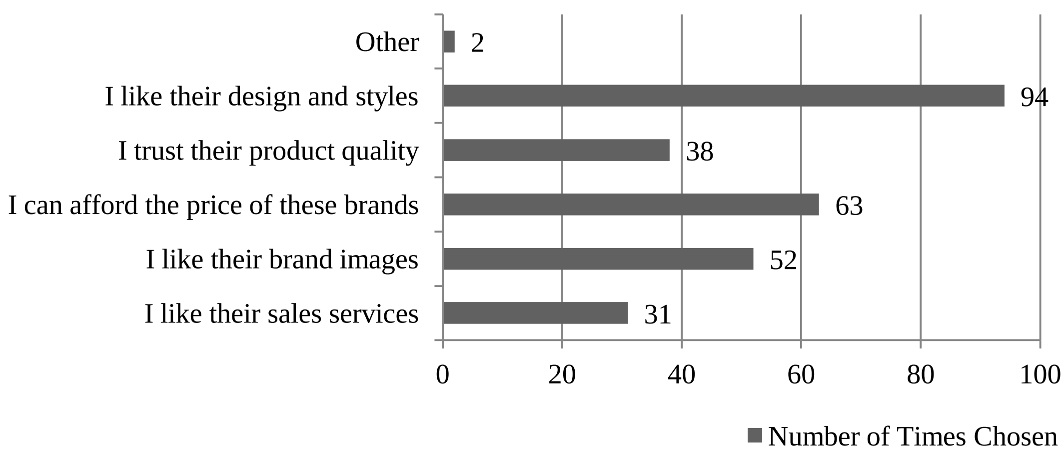
Note. Respondents chosen more than one option in this question.

Question 36: Among all the following clothing brands, which THREE are your favourites?



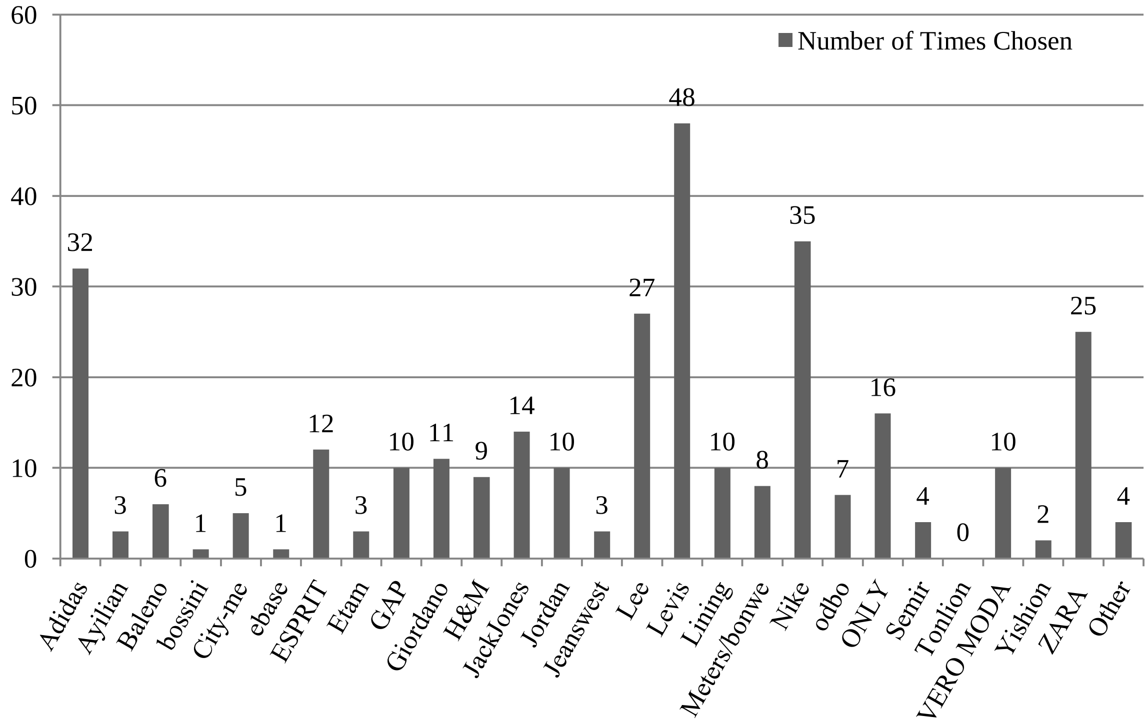
Note. Respondents chosen more than one option in this question.

Question 37: Could you give us the reasons why you like the three brands you have chosen above? Check all that apply.



Note. Respondents chosen more than one option in this question.

Question 38: Which of the following fashion clothing brands have the most popular and attractive images among those people you know?



Note. Respondents chosen more than one option in this question.

Appendix H. Crosstab Analysis for the Three Clothing Purchasing Criteria

Case Processing Summary

Opinion_about_branded_clothing_products * Proportion_of_branded_to_unbranded_clothes Crosstabulation

Count

		Proportion_of_branded_to_unbranded_clothes						Total
		I am not sure	20% branded:80% unbranded	40% branded:60% unbranded	50% branded:50% unbranded	60% branded:40% unbranded	80% branded:20% unbranded	
Opinion_about_branded_clothing_products	I never buy branded clothing	1	0	0	0	0	0	1
	I do not pay much attention to brands when clothing shopping	3	8	12	0	9	10	42
	I buy branded clothing only when quality is important	3	6	14	2	14	14	53
	I always buy well-known branded clothing	0	0	1	0	1	7	9
Total		7	14	27	2	24	31	105