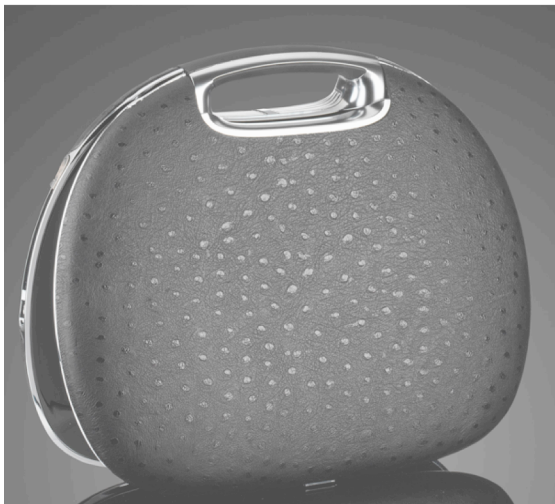


Ego in Hong Kong

Appendices



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 Appendix no. 1 - Market Scan of China, drafted by the EVD	
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P.R. of China – Hong Kong

- 1.1 Market information on market segments in the region
- 2.1 Potential business partners

Appendices:

General Information on the regions makes contributions to this market scan.

Evaluation

We are constantly looking for ways to improve our services. Therefore we very much appreciate getting your opinion on this market scan. You will receive an evaluation form from EVD shortly. Please be so kind as to complete the form and send it back to EVD.

We also would like to measure the effect of this market scan on your activities in this market. You will be contacted again on behalf of EVD in 6 months time to find out what the results of this market scan have been.

1.1 Question posed by the client

Ego Lifestyle B.V, established in 2003, is engaged in the design, production, distribution and marketing of luxury lifestyle products. Completely breaking with traditional design and use of computers, Ego became the first to integrate luxury materials and groundbreaking design into highly functional handmade luxury electronics. With this market scan, the company is looking for distribution partners to sell and supply exclusive Ego Lifestyle notebooks to top luxury shops and department stores in China.




1.2 Conclusion

CG Shanghai and CG Hong Kong contributed to this scan. Because of the strong purchasing power of local people and tourists in both cities, the markets in Shanghai and Hong Kong should be promising for Ego lifestyle notebooks. The investigation of CG Shanghai shows that in recent years, the sales of luxury products have increased rapidly in Shanghai. Using the example of the successful case of VERTU luxury mobile phone, the findings show a significant market potential for Ego Lifestyle. CG Hong Kong's research demonstrates the attractiveness of Hong Kong as luxury products market. However, due to the recent global financial crisis, people are reluctant to spend money. This will most likely affect any launch of a new luxury brand or product in Hong Kong. As requested, both CG Shanghai and CG Hong Kong included unfiltered lists of large shopping malls that could be contacted as potential agents or clients. Please contact them directly.

1.3 Communication with the potential counterparts

In preparing this market scan, the Dutch missions abroad (embassies, consulates-general and/or NBSO's) have found several companies that have the potential to be agents or clients. Here are some tips when contacting Chinese companies.







First of all, a few general rules of thumb:

-  English is hardly spoken in China
-  In doing business with China, personal contact is very important, if not essential.
-  Doing business in China means taking your time

There are always the possible exceptions, but the information below is based on the prevailing general situation. Contacting Chinese companies is usually done by a combination of the following two aspects:

Sending e-mails or faxes

Sending out faxes and e-mails can be helpful, but make sure you take the following things into account:

-  Fax is still the most reliable communication device used. Make sure to send your message by both e-mail and fax (unless the Chinese counterpart clearly indicates a preferable mode of communication)
-  Write in Chinese when possible
-  Take time to give an introduction, rather than to refer to Websites alone
-  Only refer to Websites if they are in Chinese
-  Use them as a first introduction only, to see whether the company and you match together
-  Make sure you mention follow up intentions, and do follow up

As mentioned, personal contact is very important. In the Chinese perception, getting to know each other is a vital aspect of doing business. Realize that e-mails and faxes are perceived as useful but impersonal, and serve as a first introduction only.

Visits

The road from introduction to negotiations to agreements takes a few visits (rather than one long one). If you visit only once, be aware that in China “één meeting is geen meeting”. Your Chinese counterparts will think you do not have the time and desire to invest in a long-term cooperation, and in them. Build up a relationship by

visiting China as many times as you can, not only to meet the people, but also to experience China. Some knowledge on Chinese culture and the region is highly appreciated, as well as to use a few simple Chinese words during conversations.

If you have any questions or remarks after reading this market scan, you can always contact either the writer of the scan or the EVD.

1.4 National Information

Since the middle of 1990s, the purchasing power of Chinese consumers has continued to increase rapidly. More and more consumers are favoring international brands. Seeing the market potential, foreign supermarkets, department stores, and retailers have come to China one after another. Large luxury brands, such as Louis Vuitton, Gucci and Ferragamo, entered the Chinese market about ten years ago. At the moment, China is the third largest consuming country of luxury products in the world behind Japan and the U.S. According to statistics, in 2015, the luxury consumption in China will reach \$ 11 billion.

The luxury products consumers can roughly be divided into three groups: 1) the business elite, normally the managers of large companies, age 35 and higher. For this group, buying luxury products is no longer the “recognition” but the “enjoyment” of their social status. Financial and commercial magazines and the Internet are the major sources of information. 2) new luxury shoppers, these persons are younger than the first group. They ‘got rich’ recently or are receiving money from their rich family. They are willing to pay for luxury products; it is part of their consumption habit. Radio and Internet are the major sources of information. 3) empowered women, with the enhancement of the social and economical status, these women are now becoming the biggest group of luxury products consumers. The group mainly includes businesswomen, important social figures and Mrs. Millionaires. Television and fashion magazines are the major sources of information.

Despite these developments, Chinese consumers prefer to buy luxury products abroad to avoid high consumption tax and tariffs domestically and to ensure the purchase of the real product. Outside of Mainland China, Hong Kong, Macao and Europe are the most popular places where Chinese people buy luxury products.

With respect to the domestic market, two sales channels are more commonly used by luxury brands: 1) through a wholly-owned retail store in large cities, such as Beijing, Shanghai and Guangzhou; 2) through cooperation with a domestic partner (e.g. agent, distributor) to jointly develop the Chinese market. The second way is more cost effective, because the marketing experience and the network of the local partner can be used directly by the foreign company.

1.5 Magazine

Prestige

Website: www.prestigehk.com

A lifestyle magazine in Hong Kong,

Address: 11/F Lyndhurst Tower, 1 Lyndhurst Terrace Central, Hong Kong

Tel: 852 2526 2661

Contact: Mr Gordon Lam, Creative Director/ Associate Publisher

Mr Peter Comparelli, Editor

Email: prestige@prestigehk.com

Appendix no. 2 - Market Scan of Hong Kong, drafted by the EVD

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Website: www.hollandinchina.com
Date: Oct. 28th, 2008



2.1 Market information on market segments in the region

Hong Kong is a special administration region in China and only political & military issues are governed by the Chinese Government; while the rest are fully regulated by Hong Kong Government. Hong Kong is a tax-free market and a shopping paradise that makes many people from Mainland China would like to come to Hong Kong for their weekend escapes.

Chinese consumers from Mainland China are prolific shoppers when traveling overseas or to Hong Kong and Macau. Usually these Chinese mainland consumers would spend more when they are traveling, and many people intentionally save or draw up a shopping list prior to traveling. Thus, having successful brand recognition is a vital technique for China market.

Regarding the Hong Kong market, Hong Kong people love luxury brands, Hong Kong shoppers admitted to spend an average of 6,000 Hong Kong dollars (771 US dollars) in the first three months of 2008 on luxury brand items according to the published survey by Nielsen Global Luxury Brands study. Categories include jewelry, bags, gadgets, clothing and cars.

Most luxury branded items in Hong Kong has their own specialty stores either located at large shopping malls, or department stores. For instance, Agnès b, Caran d'Ache, Georg Jensen, Lalique and Oregon Scientific all have their specialty stores at IFC mall www.ifc.com.hk/english/mall.aspx and have counters at either Lane Crawford or Sogo Department stores.

However, as a consequence of worldwide financial meltdown plus banks tightened their loans to companies, these have affected many SMEs operations in Hong Kong and some companies have been closed down. Krispy Kreme Hong Kong has ceased its operation by the end of Oct 2008 (Krispy Kreme granted franchisee licence to Wayne and Brian Parfitt and the stores were opened in mid 2006 with seven outlets in Hong Kong). Economic crisis goes throughout the world and makes people reluctant to spend money. This will be tough times for launching a new luxury brand or product not just in China but also in other countries. However, this could also be an opportunity for your company if you have a business partner that knows the China market well.

2.2 Potential business partners

Department Stores

Lane Crawford

www.landcrawford.com

Lane Crawford is a specialty store in Greater China that offers designer brands for fashion, jewelry, and home & lifestyle products from around the world.

Address: 25/F Tower One, Times Square, 1 Matheson Street, Causeway Bay, and Hong Kong

Tel: 852 2118 2888

Email: cherkwong@lanecrawford.com

Sogo

<http://www.sogo.com.hk/en/home.html>

Owned by Lifestyle International Hld Ltd, a Hong Kong based retail operator that specializes in the operation of high-end department stores, i.e. Sogo (in Hong Kong) and Shanghai Jiuguang (in Shanghai).

Kindly send your product profile to the following emails and address to "Buyer", and then if they find interest in your products, they will contact you directly.

Address: Sogo Hong Kong Ltd, 555 Hennessy Road, Causeway Bay, Hong Kong

Tel: 852-2833 8338

Email: homeappliances10@sogo.com.hk (computers & home appliances)

kidstoys@sogo.com.hk (stationary)

2.3 Appendix

2.3.1 General Information about Hong Kong

Hong Kong maintains a capitalist economy built on a policy of free market, low taxation and government non-intervention. Under the policy of “One Country, Two Systems”, the Central People’s Government is responsible for the territory’s defense and foreign affairs, while Hong Kong maintains its own legal system, police force, and monetary system.

The four pillar economic sectors of Hong Kong are trading and logistics (27.4% of GDP in terms of value-added in 2006), tourism (3.2%), financial services (15.9%), and professional services (10.5%).

Major Economic Indicators

-	2006	2007
Population, Mid-year (million)	6.86	6.93
Gross Domestic Products (US\$ billion)	188.2	207.2
Real GDP Growth (%)	+7.0	+6.4
GDP Per Capita (US\$)	27,600	29,900
Inflation (% Change in Composite CPI)	+2.0	+2.0
Unemployment Rate (%)	4.8	4.0

Source: Hong Kong Trade Development Council

2.3.2 Hong Kong’s Trade with the Netherlands

In 2007, the Netherlands was Hong Kong’s 7th largest market for domestic exports. Telecommunication equipment (51.5%), clothing (26.8%) and cathode valves and semi-conductor devices (13.4%) were the top exported items. For imports, the Netherlands was HK’s 20th largest source of imports. Major imported items included cathode valves and semi-conductor devices (7.3%), printing and bookbinding machinery (6.1%), parts and accessories of office machines and computers (4.9%) and milk & cream (4.5%).

Appendix no. 3 - Analysis on internationalizing capabilities

3.1 Introduction

In order to analyze Ego Lifestyle's capability for internationalizing, the required competences are discussed one by one.

3.2 Competence no. 1: External resources

3.2.1 Required external resources

Svend Hollensen perceives the following required external resources in *Global Marketing*: building materials, human resources, a marketing strategy, finances, lobbying and a network of contacts.

3.2.2 Analysis

Is Ego Lifestyle able to invest in access to external resources?

The needed source **building materials** is not necessary for Ego Lifestyle, since production takes place in the Netherlands and will continue to take place in the Netherlands when business carries on in international markets.

Human resources are needed in various ways; when the Ego notebooks are being sold in e.g. a warehouse, Ego Lifestyle will need selling staff. These people can be provided by the concerning warehouse, even so this staff should be well-trained and –motivated by Ego Lifestyle in order to achieve good sales results. Fortunately, the firm has experience with training selling staff and is capable of doing so. Another option is that Ego Lifestyle itself provides qualified personnel, but without the right, existing contacts with Chinese this is nearly unachievable.

A **marketing strategy**, with accompanying marketing mixes and especially promotion, amplified on the selling points in China, has to be formulated. This can best be done by a Chinese PR agency (specialized in luxury goods), given that they are specialized in creating accurate marketing mixes for a product and they certainly know best how to communicate a certain message to the Chinese – better than anyone of us will by learning and reading books on cultural differences, misunderstandings, preferences etc. Despite this, it is more evident that Ego Lifestyle will try to formulate these marketing mixes their selves, thanks to a very limited budget at the moment of writing. If the last mentioned is the case, this means that Ego Lifestyle is able to limitedly invest in this source.

Financing might be most needed, because the start of internationalizing costs a lot of time and therefore money, especially when doing business in China. Existing promotion materials (with a Western character) shall not be well received in China; new material shall have to be developed and of course this brings along costs. As previously said, Ego Lifestyle's budget is pitiful at the moment. The company is not able to invest in this source, yet.

Obviously, **information** about the Chinese culture and differences with the Western culture is needed in order to do business successfully. A quote: "It is culture and the socio-cultural environment which provides the context for business. All too often though, there is a relative ignorance of the under laying socio-cultural variables which have shaped the character, personality, value system and attitudes of the businessman. (...) Asian business values differ from Western ones; they are a product of its socio-cultural environment. With a

basic understanding of the environment, which shaped these values, it is possible to successfully do business within the region. The values and culture of a country provide the framework of business practices.”¹

The quote (as well as many existing examples of cultural misunderstanding) shows the importance of having this cultural knowledge. If Ego Lifestyle accedes the importance of this, and I truly believe she does, the company is able to invest in this source. I will dedicate appendix no. 6 to the Chinese culture.

Lobbying and a network of contacts; both competences are more than helpful when doing business in a foreign country. Where contacts will lead one more quickly to the essential people, lobbying can be useful if certain determining laws are stemming the export to China. However I do not think Ego Lifestyle has reason to use this practice. The contacts on the other hand are an important expedient, which are not yet at the firm’s disposable, but certainly can be if she spends enough time in China.

3.2.3 Conclusion

Ego Lifestyle is able to invest **above average** in access to external resources.

3.3 Competence no. 2: assets

3.3.1 Required assets

Svend Hollensen perceives the following required assets: real estate, product adaptations, distribution and logistics.

3.3.2 Analysis

Is Ego Lifestyle able to invest in assets?

Not unexpectedly I can say that Ego Lifestyle can invest very limited in assets. She is not able to invest in real estate, though this will not (yet) be needed. The company has no choice than to invest in product adaptations, since there is reason to believe that the Chinese (would like to) make use of Chinese keyboards (I will try to figure this out during my internship). Also the company must invest in both distribution and logistics, which she is able to.

3.3.3 Conclusion

Ego Lifestyle is **able** to invest in those assets the firm really needs, and which do not bring along too high costs.

3.4 Competence no. 3: knowledge competences

3.4.1 Required competences

When internationalizing, a company should own and be able to invest in the needed know-how, from technological knowledge, to managing knowledge, to cultural knowledge, etcetera.

3.4.2 Analysis

Is Ego Lifestyle able to invest in knowledge competences?

By investing in an intern, Ego Lifestyle is already investing in competences (technological and managing-related know-how) since I will try to provide the company with the needed know-how. However it is no strange suggestion for the firm to do research herself as well, in order to achieve the best results.

3.4.3 Conclusion

The company is **able** to, and already investing in, these competences.

¹ BOGART, K., *Understanding Asian Values and Their Impact on Business Practices in Asia*, Brussels, European Institute for South & South East Asian Studies, 1996, pp.2, 16. / Professor Karin Bogart, docent intercultural management at the ICHEC in Brussels

3.5 Competence no. 4 – developing a global marketing strategy

3.5.1 Required competence

When internationalizing, a company should be able to develop a global marketing strategy, amplified towards the targeting market. The developed strategy should be based on similarities and differences between markets.

3.5.2 Analysis

Is Ego Lifestyle able to develop a global marketing strategy, based on similarities and differences between markets?

An amplified marketing strategy is vital and is best done by Chinese marketing or PR agencies or someone with a Chinese background. However, the company is not able to invest in this. Instead, the firm is investing in me, an intern, and I will do my best to try to formulate a marketing strategy amplified on Hong Kong.

3.5.3 Conclusion

Ego Lifestyle is **limitedly able** to invest in this competence.

3.6 Competence no. 5 – knowledge exploiting

3.6.1 Required competence

When internationalizing, a company should be able to exploit the knowledge of the headquarters through worldwide diffusion and adaptations.

3.6.2 Analysis

Is Ego Lifestyle able to exploit the knowledge of the headquarters through worldwide diffusion and adaptations?

The knowledge of the headquarters mostly comes down to the knowledge of the Sales, Operations and Management department, meaning: Peter van der Gils, Jos Hens and Jeroen de Punder. These people have experience and skills in three different levels, and should unite powers. Unfortunately, these people do not have experience in doing business with China.

Another thing that can be exploited is the Country Of Origin (COO). The Netherlands as a COO is something to be proud of. The Netherlands is known for its high-quality products. Some examples can be found in the products of Hakvoort Yachts, Moonen Yachts, Henk (suitcases), van der Gang (watches) and Vertu (mobile phones).

3.6.3 Conclusion

Because the named employees have many experience each in their field, but no experience in or with China, I state that Ego Lifestyle is **limitedly able** to exploit the knowledge of the headquarters. Ego Lifestyle is certainly **able** to exploit the COO.

3.7 Competence. 6 – transferring knowledge

3.7.1 Required competence

Svend Hollensen states that, when internationalizing, a company should be able to transfer knowledge and “best practices” from any of its markets, and use them in other international markets.

3.7.2 Analysis

Is Ego Lifestyle able to transfer knowledge and ‘best practices’ from any of its markets and use them in other international markets?

Ego Lifestyle has acquainted quite some experience and sales results (towards resellers, consumer sales results are failing to materialize) in Russia. The firm is able to transfer the knowledge, and the few “best practices” from Russia and use them in other international markets

3.7.3 Conclusion

I state that the company is **limitedly able** to invest in this competence.

3.8 Conclusion internationalizing capability

With the help of the above analysis', a conclusion can be drawn on Ego Lifestyle's capabilities of internationalizing. I have put my findings in a row:

Ego Lifestyle is **able** to invest in:

- ✓ invest in external resources;
- ✓ needed assets
- ✓ managing-related competences

Ego Lifestyle is **already investing** in:

- ✓ competences;
- ✓ some external resources;
- ✓ a global marketing strategy

Ego Lifestyle is **limitedly able** to:

- ✓ exploit the knowledge of the headquarters;
- ✓ exploit the knowledge and best practices
- ✓ a global marketing strategy

Ego Lifestyle is **not able** to invest in:

- ✓ anything that brings along high costs;
- ✓ anything that does not realize immediate sales results

The above makes results in the following conclusion to be drawn:

First of all, Ego Lifestyle needs to overcome the current state of finances. Next to this, the firm has to value the importance of the above-mentioned barriers and motivation problems. If she will invest in external resources such as a network of contacts, together with putting aside a conceivable budget for matters as marketing, product adaptations, distribution, building up a network and other initial and unforeseen costs, and if she last but not least invests in re-motivating her employees: Ego Lifestyle is definitely capable of internationalizing.

Global marketing decision phase	Information needed
1. Deciding whether to internationalize	Assessment of global market opportunities (global demand) for the firm's products ✓ It is distinct that the firm has greater opportunities in foreign markets than in its domestic market. A piece of evidence for global demand is the amount of press requests and free publicity (of which has to be said that it is shrinking at the moment) all over the world. Orders come for 98 % from foreign countries. Also see figure x, showing where the firm's target audience lives.
	Commitment of the management to internationalize ✓ The management is more than committed to internationalize
	Competitiveness of the firm compared to local and international competitors ✓ The firm's competitiveness translates in the firm's motivation and the uniqueness of the product. Competitiveness doesn't translate in a full availability of the required goods for internationalizing.
	Domestic versus international market opportunities ✓ International market opportunities are by far bigger than domestic market opportunities.

Appendix no. 4 - Analysis on the choice of market

4.1 Introduction

This chapter analyses the firm's choice of country and market. As said in the introductory paragraph of chapter 4: if it turns out to be that the market the firm has chosen isn't suitable for the product, or that the firm is too immature to enter this specifically chosen market, I will adapt my assignment and advise the company different.

4.2 Analysis: is the Chinese market the right market for Ego Lifestyle?

Decision parameters are to be divided into three categories²: internal company issues, product related issues and market related issues. Each of the following sub paragraphs analyses these issues, by answering several questions that are posed in the "Investment Guide" put together by the consulting agency *InterChina Consulting*.

4.2.1 Internal company issues

Doing business with China is a long-term project that demands time, employees and money. Does the company have these aspects at its disposal?

Ego Lifestyle does not hold enough of these required goods. Clearly, she does not hold the good "money", which is a condition for internationalizing and entering new markets. On the other hand the firm does hold time, at the moment the company is short of work for their employees. The current sales team is engaged in the Russian and European markets and I think Ego Lifestyle will need at least one extra employee who will occupy the Chinese market. 🧐

Is the company's export experience enough to enter one of the world's most challenging markets?

Both the company and the company's Sales Director have export experience. By "export experience" I understand a minimum of 5 years work experience in exporting, in at least three different countries. However, none of the employees has experience in doing business with China. To me it seems this would be preferable, but not necessary. If the firm decides to hire another sales employee, she should make sure that this is someone with experience in selling luxury products, and by prefer doing business in China. 👍

Is the top management engaged enough, does she have a strong commitment to China and a belief in the Chinese market?

Starting businesses with China will take years of time. Therefore it is important that a company willing to enter the Chinese market has a strong commitment and belief in it. Ego Lifestyle does not have a strong commitment to the country. The main reasons for entering this market are the attractive and promising figures in the luxury segment, and Ego Lifestyle's willingness and need to achieve sales results and with this a break-even situation. Fortunately, the management has a strong belief in the Chinese market. 👍

Is the home market too small, or not the right market, to serve?

The home market is definitely not the right market to serve, as shows in previous sales results, the number of HNWI's and the sober culture in which it is not "done" to show your wealth and success. The Chinese market on the other hand, definitely seems the right market to serve, as shows in high sales results of luxury fashion brands (e.g. Louis Vuitton), the number of HNWI's and the culture in which it is desirable and enviable to show wealth and success. 🌱

Is it possible to adapt the production infrastructure in order to create a bigger volume?

² INTERCHINA CONSULTING, *Investment Guide: Investment Evaluation Process & Preparation*,
<http://www.interchinaconsulting.com/website/eng/newsListInfo.php?ISmenuId=03&ISsubMenuId=13&id=62>

Yes, Ego Lifestyle has the possibility to create both bigger volume and lower production costs, by having the Ego notebook produced in China. However, this is something I was warned for very clearly by philosopher and China-expert Evert-Jan Ouweneel, because the Chinese are known for falsifying and their lack of contract valuation. In most cases, Chinese tend to take over production techniques and eventually the entire product. In contradiction with the Dutch, for Chinese written contracts do not have meaning. Only oral agreements (which take great amounts of time to achieve) have value, and even the Chinese court will judge according to this phenomenon. Another reason for not having the product produced in China is the Country Of Origin (COO). Even though the tide is changing slowly (according to Radha Chadha, author of *“The cult of the luxury brand”*, who states that the word string is becoming more and more acceptable as long as people are assured of the product’s quality), *“Made in China”* is no string of words appropriate on expensive, exclusive and luxury products. Therefore I shall have to advise Ego Lifestyle not to put out production in China, and if she does anyway: make sure that this information remains unnoticed and that at least the production of the skins continues to take place in the Netherlands, Belgium or France (Paris). An important Unique Selling Point (USP) of these covers is the handcrafted aspect. 🍷

4.2.2 Product-related issues

Are there chances for the product, is import allowed and are there demands from the concerning market?

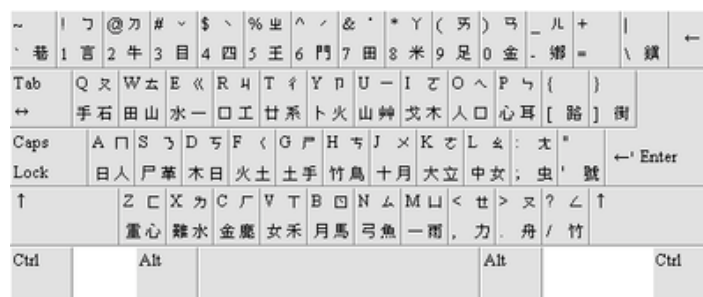
Yes, yes, and yes. The product’s target audience exists of HNWI’s wanting to express their selves. China is the second largest country with the highest number of HNWI’s, three times as much as in the Netherlands. Demands from China translate in pr request and free publicity (both monthly) and demands for personalized skins (approximately twice a year, which I’ve found out through conversations with Anke Busser, designer at Ego Lifestyle). 🍷

Is there purchasing power for the product?

Yes there is, more than in the domestic market. China houses over 373,000 HNWI’s against 125,000 HNWI’s in the Netherlands. 🍷

Does the product have to be adapted to local taste or preferences?

In China people make use of both US and Chinese keyboards. A Chinese keyboard is a US keyboard with Chinese input method labels printed on the keys. Chinese characters can be written by two systems: complex or simplex. Ancient Chinese used complex Chinese characters to write, later the characters were transformed from complex to simplex. This is because a large number of Chinese people cannot go to school, become illiterate and can only speak fluent Chinese. Therefore, in Mainland China the simplex Chinese system is prevailing now: except in Hong Kong, Macau and Taiwan, which still, occasionally, apply the complex form – though there is little difference between the modern systems. In Hong Kong, both Chinese (Taiwan) and US keyboards are found. Japanese keyboards are occasionally found and UK keyboards are rare. A Taiwan (complex) keyboard looks like this:



Providing Chinese keyboards shows respect for the Chinese (which is greatly important), therefore Ego Lifestyle shouldn’t just provide US keyboards. Expecting that the Chinese who are buying an Ego have had enough

education to read the complex keyboards, for now I would advise Ego Lifestyle to provide complex keyboards, and offer the possibility to order a simplex keyboard. To lay foundation on this advice, the qualitative digital survey pays attention to the keyboard preferences.

Besides adaptations on the keyboards I advise Ego Lifestyle to deepen into the Chinese taste and design a few skins (with Chinese patterns) especially for this market. Some examples of Chinese patterns:



What are the export rules?

Shipping an Ego to Beijing, Shanghai, Guangzhou or Hong Kong costs € 264,72 when using UPS. This price includes supplementary taxes on fuel and export tariffs. The following features have been used for the price estimation:

Weight of package:	13 kg
Measurements of package:	50 x 39 x 23 cm
Type of delivery:	guaranteed delivery
Duration of shipping:	2 days
Packaging:	provided by Ego

When exporting products, HS codes³ are used. HS is an internationally standardized system of names and numbers for classifying traded products and developments, maintained by the World Customs Organization (WCO, formerly the Customs Co-operation Council). HS codes applying to the Ego notebook:

84713000:	Ego notebook
84732900:	Skins, battery pack, accessories
42021110:	100 % leather bags

For the general import tariffs and value-added taxed, when exporting from the Netherlands to China, please see the table below⁴.

HS code	General import tariff	Imports of consumption tax	Value-added tax
84713000	70 %	0 %	17 %
84732900	35 %	0 %	17 %
42021110	100 %	0 %	17 %

ICB (Industry Classification Benchmark) Universe:

Industry:	3000 Consumer Goods
Supersector:	3700 Personal & Household Goods
Sector:	3740 Leisure Goods
Subsector:	3743 Consumer Electronics

In April 2006, the Chinese government announced an increase in taxes on certain luxury goods, including watches, golf clubs, cars with large engines and yachts. Further tax increases on high-end luxury items were expected in 2007. This luxury tax hike has not affected lower-price luxuries, such as shampoo and skincare

³ Harmonized Commodity Description and Coding System (HS)

⁴ Composed with the help of www.e-to-china.com

products, as taxes on those items actually decreased in 2006. According to Chris Devonshire-Ellis, Senior Partner Dezan Shira & Associates, *“there is no such thing as a luxury tax”*, as he told me in e-mail conversations we had in February 2009. *“However, China does levy import duties at varying levels depending on the type of product. It is correct to say that duties on luxury items entering China are quite high.”*

Extra duties

Consumption Tax

Consumption tax varies between 3 and 45 percent and applies to the following consumer goods: tobacco, liquors and other alcoholics, cosmetics, skin- and hair care products, “costly” jewels, pearls and jade, fireworks, oil and diesel, tires for several vehicles, golf balls and golf accessories, luxury watches, yachts, wooden chopsticks and wooden floor covering. This tax does not apply onto the Ego notebook.

Value Added Tax

For most goods applies the regular tariff of 19 percent. The reduced tariff of 6 percent applies on articles of food, vegetable oils, drinking water, heating, natural gas, coal gas, LPG, books, newspapers and magazines, forage, artificial manure and agriculture machines. The regular tax of 19 percent applies to the Ego notebook.

Business Tax

Applies on a few products and varies between 3 and 20 percent. This tax does not apply onto the Ego notebook.

Customs Supervision Fee

Varies between 1 to 3 percent on the CIF-value of goods that are known as “reduced-duty import”, tax-free import and bonded goods. This tax does not apply onto the Ego notebook.

Consultancy Fee

Consultancy fee applies when a service is provided by a company that doesn’t own a office in China. When the invoice is paid, the tax-collection office of the Chinese company restrains approximately 20 percent fee.

Waste Disposal Fee

Electronic waste is a loose category of surplus, obsolete, broken, or discarded electrical or electronic devices. This fee applies to the Ego notebook and is determined by a product’s HS code.

Free trade zones (FTZ’s)

China’s FTZ’s are: Futian, Shatoujiao, Guangzhou and Shantou (all in the province Guangdong); Xiamen and Fuzhou (province Fujian); Haikou (province Hainan); Dalian (province Liaoning); Tianjin; Qingdao (province Shandong); Zhangjiang (province Jiangsu); Waigaoqiao (Shanghai); Wuhan (province Hubei); en Ningbo (province Zhejiang). FTZ’s in Futian and Waigaoqiao offer the opportunity to store goods unlimited and tax-free. The other FTZ’s offer tax-free import and storage of goods for maximum two years.

4.2.3 Market-related issues

Are there competitors on the Chinese market? If yes: what are their market shares and which entry mode uses the rival?

There are no direct competitors on the Chinese market, since the Ego is a unique product. Indirect competitors, operating in the same niche market and also combining technology and luxury in their products, while offering personalization possibilities, are brands like Vertu, GoldVish and Henk. The indirect competitors have a very small market share. They are not poaching on Ego’s territory; therefore I find it not necessary to analyze their entry modes.

What does the market look like?

Ego Lifestyle’s target audience consist of High Net Worth Individuals (HNWI’s)⁵ and Ultra High Net Worth Individuals (UHNWI’s)⁶, as was given to me by my mentor Jeroen de Punder. A few figures on the number of

⁵ High Net Worth Individuals own net assets of at least \$ 1 million excluding their primary residence and consumables

⁶ Ultra-High Net Worth Individuals own net assets of at least \$ 30 million excluding their primary residence and consumables

High Net Worth Individuals over the world, coming from Capgemini and Merrill Lynch's *Asia-Pacific Wealth Report 2008*:

- 🏠 The number of HNWI's in Asia-Pacific grew by 8.7% in 2007, to 2.8 million, exceeding global HNWI population gains of 6.0%
- 🏠 Asia-Pacific HNWI wealth expanded by 12.5% in 2007, to US\$9.5 trillion, exceeding both the 10.5% rate posted a year earlier and total world wealth growth in 2007 of 9.4%
- 🏠 Asia-Pacific is home to 27.8% of the world's HNWI population and 23.3% of global HNWI wealth
- 🏠 India, China and South Korea experienced the highest HNWI population growth within the region, gaining 22.7%, 20.3% and 18.9%, respectively
- 🏠 Together, Japan and China accounted for 68.8% of the Asia-Pacific HNWI population and 62.4% of its wealth
- 🏠 We forecast that Asia-Pacific HNWI wealth will total US\$13.9 trillion by 2012, growing at a projected annual rate of 7.9%, which slightly exceeds the 7.7% global rate⁷

Annual Wealth Report 2008, made by Knight Frank and Citi Private Bank, provides the number of HNWI's and their growth rate over the world. According to their figures, China is rich in a number of **373,000** HNWI's. According to the EVD and the consulate-general in Hong Kong, Hong Kong currently houses more than **86,000** HNWI's, out of 7 million residents. The credit crisis makes that the number of millionaires in Hong Kong & China may drop slightly; there is no exact info regarding the reduced number⁸.

Is the market a growing market?

Absolutely. Despite the credit crunch, the Chinese market is still expected to grow. The crisis makes it hard to find accurate and up-to-date information on the growth. Most recent and reliable figures were found in the World Fact Book 2008, which states that the Chinese market grew with 9.8 % in 2008 and the market in Hong Kong with 2.8 %. Before the crisis, the Chinese market was expected of a continuous double-digit growth. This is no longer anticipated. Experts do not provide exact figures yet, but state that the growth will decrease – meaning that the market continues to grow.

Where is the market situated: in the cities, regions or the whole country?

The market is situated in the bigger cities: Hong Kong, Guangzhou, Beijing and Shanghai. This statement is based on the luxury consumption in these cities. Especially Hong Kong has high luxury consumption.

In India and China alone, luxury goods consumption grew by 18 % in 2007 and is now worth \$ 21.4 billion⁹. A prediction by investment bank Goldman Sachs is that China's consumption of luxury goods will rise from 12 percent to 29 percent 2015, making it only second to Japan, in a global luxury market worth as estimated US \$ 80 billion a year¹⁰. India and China are particularly interesting as they each have a huge population and an increasingly affluent middle-class, providing businesses with one of the most important growth opportunities over the next two decades¹¹.

The figures seem promising and attractive. However, they do not take into account the worldwide recession and there are only a few reliable new figures or predictions available yet. However, consulting firm Bain & Co., predicts the luxury goods industry will likely enter a recession in 2009. A study, released by Bain in October, said the industry, which has not yet experienced the full affects of the global meltdown, will see a relatively modest growth rate of 3 percent in 2008, compared with 9 percent growth in 2006 and 6.5 percent growth in

⁷ Asia-Pacific Wealth Report 2008, by Capgemini and Merrill Lynch

⁸ Information provided by the EVD and the consulate-general in Hong Kong

⁹ Bain & Co., Luxury Monitor 2007, figures are for Asia-Pacific excluding Japan. Exchange rates are 365 day average to \$ for 2006

¹⁰ APlus, magazine of the Hong Kong Institute of CPA, Article *City Glam* by Liana Cafolla, October 2007, p. 24

¹¹ *Business Week*, May 2007

2007. However, it also said increased spending by high net worth consumers in new emerging markets including China, Russia, India and Brazil over the next five years, ranging from 20 percent to 35 percent, help build an optimistic picture in the long run.¹²

What is the impact of the WTO-entrance?

The market in China became more open by accessing the World Trade Organization (WTO) in December 2001. China had to lower its trade barriers and tariffs and this made the possibilities to enter China better¹³. Exporting is made more attractive in China by granting foreign firms the right to import most products directly. In the past, foreign firm were only allowed to engage in authorized imports that had to be used in their enterprises in China. And besides importing right, foreign firms are also allowed to distribute, market, wholesale, retail and repair their products, even the imported ones¹⁴. As part of the WTO agreement, China pledged to become a member of the global Information Technology Agreement (ITA). As according to the ITA, all member countries eliminated tariffs on semiconductors, computers and telecommunicated in 2005.

4.3 Conclusion

When combining the analysis' on Ego Lifestyle's internal company issues, product-related issues and market-related issues, one can state that the decision to enter the Chinese market is an obvious and promising decision for Ego Lifestyle.

¹² http://www.huiyee.com/event/2008lpz_en/web/list/rtv.html?id=12135

¹³ Teng, 2004

¹⁴ Teng, 2004

Appendix no. 5 - Entry modes

In case of internationalization the different entry modes that a company can select from are: exporting, contractual arrangements, equity joint ventures and wholly owned subsidiaries¹⁵. In this appendix the different entry modes are explained individually with their most important characteristics and points of difference.

5.1 Exporting

With export entry modes a firm's products are manufactured in the domestic market or a third country and then transferred either directly or indirectly to the host market. Export is the most common mode for initial entry into international markets. Exporting can be divided into several forms depending on the degree of channel integration that the company desires¹⁶ and the export being direct or indirect. The integration ranges from on the one hand no integration at all, where the exporting firm contracts all sales functions to independent distributors (export management or export trading companies), to on the other hand complete integration through setting up a wholly owned sales subsidiary. Intermediate options make use of commission agents or form distribution related strategic alliances¹⁷. Indirect export occurs when the exporting manufacturer uses independent organizations located in the producer's country. Direct export occurs when the exporting manufacturer sells directly to an importer or buyer located in a foreign market area. Cooperative export involves collaborative agreements with other firms (export marketing groups) concerning the performance of exporting functions.¹⁸

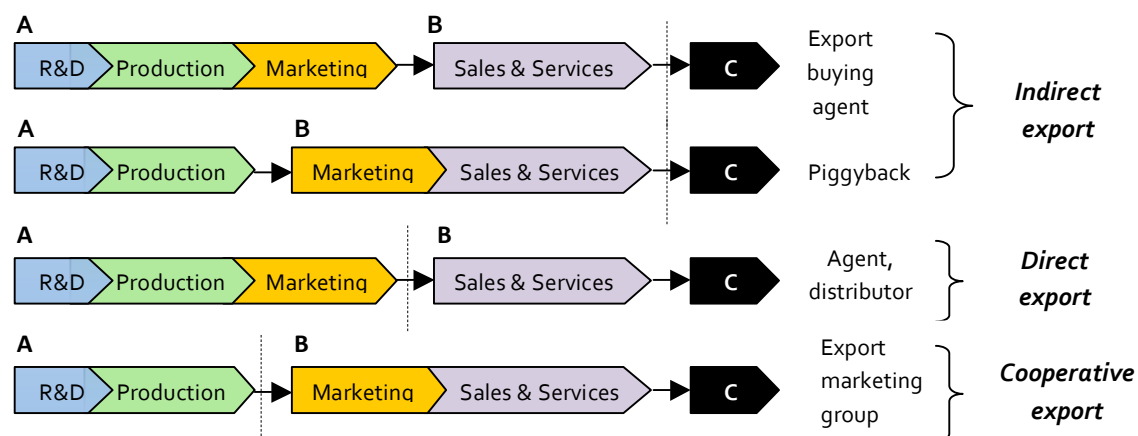
The five main entry modes of indirect exporting¹⁹:

- ✓ Export buying agent;
- ✓ Broker;
- ✓ Export management company/export house;
- ✓ Trading company;
- ✓ Piggyback.

The two main entry modes of direct exporting²⁰:

- Distributor;
- Agent.

The following figure illustrates the different export modes in a value chain.



Note:

A = manufacturer(s) of product/service

B = independent intermediary

C = customer

— = border between home/third country and foreign target market

¹⁵ Kumar and Subramaniam, 1997

¹⁶ Aulakh&Kotabe, 1996, Campa&Guillen, 1999

¹⁷ Aulakh&Kotabe, 1996

¹⁸ Svend Hollensen, 2004

¹⁹ Svend Hollensen, 2004

²⁰ Svend Hollensen, 2004

When exporting is done through independent distributors it can be characterized as a fast way of accessing a foreign market, it offers a great degree of flexibility and minimal resource commitment and it also limits the firm's risk exposure in that it does not own assets²¹. There are however, risks of distributor opportunism and asset misuse when a firm's assets are proprietary, like brand equity, trademarks and patents²². Trade barriers, low local responsiveness, high distribution costs and ineffective local distribution are other disadvantages²³.

The more integrated a firm becomes the less it benefits from the advantages of great flexibility, low resource commitment and low risk exposure. But the more a firm becomes integrated with a wholly owned sales subsidiary as the most integrated form, the more control it will have over its assets and employees²⁴.

5.2 Contractual arrangements

Contractual arrangements can be divided into licensing, franchising, and the formation of a non-equity alliance. These options will be discussed in the sections below.

5.2.1 Licensing

A licensing arrangement allows a foreign firm, in this case the Chinese firm, to purchase the right to manufacture and sell the firm's products within a host country or set of countries. The licensor is normally paid a royalty on each unit produced and sold. The licensee takes the risks and makes the monetary investments in facilities for manufacturing, marketing, and distributing the goods or services. As a result, licensing possibly is the entry mode that requires the least amount of resources²⁵.

The licensing arrangement is a low investment, low risk and low return alternative, which provides little control to the licensing firm and is primarily used by manufacturing firms. There is always a possibility that the licensee becomes a competitor to the firm or that the firm loses control over its competitive advantage²⁶.

5.2.2 Franchising

Franchising is a contractual relationship where one firm (the franchisor) sells the right to sell products or services under its brand name to another firm (the franchisee)²⁷. Legally, the franchisor and the franchisee are separate business entities. The franchisor is paid a fee by the franchisee in advance, as well as an ongoing sales royalty for the operating rights. The profit that remains after paying the annual royalty and other expenses is kept by the franchisee.

Franchising is seen as a way to attract scarce capital needed for the expansion, as the franchisee is generally required to make a substantial investment in the business²⁸. Although control is not optimal it is higher than in a licensing arrangement. Franchising is an entry mode most often used by service firms.

5.2.3 Alliances

Alliances can be divided into two forms, on one end there are joint ventures which involve the creation of a new firm in which they share equity, at the other hand there are alliance with no sharing of equity²⁹. This last form of alliance is the one discussed in this section of contractual arrangements, the first is discussed as an equity joint venture later this chapter.

²¹ Lu and Beamish, 2001; Agarwal and Ramaswami, 1992

²² Lu and Beamish, 2001; Agarwal and Ramaswami, 1992

²³ Teng, 2004

²⁴ Slangen, 2005

²⁵ Hitt, Ireland and Hoskisson, 2005

²⁶ Agarwal and Ramaswami, 1992

²⁷ Combs, Michael and Castrogiovanni, 2004

²⁸ Kaufmann and Dant, 1996

²⁹ Gulati, 1998

Gulati (1998) defines strategic alliances as “voluntary arrangements between firms concerning exchange, sharing, or co-development of products, or services”. Alliances have been suggested as one important means of overcoming resource and capability deficiencies and enhancing the likelihood of success for internationalizing firms³⁰. This is because an alliance can minimize transaction costs, provide increased market power, share risks and gain access to key resources such as capital and information³¹.

Alliances, however, are not risk-free and face problems in successful implementation. Alliances have complexities that stem from the cooperation and coordination of two or more partners³². There are such potential problems as goal conflicts, lack of trust and understanding, cultural differences, and disputes over the division of control. Firms also run the risk of losing proprietary know-how through opportunistic partner behavior. Any of these problems can lead to inability or even failure of the alliance.

5.2.4 Equity joint ventures

The second form of alliance is an equity joint venture (EJV). Equity joint ventures are agreements whereby two or more organizations decide to pool resources and create a new entity that has its own corporate identity, resources, and structure³³. Forming a minority or majority can do it, or 50% share. For a foreign or joint venture company, the minimum registered capital could range from USD \$62,000 to USD \$37 million³⁴.

The advantages of forming an EJV are the sharing of costs, risks and knowledge with the partner firm(s). These advantages are very useful when a firm wants to introduce its products in an unknown foreign country. And the combination of the resources and capabilities of two firms can create a competitive advantage that is very different from what it would have been if the firms would do it separately³⁵.

The enhancement of market power and increased efficiency are other motivations for starting an EJV³⁶. The risks of an EJV are the loss of control over the investment, theft of intellectual property, conflicts of interest and the creation of potential competitors³⁷. I wish to state explicit that this is a serious risk when starting a joint venture with Chinese firms, seeing that the Chinese nation is not the most reliable nation. The first reason for this is that contractual agreements mean little to Chinese. Relationships and spoken agreements are far more important. The second reason is that Chinese still feel humiliated by the West, because of historical occurrences, which makes them look up and down to the West, and ultimately makes them unreliable.

5.2.5 Wholly owned subsidiaries

Wholly owned subsidiaries are created in two ways, through acquisitions and by making a Greenfield investment.

Acquisitions

Acquisitions refer to the purchase of shares in an already existing company in an amount sufficient to gain control³⁸. In the case of an acquisition, the expanding firm buys at least part of the equity of an existing firm in a foreign country, which means a moderately high resource investment. Acquisitions offer the fastest means of building a sizable presence in a foreign country.

Besides fast access into international markets several other valid reasons for undertaking acquisitions are according to Dunning (1995), (i) the access to technology, (ii) reduced costs of research and development, and

³⁰ Zacharakis, 1997, Beamish, 1999, Tse Pan, Au, 1997

³¹ Gulati, Nohria, and Zaheer, 2000

³² Inkpen and Beamish, 1997

³³ Tsang, 2005

³⁴ <http://www.smallbiz.nsw.gov.au/smallbusiness/Exporting/Markets/Exporting+to+China/index.htm>

³⁵ Hoskisson and Busenitz, 2002

³⁶ Gulati, 1998

³⁷ Teng, 2004

³⁸ Kogut and Singh, 1988

(iii) a higher efficiency in the face of growing competition. He states that firms want to protect and enhance their existing competitive advantages by acquiring or gaining access to, new resources and capabilities. Higher efficiency is achieved because acquisitions create synergies; synergy exists in an acquisition when the value of the newly combined firms exceeds the sum of the value of the two merging firms, when acting independently³⁹.

The downsides of an acquisition are (i) the costs of integrating the acquired firms into the acquiring organizations, (ii) risks of overpayment, (iii) inability to fully assess the value of acquired assets, and (iv) post-acquisition challenges including cross-cultural integration⁴⁰.

Greenfield investments

Greenfield investments involve building a completely new organization in a foreign country from scratch⁴¹. Companies often set up Greenfield investments by sending over expatriates who carefully select and hire employees from the local population and gradually build up the business⁴².

Entering a foreign market by making a Greenfield investment is regarded as a more risky undertaking compared to an acquisition, because in an acquisition the firm can build upon the knowledge of the managers of the acquired company who are more familiar with the industry and local market conditions. By making a Greenfield investment on the other hand, the firm needs be build from nothing by combining several inputs that have not yet been proven to provide quality in that market⁴³.

Entry through acquisition thus generally means choosing a lower, but more certain expected rate of return⁴⁴. Greenfield investments offer the greatest control over the local affiliate, yet often require the longest time to establish, and require the greatest contribution of know-how and resources (human and financial)⁴⁵.

³⁹ Capron, 1999

⁴⁰ Chang and Rosenzweig, 2001

⁴¹ Barkema and Vermeulen, 1998

⁴² Hofstede, 2001

⁴³ Caves, 1996

⁴⁴ Caves, 1996

⁴⁵ Chang and Rosenzweig, 2001

Appendix No 6 - History and culture of China

6.1 Introduction

To penetrate the market in China it is essential to have a strong connection with your Chinese partners. In order to build a bond with them, one must fully understand the Chinese culture and way of living. The Chinese can be described as a proud and arrogant nation with a sense of inferiority, very much wanting to prove itself. In order to truly understand this, one must take a look at the Chinese history because the culture and attitude derived from the successes and defeats the country has had to deal with in the past. The same goes for philosophical or religious movements, including Confucianism, Communism, Pragmatism, Taoism and *The Art of War*: the Chinese bible with regards to doing business.

This appendix provides information on the Chinese history, culture, philosophical and religious movements.

6.2 History

Find below an overall timeline, from 5000 BC until now. I have created this timeline with the help of the seminar I followed: *China in one day*, given by philosopher and writer Evert-Jan Ouweneel.

History to the first emperor	
5000 – 3000 BC: agriculture cultivation Yangshao	} mastery is determined by access to ancestors, local families rule both spiritually and military
3000 – 2000 BC: agriculture cultivation Longshan	
2100 – 1600 BC: Xia	} the first legendary dynasties
1750 – 1120 BC: Shang	
1122 – 256 BC: Zhou	
Imperial China	
221 – 206 BC:	Qin dynasty <i>The first emperor: Qin Shi Huangdi . A network of roads. Clerks instead of a feudal system. Ruthless legalistically government. Text and token. Chinese Wall and terracotta army.</i>
202 BC – 220:	Han dynasty <i>Quite steady, 50 mln. residents. Capital city destroyed, Wall increased. Cultural and economical recovery. Confucianism. Find of paper. Downfall because of rivalry/extortion/disasters/corruption.</i>
220 – 589:	Three Kingdoms <i>Three rivaling kingdoms, Wei dynasty most steady: Turkish Toba nation improves Buddhism</i>
589 – 618:	Sui dynasty <i>Attempt to stabilize the Chinese empire. Grand Canal of China completed. Chinese Wall increased. Spread of Buddhism. Dynasty's downfall because of riot.</i>
618 – 907:	Tang dynasty <i>Li Yuan. New partners, division of land amongst farmers, better fiscal system. Empire as far as Afghanistan including Korea. Stimulation of economy and culture. Confucianism arises again. Selection of clerks by heavy exam. First and only female emperor: Wu Zetian (Buddhist). In 750 1 mln. residents in Xi'an. Dynasty saved by Oeigoer-Turks. Anti-Buddhism. Downfall because of hunger.</i>
Five Dynasties, ten Kingdoms	
960 – 1279:	Song dynasty <i>Good education and art of printing. Military governors replaced by clerks. Neo-Confucianism. Rise of middle class. In 1100: 100 mln. Chinese. 1127: Jin-dynasty. Mongolians overpower Jin.</i>
1279 – 1368:	Yuan dynasty <i>Dzjenghis Kan and Koeblai Khan (his grandson). International business, exchange of knowledge/deceases/goods. Marco Polo. Downfall because of desperate nation after natural disasters.</i>
1369 – 1644:	Ming dynasty <i>Zhu Yuanzhang conquers China. China centre of international trade. Building of Forbidden City. Grand Channel improved. Sea expeditions alongside Asia and Africa. Emperor kidnapped by pirates: China retires, the end of expeditions. Wall improved. China loses sight on European developments.</i>
1644 – 1912:	Qing dynasty <i>Order, peace, prosperity. Development of banking. Isolation and a sense of superiority: court holds on to kow-tow⁴⁶ and allows limited business. Discrimination towards ethnical China, rigid Confucianism. Doubling of population (from 150 to 300 mln) leads to food shortage, which leads to deforestation.</i>

⁴⁶ Phenomenon by which everyone should bow deeply for the emperor

	<i>weathering, hunger and corruption. First and Second Opium war. Japan defeats China, which loses Taiwan.</i>
1912 – 1928:	Republic China <i>Abdication of emperor Pu Yi. Tibet independent. WO I. Demonstration against the Treaty of Versailles: May Fourth Movement. 1921: Chinese Communist Party (CCP). Mongolia independent and communistic.</i>
1928 – 1949:	Nationalistic China <i>Chiang Kai-shek reunites China and commits coup d'état. CCP lose many of its members, acquires farmers' support and rule in South-East China. Japan raises Mantsjoekwo with Pu Yi. Communists in a fix, Mao elected as leader. KMT and CCP form front against Japan. Japan takes possession of China (bloodbath of Nanjing), USA support China.</i>
1949 – present	People's republic China <i>Battle KMT – CCP. Civil war after departure Japan, communist Lin Biao conquers North-East China. Misgovernment KMT (inflation, corruption) leads to winning of Mao. Industrialization successful in the beginning, later disastrous. Misgovernment of Mao leads to new pragmatically leaders instead, a.o. Deng Xiaoping. After death Zhou Enlai big demonstration on the Square. Before Mao's death he appoints Hua Gofeng. 1979: short but bloody war in Vietnam. Students disturb Gorbatsjov's visit to Beijing which leads to loss of face. Square evacuated bloody by Deng. In 1990 withdrawal Deng. May 2008: 70.000 deaths because of an earthquake. In august 2008 China gets to organize the Olympics, which was organized perfectly, in order to be freed from 200 years of humiliation.</i>

In a nutshell:

Between 1350 and 1750 China had the largest world economy. From 1750 to 2050 the country had to deal with reverses, troubles, humiliation. She rebuilds.



... which leads to a proud and arrogant nation with a sense of inferiority, which looks up as well as down to the West, very much wanting to prove itself.

6.3 Philosophical and religious movements

6.3.1 Confucianism | 孔子学说，儒家学说，儒教

Confucianism is one of the oldest and tremendously influential philosophical movements of China history, developed from the teachings of the Chinese philosopher Confucius. The basic teachings of Confucianism stress the importance of education for moral development of the individual so that the state can be governed by moral virtue rather than by the use of coercive laws.⁴⁷ In short she contains of the following characteristics⁴⁸: One's identity is derived by one's place in the group. Hierarchy and rituals order society. Respect is very important, always prevent loss of face. Sympathy: help each other in times of distress. And very important: self-control, one should always keep his emotions in control.

Five relationships determine Confucianism. These are all relations between:

- | | |
|-----------------------------|----------------------------------------------------|
| ↔ Monarch and his nationals | (wisely ruling vs. loyalty) |
| ↔ Husband and his wife | (leading vs. following) |
| ↔ Parent and its child | (setting the right example vs. regard and respect) |
| ↔ Elder and adolescent | (wisdom – respect) |
| ↔ Friend and friend | (mutual trust) |

6.3.2 Communism | 共产主义

Communism is a socioeconomic structure and political ideology that promotes the establishment of a classless, stateless and oppression-free society based on common ownership and control of the means of production and

⁴⁷ Source: Wikipedia, search word 'Confucianism'

⁴⁸ Source: www.geledraak.nl

property in general.⁴⁹ Karl Marx posited that communism would be the final stage in human society and that the capitalistic system should be discharged, which would be achieved through a proletarian revolution. After this revolution, proletarians should form a democratic government. Goal of this submission is the rearrangement of incomes and hereby the birth of a classless society. The state will lose its political character and be abolished. It becomes nothing more than an administration of the economy. This movement is also known as *the extinguishing of the state*.

According to the Chinese Communist Party/CCP, People's Republic of China finds itself in the first stage of socialism. However, it wants to stimulate a capitalistic industrialization to increase both the economy and the average welfare, to ultimately pass into a communistic society, step-by-step.

6.3.3 Pragmatism | 实用主义

Pragmatism is a belief that considers immediate practical consequences rather than theory or dogma. The doctrine believes that there are no objective standards for truth, and therefore states that matters should be evaluated on their practical applicability, whether things have practical use or not. Pragmatism's founders were Charles Peirce and his representatives.



De Chinese gemoedsrust heb ik altijd met een mengeling van bewondering en afkeer aangezien. Zeker oude mensen hebben een oneindig groot vermogen het leven te accepteren zoals het komt, niets te eisen en toch een zo groot mogelijk gevoel van welbevinden voor zichzelf te scheppen. Niet door de omstandigheden te veranderen, maar door zich aan te passen aan wat zij als onveranderlijk ervaren."

GARRIE VAN PINXTEREN IN "CHINA: CENTRUM VAN DE WERELD"

A free translation of the citation to the left: *'I've always looked at the Chinese serenity with mixed feelings: both admiration and reluctance. Especially older Chinese have a substantial capability to accept life the way it comes, to demand nothing and at the same time creating a feeling of consent to the biggest of their ability. They don't do this by changing the circumstances but by adapting their selves to these circumstances.'*

For example: a Chinese is willing to move to another continent with his family still living in China, if he has to – for instance if he is not able to find a job in his home country but anyhow has to aid his family financially. A Chinese will do anything, cross all borders, for his family without feeling lonely or depressed: in his heart he is with his family and he does what is best for his family.

This pragmatism is admirable and can be illustrated by another true example: China chooses a fast growth in order to effect a growth of the economy and to prevent a civil war – which is likely to arise when people continue to work under bad labor conditions (long working hours, minimal salaries, unsafe circumstances and no dignity, respect or self-development whatsoever) and a stabilizing or collapsing economy (realizing less employment and probably even worse labor conditions) – on the costs off, among others, the environment. This growth is stimulated by the government, which provides loans to extending companies in order to create more employment and export. As a result of this government-stimulation the country has to cope with an enormous overproduction of products, which then are exported to countries such as Africa.

The example illustrates pragmatism by government-decisions and shows how pragmatism can be effective (China currently being one of the fastest and largest growing economies), but also how pragmatism can lead to a vicious circle.

6.3.4 Taoism | (中国的) 道家的学说；道教

Taoism is a religious movement. "Tao" means "road, path". The central theme of Taoism is comprehensive universal law of nature, to which every human being should adapt. Nature in the wider sense is driven by interaction of the cosmic forces Yin and Yang. Taoism states that all is in perfect harmony. Not statically harmony, but one that is in continuous movement, into a continuously changing balance. All has its contraries, nothing can exist without these contraries and there is the right time for everything. In its most fundamental form, Taoism is a way of life and work, accepting and appreciating all that is happening, and learning from it.

⁴⁹ Source: Wikipedia, search word 'Communism'

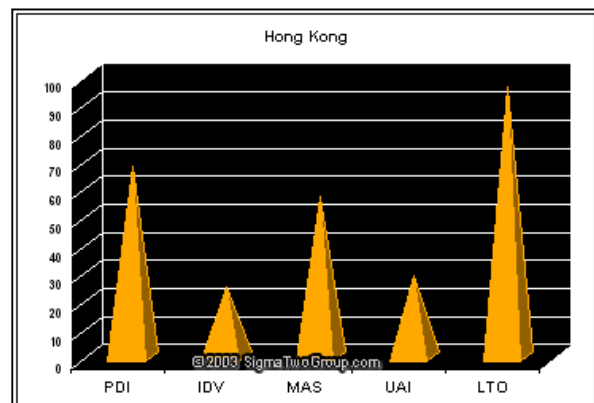
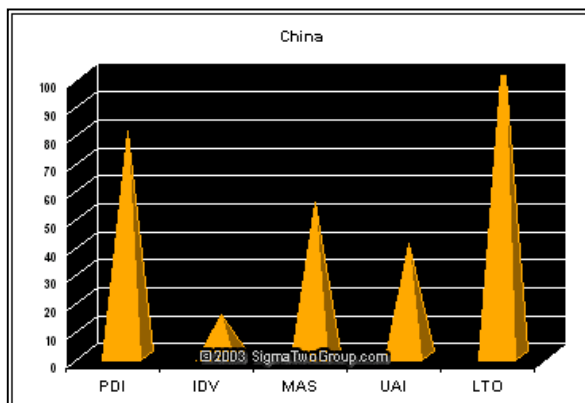
6.3.5 The Art of War | 孙子兵法

Students in China are educated from the book *The Art of War*, written by war strategist Sunzi (ca. 544 – 496). Business- and sportsmen use the book to this day, which is well called ‘the book of deception’ because the strategies take the view of who is best in deceiving one another. Though in China deceiving is much less negative interpreted: for the Chinese ‘deceiving’ is something as ‘cleverness’ is to us. Some lessons from Sunzi’s strategy game plan:

- I. Move not unless you see an advantage; use not your troops unless there is something to be gained; fight not unless the position is critical
- II. If it is to your advantage, make a forward move; if not, stay where you are
- III. Cleverness has never been seen associated with long delays. While speed may sometimes be injudicious, tardiness can never be anything but foolish
- IV. He will win whose army is animated by the same spirit throughout all its ranks
- V. He will win who, prepared himself, waits to take the enemy unprepared.
- VI. All warfare is based on deception
- VII. When able to attack, we must seem unable; when using our forces, we must seem inactive; when we are near, we must make the enemy believe we are far away; when far away, we must make him believe we are near
- VIII. A clever general avoids an army when its spirit is keen, but attacks it when it is sluggish and inclined to return. This is the art of studying moods
- IX. Rapidity is the essence of war

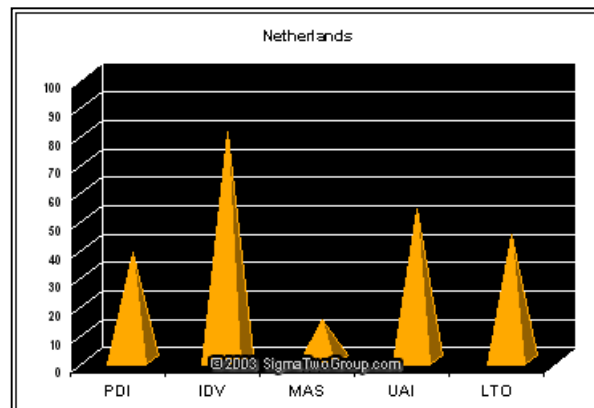
6.4 Geert Hofstede’s Cultural Dimensions

This paragraph describes Geert Hofstede’s *Cultural Dimensions*⁵⁰, compares Hong Kong’s dimensions to those of China and the Netherlands, and analyzes what Geert Hofstede’s determinations mean for the Ego notebook. The *Cultural Dimensions* confirm some of the previously described:



6.4.1 Explanation of the horizontal axis

Power Distance Index (PDI) that is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others'.



⁵⁰ Source: www.geert-hofstede.com

Individualism (IDV) on the one side versus its opposite, collectivism, that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) that continue protecting them in exchange for unquestioning loyalty. The word 'collectivism' in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

Masculinity (MAS) versus its opposite, femininity, refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The IBM studies revealed that (a) women's values differ less among societies than men's values; (b) men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values.

Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and on the philosophical and religious level by a belief in absolute Truth; 'there can only be one Truth and we have it'. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions.

Long-Term Orientation (LTO) versus short-term orientation: this fifth dimension was found in a study among students in 23 countries around the world, using a questionnaire designed by Chinese scholars. It can be said to deal with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's 'face'. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, the most influential Chinese philosopher who lived around 500 B.C.; however, the dimension also applies to countries without a Confucian heritage.

6.4.2 Analysis

Hong Kong's Geert Hofstede analysis has **Long-term Orientation** (LTO) as the highest-ranking (96) factor, which accounts for all Far East Asian cultures. This dimension indicates a societies' time perspective and an attitude of persevering; that is, overcoming obstacles with time, if not with will and strength. The long-term orientation and the often-associated value "thrift" are unsuitable to the Ego notebook, the product being expensive and not durable.

Of note is Hong Kong's relatively low **Uncertainty Avoidance** (UAI) dimension ranking of only 29, compared to an average of 63 for the Far East Asian countries. The low Uncertainty Avoidance ranking indicates a society that not only tolerates uncertainty and a freedom of opinions, but also uses this strength, in the case of Hong Kong, to be a place where many varying cultures and ideas can come together.⁵¹ This is advantageous for the Ego notebook.

With a score of 25 Hong Kong has a higher **Individualism** (IDV) ranking than China, and second highest for Far East Asian countries. This may be attributed, in part, the long term British rule of Hong Kong and the influence of European culture. At a score of 80, individualism is the Netherlands' highest dimension. Hong Kong's

⁵¹ http://www.geert-hofstede.com/hofstede_hong_kong.shtml

Individualism ranking indicates a high level of emphasis on a Collectivist society as compared to one of Individualism. Compared to China's ranking, Hong Kong's ranking is relatively high, which confirms Ego's USP "convertible skins and personalization possibilities", however not in the same degree as in Europe.

Hong Kong's **Power Distance** (PDI) score is 68 compared to the other Far East Asian countries average of 60. This is indicative of inequality of power and wealth within the society. This condition is not necessarily subverted upon the population, but rather accepted by the society as their cultural heritage. This high score is unsuitable for the Ego notebook, having a target audience mainly existing of young women – the "following" minority according to Confucius.

China and Hong Kong's **Masculinity** (MAS) scores (around 50) are significant higher than the Netherlands' (below 10). The Ego notebook being a female-oriented product, this is not advantageous.

6.4.3 Conclusion





When analyzing Hong Kong's and China's Cultural Dimensions as set by Geert Hofstede, and comparing them to the Netherlands' dimensions, it becomes clear that several aspects (LTO, IDV, PDI, MAS) do not fit Ego's values and features (female-oriented, not durable, expensive, outstanding and differentiated). The values are stable integrated in the brand's DNA; therefore it is impossible and foolish to change them. However, it is possible and advised to stress specific features more or less in the communication towards Chinese and Hong Kong people.

Appendix no. 7 – Qualitative research

The qualitative research exists of face-to-face interviews and digital surveys. The face-to-face interviews were held among three employees of Ego Lifestyle, and were meant to collect necessary data on the problem Ego Lifestyle is dealing with. The digital survey was held under 10 current or former residents of Hong Kong, active in or associated with the luxury industry.

7.1 Interviews

Face-to-face interviews were held with three employees of Ego Lifestyle, who are most knowledgeable on the subject, that is Peter van Gils (Sales Director), Jasper Holleboom (Sales) and Jos Hens (Director Production & Services). The leading questions I asked these three people, in random sequence, are:

-  Why are sales results failing to materialize?
-  What is Ego Lifestyle's core problem?
-  What is important to bear in mind for my assignment?
-  What is important to bear in mind when entering China?

Please find summaries of the interviews below. Because the interviews were held in Dutch, the summaries are also in Dutch.

7.1.2 Interview Peter van Gils

Dates: December 2nd 2008 / May 15th 2009

“De Ego moet gepositioneerd worden in een fashionomgeving, hoewel dit in Boekarest nog geen succes oplevert. De Ego moet verkocht worden in “concept stores” zoals Colette in Parijs, of in “personal shopping areas” zoals nu in Harrods, Londen. Zelfs bij juweliers, alleen is het product daar nu nog niet klaar voor. Een samenwerking met Bang&Olufsen zou goed zijn, hun klanten kunnen dan vervolgens door ons benaderd worden. Waarom er geen doorverkoop is, kan ik niet zeggen. Voor jouw opdracht is het belangrijk om te kijken naar praktische zaken als invoerrechten, dollar/euro oriëntatie, percentage BTW, de taal en importvergunningen. Kijk ook naar Vertu, als zij 9 verkooppunten kunnen hebben in Moskou moeten wij dat toch ook kunnen? Binnenkort hebben wij een gesprek met Lane Crawford (warenhuis in Hong Kong), volgens mij een echte A+ locatie. Op dit moment worden resellers geselecteerd op hun locatie (land, plaats, en waar in het centrum), het volume dat ze afnemen, de ondersteuning die zij bieden aan marketing, in hoeverre zij bereid zijn daarvoor te betalen, hun interne organisatie (stellen zij een brandmanager aan ja of nee) en natuurlijk hoe de winkel eruit ziet: wat voor pand is het, welke producten en merken worden er nog meer verkocht, en straalt de winkel uit wat de Ego uitstraalt. We werken nu met een distributieovereenkomst met onze partner in Rusland (Vesta Alpha, waar de Ego notebook sinds september 2008 verkocht wordt), dat wil zeggen dat Vesta Alpha de Ego notebook voor ons op de markt in Rusland, of eigenlijk Moskou, zet. Dit gebeurt voor het grootste deel op hun rekening en risico. Wat zij hier voor terugkrijgen is exclusiviteit. Tevens verzorgt Vesta Alpha het transport verzorgt omdat dit, al dan niet illegaal, vele malen goedkoper gebeurt dan wanneer wij dit verzorgen. Volgens mij heet dit “grijs import”. Wat Vesta Alpha tot nu toe gedaan heeft aan ondersteuning? Ze heeft haar winkel ingericht conform de Ego-uitstraling, advertenties geplaatst in magazines, billboards geplaatst langs de weg, twee evenementen verzorgd en een brand manager aangesteld. Vanwege bekende redenen (de financiële problemen) hebben wij deze partner nog niet tegemoet kunnen komen in marketing of andere ondersteuning, dit gaat op korte termijn zeker problemen opleveren. Aan de andere kant kan gezegd worden dat hun ondersteuning nog geen direct resultaat heeft opgeleverd – dus misschien is het nog niet eens zo gek dat wij er geen geld in hebben gestoken.

De fouten die wij, of ik, gemaakt hebben zijn dat we het onszelf onnodig moeilijk hebben gemaakt (door een veel te grote diversiteit aan skins aan te bieden) en door teveel naar volume te kijken. Ook ontbrak een strakke tijdplanning, waardoor de Ego pas in september 2008 in de winkel lag terwijl de onderhandelingen al maanden

daarvoor begonnen. In Rusland is de Ego overigens zo'n 20 % duurder dan hier in Europa, dit komt door de hoge invoerrechten. Deze zijn ook in China aanwezig, het product zal daar ook 20 – 25 % duurder moeten zijn. Ook dit is iets wat problemen kan opleveren: gezien het reisgedrag van onze doelgroep bestaat de kans dat zij het product vroeger of later tegenkomen in Europa tegen een aanzienlijk lagere prijs.

Het probleem waar de huidige verkooppunten op dit moment (mei 2009) mee kampen, is dat er te weinig traffic is. Consumenten komen speciaal voor een bepaald product naar de exclusieve winkels en lopen niet zomaar binnen. Dit maakt de verkoop erg moeilijk, tevens heeft een deel van het verkopend personeel moeite met, of een angst voor, het verkopen van een technisch product."

7.1.3 Interview Jos Hens

Date: December 4th 2008

"Eltan is onze systeem integrator voor de hard- en software. Van Berlo is de vormgever van de Ego. Zij gaan een esthetische update doen, de verwachting en doelstelling is om het nieuwe model in mei 2009 te produceren. Ik denk dat hier (een deel van) het probleem van de verkoop ligt, het product heeft nog veel aanpassingen nodig. Het grootste probleem waar Ego Lifestyle mee kampt is: efficiency. Dit zou dan ook in mijn ogen de rode draad in jouw afstudeeropdracht moeten zijn. In het meest ideale geval ontstaat er een concreet plan, een checklist waarin staat wie de doelgroep is, hoe je erachter komt wie de doelgroep is en hoe je ze benadert. Tevens is er een checklist met hierin benodigheden voor events en verkooppunten, denk hierbij aan zaken als kosten, mankracht, een tijdschema en dergelijke. Op dit moment handelt het bedrijf te reactief. Een voorbeeld: men was bezig met een evenement dat over 5 maanden plaats zou vinden. Toen er een evenement tussendoor kwam ging daar alle aandacht naartoe, werd het eerste evenement verplaatst en "vergeten". Dit resulteerde in vaak een gebrekkige organisatie. Dit is slechts een voorbeeld, veel binnen het bedrijf gebeurt ad hoc en berust op het toeval, in plaats van dat dit gestructureerd gebeurt.

Idealiter ontstaat er uit jouw afstudeeropdracht een soort model waar je alle potentiële verkooppunten in kan gooien, waar vervolgens de beste uitkomen, je ze kunt vergelijken en kunt zien op welke punten en waarom de ene beter scoort dan de ander etc. Dit model moet idealiter op elk land en elke regio toepasbaar zijn, zowel nu als in de toekomst. Ook moet duidelijk zijn hoe Azië het best te benaderen is, hoe personeel en met name de shopeigenaren of managers te motiveren zijn om doorverkoop te realiseren. Gegeven is dat in twee van de verkooppunten in Dubai het personeel onbekend is met computers. Dit maakt het verkopend personeel onzeker of "bang", waardoor zij moeite hebben de laptop te verkopen. Ander gegeven: de voornaamste reden van consumenten om het product niet te kopen is de niet perfecte afwerking. Het product werkt goed met ambassadeurs."

7.1.4 Interview Jasper Holleboom

Date: December 4th, 2008

"Ego is begonnen in het middenhoog segment, met de *Ego 1* (eerste versie). Het plan was om de consumentenprijs rond de € 3.000,- te houden. Dit was februari 2007. Later is, heel ad hoc, besloten om hier € 4.000,- van te maken. Dit heeft men een jaar geprobeerd (met name in Nederland), het product werd verkocht in winkels als de Bijenkorf. Ego Lifestyle merkte snel dat dit niet genoeg marge voor bepaalde resellers opleverde, waardoor de Ego niet aan echt luxe zaken verkocht kon worden. De marge op computers ligt tussen de 6 en 8 %, een warenhuis als Selfridge's (Londen) eist een marge van 30 %. Het liep niet goed, de Ego werd niet verkocht, het bedrijf was "*stuck in the middle*". Toen is er gekozen om te richten op het allerhoogste segment, en de prijs werd wederom verhoogd. De uitblijvende doorverkoop ligt volgens mij aan het feit dat het een onbekend merk is, dat de prijs te hoog is en dat de specificaties inadequaat zijn. De fout die Ego Lifestyle heeft gemaakt is door er in het begin te makkelijk over te denken. Men verwachtte dat het product zichzelf wel zou verkopen.

Wat betreft jouw opdracht is het goed om te kijken naar hoe de markt in Azië betreed dient te worden, via distributeurs of niet, via welke “entry mode”. Ook zou je kunnen kijken naar zogenaamde “though- of netbooks”, of deze opkomende trend interessant is voor Ego ja of nee.”





7.2 Digital survey

7.2.1 The questionnaire




Name participant:
City of primary residence:
Function:

Before we start, I would like to introduce the Ego notebook to you. I would kindly like to ask you to visit the website ego-lifestyle.com and have a look at the products. At “Collections → Explore 360” the notebook can be viewed from different angles. At egoforbentley.com the current limited edition can be found. All Ego notebooks are handmade by skilled craftsmen, using the finest materials such as the highest quality leathers, fabrics, chrome and titanium. Please also see attached marketing materials.






Ego & you

-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
-  What keyboard option deserves your preference?
US keyboard / Chinese simplex keyboard / Chinese complex keyboard / no preference
-  If you would buy an Ego: what would your main reason for purchasing be?
-  If you would buy an Ego: would you consider technical specifications important?

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle’s home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?

Luxury & Hong Kong





-  Ego’s values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
-  How should Ego’s current promotional materials (see attached) be adapted to the Chinese market, according to you?
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
-  What magazines, department stores, or other would suit the Ego notebook best?
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?

Please find the ten filled-in surveys in the following sub paragraphs, randomly sequenced.




7.2.2 Survey no. 1

Name participant: **L. Mao**
City of primary residence: *Hong Kong*
Function: *Coordinator*






Ego & you

-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
It's very chic and modern.
-  What keyboard option deserves your preference?
*US keyboard / **Chinese simplex keyboard** / Chinese complex keyboard / no preference*
-  If you would buy an Ego: what would your main reason for purchasing be?
I would buy this special computer if I would have more than enough money.
-  If you would buy an Ego: would you consider technical specifications important?
Yes.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Too expensive.
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
It's surely attractive, however, to change computer itself maybe more important because the upgrades of computer technology are so fast.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
It could be a hit.





Luxury & Hong Kong

-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
Suitable: fashion, luxury, and user friendliness. Personalization may be not.
-  How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
Language.
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
Always the top European brands like Hermes.
-  What magazines, department stores, or other would suit the Ego notebook best?
Chic magazine for so called golden collars, luxury department store.
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
If it's a top brand, or if you do a good promotion, there are markets. Hong Kong people love brands.


7.2.3 Survey no. 2

Name participant: **Ronald de la Fuente**
City of primary residence: *Curacao*
Function: *CCO Elysians*

Ego & you

-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
Amazing styling, very high-end, very feminine.
-  What keyboard option deserves your preference?
***US keyboard** / Chinese simplex keyboard / Chinese complex keyboard / no preference*
-  If you would buy an Ego: what would your main reason for purchasing be?
Prove a point: I CAN
-  If you would buy an Ego: would you consider technical specifications important?
NOPE, for technical specs I would buy a pimped laptop off the rack.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Limited edition, styled products have extremely elastic prices. People pay for the feeling not just for the intrinsic product.

👤 How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
Definitely think customizing is important in today's marketplace. See if you can find out the impact of HELLO KITTY in Asia.

👤 How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
Could be interesting however my feeling is that 'designed by designers' has more value in this high-end market then 'express yourself'.

Luxury & Hong Kong

👤 Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?

1) luxury, fashion, high quality

2) limited edition, international

👤 How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?

Use Chinese language and Chinese rolemodels/ambassadors in combination with international vide for credibility.

👤 What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?

I have to check.

👤 What magazines, department stores, or other would suit the Ego notebook best?

Lane Crawford, Landmark.

👤 What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?

The real rich are still reaaaally rich in Asia!

7.2.4 Survey no. 3

Name participant: **Huan Tang**
City of primary residence: *Hong Kong*
Function: *Materials planner*

Ego & you

👤 What is or was your very first impression when you saw, or heard of, the Ego notebook?
I never heard of it before, it looks very funny to me. I think it's more for the fashion workers (people working in the fashion industry).

👤 What keyboard option deserves your preference?

*US keyboard / Chinese simplex keyboard / Chinese complex keyboard / **no preference***

👤 If you would buy an Ego: what would your main reason for purchasing be?

Because it's fashionable.

👤 If you would buy an Ego: would you consider technical specifications important?

Yes, and I think that's very important as well. At least the technical specifications should be the same as other well-known brands.

Ego & Hong Kong

👤 How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?

Way too much...

👤 How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?

To be honest I'm not sure about Hong Kong. But in Mainland China, I think, a lot of young people would like to change the skins.

👤 How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?

No I don't think people who work with laptops are caring so much of the machine they are working with.

Luxury & Hong Kong

👤 Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?


I think fashion, and high quality is a must. The others are nice to have.

👤 How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?


The price is key I think.

👤 What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?

Hermes, Louis Vuitton.

 What magazines, department stores, or other would suit the Ego notebook best?

Fashion magazines like Vogue or Elle.

 What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?

Don't notice any difference in attitudes.


7.2.5 Survey no. 4

Name participant: **Patricio de la Fuente**


City of primary residence: *Hong Kong*

Function: *Owner Links Concept Hong Kong*


Ego & you

 What is or was your very first impression when you saw, or heard of, the Ego notebook?


Looks stylish.

 What keyboard option deserves your preference?

In HK you need traditional Chinese and in China simplified Chinese + English.


 If you would buy an Ego: what would your main reason for purchasing be?

I don't think I would buy it, to fashionable for me.


 If you would buy an Ego: would you consider technical specifications important?

Computers are for work not for fashion, I need the best possible computer available with the best specifications.


Ego & Hong Kong

 How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?

Way too expensive, would never consider buying it, especially since I buy a new laptop every year.


 How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?

A computer like this is for rich fashionable ladies, and these people don't use computers, they only shop, they don't work so don't need a computer.


 How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?

Again I don't think so, people here know what the prices of computers are and they will firstly buy a good brand with the best specifications, it's like buying a car, would you spend a million dollars on a very fashionable car that no one has ever heard of?

Luxury & Hong Kong

 Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?


BRANDS, it's all about brands here. LV, Gucci, Prada etc when brands are fashionable in Europe and the US than it will become fashionable here.

 How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?


Not sure.

 What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?

Louis Vuitton, Gucci, Prada, Ferrari, Aston Martin Krug, Crystal Champagne, Rolls Royce, top end luxury.

 What magazines, department stores, or other would suit the Ego notebook best?

Lane Crawford department store.

 What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?

Rich are always rich and are always spending money.

7.2.6 Survey no. 5

Name participant: **Jimmy K.W. Chan**


City of primary residence: *Hong Kong*

Function: *Chairman/CEO – Semeiotics, Inc.*


Ego & you

 What is or was your very first impression when you saw, or heard of, the Ego notebook?


My first impression on the Ego Notebook is that the form factor bothers me. The fact that it is not in a rectangular shape, it is not practical, in my opinion for travel. What does interest me is the handcrafted factor.

 What keyboard option deserves your preference?

US keyboard / Chinese simplex keyboard / Chinese complex keyboard / no preference


 If you would buy an Ego: what would your main reason for purchasing be?

At this stage, I only use Mac OS for my work. As for the question to if I were to purchase this laptop, it will be a gift to someone, and most likely be a female friend due to the luxurious material used.


 If you would buy an Ego: would you consider technical specifications important?

Technical specifications, for me, are far more important than the material used for a laptop, but also the balance between specifications and the size and the weight.


Ego & Hong Kong

 How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?

It is, to my opinion, way too expensive. Generally speaking, the top of the line 15" MacBook Pro with all the software I need to purchase, will be far cheaper.


 How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?

I think if someone is to purchase this laptop, the option for changing the skin would be important.


 How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?

Personally speaking, I believe it is far more important to impose the available options you have for their customization. However, I think if you take the Anya Hindmarch bag for example (www.anyahindmarch.com), there is definitely a market if you can let the buyers to custom made their own covers.


Luxury & Hong Kong

 Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?


Unfortunately, as much as I claim Hong Kong to be my primary residence, I spend only approximately 1/3 of my time in a year here. But from a user point of view, the price compare to its specifications, it is definitely a down side of the product. Your market share will not be hitting the critical mass that you will need. Value added – it is best to look at Vertu (<http://www.vertu.com>). They have been trying to hit the luxury technology market for a while. I am not sure how well they are performing. They have been setting up retail store and also been selling customer service (worldwide concierge service with the purchase).

 How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?

I believe Hong Kong is a great start for any product to be introduced to the Mainland Chinese market. The city can be a great place to launch a product. The most important factor, in my opinion, is to be seen. Billboards and advertising in magazines are important. Also, the celebrity factor is also important.


 What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?

I believe both Anya Hindmarch and Vertu are great examples. I cannot say Vertu is booming, but definitely comparable. I believe Anya Hindmarch's success has much to do with the customizable factor of their tote bag. However, it is not the best comparison with your product since there's no scalability issue with a bag – unlike a laptop – where technology change circle is now down to 9 months.

 What magazines, department stores, or other would suit the Ego notebook best?

In HK, I believe the idea for magazine is go with everything, from newspaper to all the magazines. However, I would start with all the usual fashion magazines, it is far easier to attract the early adaptors who would purchase out of "fashionability" instead of "functionality".

Department stores would have been the same – the best places in HK will be Lane Crawford, Joyce, or Harvey Nichols.

 What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?

With the current financial atmosphere, I believe branding is key. The quantity of purchase has definitely dropped. However, if one can market the product to be the "one to have", I believe it will be easier.


7.2.7 Survey no. 6


Name participant: **Vanessa Oris**

City of primary residence: **Paris**


Function: **Owner modeling agency**


Ego & you

 What is or was your very first impression when you saw, or heard of, the Ego notebook?
"Wow".




 What keyboard option deserves your preference?

US keyboard / Chinese simplex keyboard / Chinese complex keyboard / no preference






 If you would buy an Ego: what would your main reason for purchasing be?

- Because it's something really unique I can bring along to business appointments.*
-  If you would buy an Ego: would you consider technical specifications important?
Technical specifications mean little to me, as long as I know they're OK.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Expensive... Would consider buying at € 4.000
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
Personally, I love the idea. It makes the product more valuable to me since I can carry a new bag/laptop with me every day, so I don't get bored. I believe it suits the market in HK.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
Nice but not necessary for me, convertible skins are enough. I believe the really rich ladies might like it.





Luxury & Hong Kong

-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
I haven't heard of the Ego before... I believe it is important to be well-known and well-seen brand in HK.
-  How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
Maybe the use of Chinese language... and the product should be more "in the picture".
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
Louis Vuitton.
-  What magazines, department stores, or other would suit the Ego notebook best?
Definitely Lane Crawford.
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
Of course there's a difference but I don't think this reaches the most high-end markets.




7.2.8 Survey no. 7

Name participant: **Jun Yu**
 City of primary residence: **Shanghai**
 Function: **CEO**


Ego & you





-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
Freshing.
-  What keyboard option deserves your preference?
*US keyboard / **Chinese simplex keyboard** / Chinese complex keyboard / no preference*
-  If you would buy an Ego: what would your main reason for purchasing be?
Individualization.
-  If you would buy an Ego: would you consider technical specifications important?
For sure!

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Double the price set as bottom line for all ranges.
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
Yes, it would be good if owners could change the skin, specific for women, treat as a bad, go with the fashion to fit with the cloths.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
Yes, it's a very good idea and would be wanted in HK.

Luxury & Hong Kong





-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
Maybe not the individualization. Hong Kong is not like Europe, there is main fashion trends, people follow each other...

-  How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
-
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
The mobile phone manufacture, Vertu, super expensive, their cheapest mobile easily costs half 100k rmb.
-  What magazines, department stores, or other would suit the Ego notebook best?
Department stores in Central
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
The rich will stay rich.




7.2.9 Survey no. 8

Name participant: **Lindsay Liu**
 City of primary residence: *Hong Kong*
 Function: *Designer*






Ego & you

-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
How come I don't have one?!
-  What keyboard option deserves your preference?
*US keyboard / **Chinese simplex keyboard** / Chinese complex keyboard / no preference*
-  If you would buy an Ego: what would your main reason for purchasing be?
As a designer I'm obviously into fashion.
-  If you would buy an Ego: would you consider technical specifications important?
They need to be sufficient. And I prefer Apple, to be honest.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
A lot of money!
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
The city has a rich diversity, so yes.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
See the answer above.



Luxury & Hong Kong



-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
Celebs! Here celebrities determine a brand's value.
-  How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
Again see above.
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
Anya Hindmarch, Gucci.
-  What magazines, department stores, or other would suit the Ego notebook best?
Fashion magazines (Prestige), luxurious dept. stores (LC)
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
Positive attitude I guess, at least for me 😊 credit crunch will certainly make business harder for the luxury brands.

7.2.10 Survey no. 9




Name participant: **Yanlong**
 City of primary residence: *Beijing*
 Function: *Chief Commercial Officer*

Ego & you






-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
Exclusive, expensive (for rich females)
-  What keyboard option deserves your preference?
*US keyboard / Chinese simplex keyboard / Chinese complex keyboard / **no preference***

-  If you would buy an Ego: what would your main reason for purchasing be?
It's for people who care about design and being special.
-  If you would buy an Ego: would you consider technical specifications important?
For myself, yes very much.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Very expensive.
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
Maybe.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
Not really sure.





Luxury & Hong Kong

-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
Suitable: luxury, high quality, personalization
Not: user friendliness, individualization
-  How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
Chinese traditional elements.
-  What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
No idea.
-  What magazines, department stores, or other would suit the Ego notebook best?
CBD maybe.
-  What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
The attitude is "be normal".




7.2.11 Survey no. 10

Name participant: **Linping Lu**
 City of primary residence: *Hong Kong*
 Function: *chief commercial officer*


Ego & you

-  What is or was your very first impression when you saw, or heard of, the Ego notebook?
Stylish.
-  What keyboard option deserves your preference?
US keyboard / Chinese simplex keyboard / Chinese complex keyboard / no preference
-  If you would buy an Ego: what would your main reason for purchasing be?
It's fashionable.
-  If you would buy an Ego: would you consider technical specifications important?
Yes.

Ego & Hong Kong

-  How do you feel about the pricing of the product (a classic Ego starts at € 7,500 or approx. CNY 69,000)?
Too much.
-  How do you feel about the possibility to change the outside looks of the Ego, by changing its skin? Do you think that this option is suitable for the market in Hong Kong?
Nice, would attract me, not sure for Hong Kong.
-  How do you feel about the possibility to personalize your Ego to the max, by creating your own skin or having Ego Lifestyle's home designer create your unique and personal skin? Do you think that this option is suitable for the market in Hong Kong?
Not really needed, not for me and not for Hong Kong people I believe

Luxury & Hong Kong

-  Ego's values: luxury, fashion, high quality, personalization, user friendliness, and individualization. Which values suit the market and/or culture in Hong Kong, and which do not? Are there values that should be added?
Individualization may not be suitable. The others ore. As an extra value maybe the product being international? 'Coming from Europe' means a lot here.

- 🏠 How should Ego's current promotional materials (see attached) be adapted to the Chinese market, according to you?
More product pictures, Chinese text.
- 🏠 What comparable and competing luxury or fashion brands are booming in Hong Kong, and why?
Louis Vuitton and Gucci.
- 🏠 What magazines, department stores, or other would suit the Ego notebook best?
Lane Crawford.
- 🏠 What is the Hong Kong attitude towards high-end luxury market? Is there a notable difference now, in the current credit crunch?
Yes there is, people are spending less on luxury products.

Appendix. No 8 – Celebrity endorsement

8.1 Celebrity endorsement

The following five rules of celebrity endorsement, as set by Uch'e Okonkwo in *Luxury Fashion Branding*, provide an indication for selecting the accurate celebrity:

- I. Credibility**
Celebrity must have a high level of expertise and talent in his/her field. *Example: George Clooney, Nicole Kidman, Hilary Swank*
- II. Global appeal**
Celebrity must not only be known worldwide but must also be appreciated and liked by the majority of people in the consumer and fashion societies. *Example: Charlize Theron, Halle Berry*
- III. Personality**
Celebrity's personality must match the brand's personality. *Example: Nicole Kidman & Chanel*
- IV. Uniform power**
Celebrity must not overshadow the brand. Particularly important for new and upcoming luxury brands!
- V. Constancy**
Celebrity must have constancy and lasting appeal, meaning sustainability and the knack to maintain his/her image and career accordingly.⁵²

8.2 The 25 most powerful Chinese celebrities

According to Forbes, the 25 most powerful Chinese celebrities are the following:

1. **Yao Ming**

basketball phenomenon



2007 Income: 388 million yuan (\$56.6 million)
Houston Rockets center recovering from injury; aiming to play in Olympics.

2. **Liu Xiang**

hurdler



2007 Income: 163 million yuan (\$23.8 million)
Advertising income has increased dramatically for the speedy hurdler.

⁵² UCHÉ OKONKWO in *Luxury Fashion Branding*, Foreword by James Ogilvy, p. 160-161

3. **Jet Li**

moviestar



2007 Income: 240 million yuan (\$35 million)
Movie star is also cofounder of charity the One Foundation.

4. **Yi Jianlian**

athlete



2007 Income: 29 million yuan (\$4.2 million)
Signed with NBA's Milwaukee Bucks.

5. **Zhang Zhi**

actress



2007 Income: 55 million yuan (\$8 million)
Starring in Mei Lanfang and The Horsemen.

6. **Fan Bingbing**

actress



2007 Income: 19 million yuan (\$2.8 million)
Launched own studio; starred in Hong Kong films.

7. **Zhao Wei**

actress



2007 Income: 17 million yuan (\$2.5 million)
Starred in John Woo's Chibi.

8. **Zhou Xun**

actress



2007 Income: 25 million yuan (\$3.6 million)
Film star most recently appeared in Hua Pi.

9. **Li Bingbing**

actress



2007 Income: 20 million yuan (\$2.9 million)
Awarded the best actress Huabiao Award; popular cover girl.

10. **Zhao Benshan**

actor



2007 Income: 20 million yuan (\$2.9 million)
Self-directed and performed in Xiangsun Aiqing 2.

11. **Gong Li**

actress



2007 Income: 34 million yuan (\$5 million)
Dubbed role for movie Lan Mei; cast in Hollywood's Shanghai.

12. **Xu Jinglei**

actress



2007 Income: 14 million yuan (\$2 million)
Made editor-in-chief for e-magazine Kai La.

13. **Guo Degang**

actor



2007 Income: 15 million yuan (\$2.2 million)
Comic performer cast in two TV series and one movie, Luo Ye Gui Gen.

14. **Zhang Ghuoli**

actor



2007 Income: 31 million yuan (\$4.5 million)
Starred in TV show Zhong Guo Wang Shi.

15. **Zhang Liangying**

singer



2007 Income: 13 million yuan (\$1.9 million)
Two hit albums; holding benefits for earthquake victims.

16. **Huang Xiaoming**

actor



2007 Income: 12 million yuan (\$1.7 million)
Launched first album, Ming; attracted luxury brands.

17. **Ge You**

actor



2007 Income: 13 million yuan (\$1.9 million)
Will star in movie Aristocrats.

18. **Lin Dan**

badminton athlete



2007 Income: 12 million yuan (\$1.7 million)
Badminton star has deals with 10 advertisers.

19. **Sun Li**

actress



2007 Income: 15 million yuan (\$2.2 million)
Advertisers' favorite; movie Jin Shan expected to gain her global fame.

20. **Huang Shengyi**

actress



2007 Income: 10 million yuan (\$1.5 million)
Singer and dancer is exploring more TV work.

21. **Leon Lai**

actor



2007 Income: 11 million yuan (\$1.6 million)
Starred in Mei Lanfang and The Kingdom and the Beauty.

22. **Lang Lang**

pianist



2007 Income: 85 million yuan (\$12.4 million)
New album, *Beethoven*, will be released globally.

23. **Zhang Yimou**

director



2007 Income: 8 million yuan (\$1.2 million)
Designing the Olympic Games' opening and closing ceremonies.

24. **Chen Daoming**

actor



2007 Income: 18 million yuan (\$2.6 million)
Wo Xin Chang Dan show premiered on CCTV.

25. **Yu Dan**

writer



2007 Income: 11 million yuan (\$1.6 million)
Lecturing on Yuan Xu; popularizing classic literature.

8.3 Selection of celebrities

Suitable female Chinese celebrities (according to their power) would be: actresses Zhang Zhi (actress with the highest income, that is 55 million yuan or \$8 million a year), Fan Bingbing (launched own studio, starred in several Hong Kong films), Zhao Wei (starred in John Woo's *Chibi*), Zhou Xun (film star most recently appeared in *Hua Pi*), Li Bingbing (awarded best actress, popular cover girl), Gong Li (dubbed role for movie *Lan Mei*; cast in Hollywood's *Shanghai*), Xu Jinglei (made editor-in-chief for e-magazine *Kai La*), singer Zhang Liangying (two hit albums; holding benefits for earthquake victims), actresses Sun Li (advertisers' favorite; movie *Jin Shan* expected to gain her global fame) and Huang Shengyi (singer and dancer is exploring more TV work).

Appendix no 9 – Magazines and advertising agencies in Hong Kong

9.1 Magazines

Asian Tatlers, REVOLUTION, SPARKLE, COUTURE

Published by: Edipresse Hong Kong Ltd

Contact details:

6/F Guardian House

32 Oi Kwan Road

Wanchai

Hong Kong

Tel: 852 2547 7117

Fax: 852 2858 2671

Email: advertising@edipresse.com.hk

Website: <http://www.edipresse.com.hk>

Personnel:

Business Development Director - Jennifer Siu

PRESTIGE HONG KONG

Published by: 3cm Media Limited

Contact details:

11/F Lyndhurst Tower

1 Lyndhurst Terrace

Central

Hong Kong

Tel: 852 2526 2661

Fax: 852 2526 1606

Website: <http://www.prestigehk.com>

Personnel:

Publisher - Brian Chow

THE PEAK HONG KONG

Published by: MI Publishing (HK) Co Ltd

Contact details:

Room 1603, Eastern Harbour Centre

28 Hoi Chak Street

North Point

Hong Kong

Tel: 852 2156 0322

Fax: 852 2156 0323

Email: irene.chan@singtaonewscorp.com

Website: <http://www.thepeakmagazine.com>

Personnel:

Editor - Imran Johri

HARPER'S BAZAAR

Published by: SCMP Hearst Publications Ltd

Contact details:

15/F Somerset House, Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Tel: 852 2565 2565

Fax: 852 2891 0421

Editorial profile: Sophisticated, elegant and provocative, Harper's BAZAAR is a world-renowned brand of fine fashion and exquisite taste. The Hong Kong edition continues to showcase the finest and most distinctive world of fashion, beauty and lifestyle to readers.

With style, authority and insider insight, we cover what's new to what's next, from fashion, beauty, travel, home decor to fine dining and entertainments. Harper's BAZAAR represents an absolute authority in fashion, beauty and a modish lifestyle that is admired by others.

Frequency: Monthly

Language: Chinese

Full Page ad size (H x W): 300mm x 230mm

FPFC: HK\$43,000

Personnel:

General Manager & Publisher - Josephine Chan

Chief Editor - Xaven Mak

Director of Advertising - Cynthia Choy

Sales Director - Grace Ng

Sales Director - Eva Cheng

ELLE HONG KONG

Published by: Hachette Filipacchi Hong Kong Limited

Contact details:

Level 13, Core F

Cyberport 3

100 Cyberport Road

Hong Kong

Tel: 852 2567 8707 / 852 2535 1808

Fax: 852 2562 8502

Email: ellesales@hfm.com.hk, winniecheng@hfm.com.hk (for marketing)

Website: <http://www.ellehk.com>

Personnel:

Managing Director & Publisher - Do Do Yeung

MARIE CLAIRE (HK EDITION)

Published by: ZYC Holding No. 1 Ltd (A Subsidiary of South China Media)

Contact details:

3/F Wah Shing Centre

5 Fung Yip Street

Chai Wan

Hong Kong

Tel: 852 2963 0888 / 852 2963 0709

Fax: 852 2963 0513

Email: marieclaire@scmedia.com.hk

Website: <http://www.marieclaire.com.hk>

Personnel: Associate Publisher - Sandy Cher

9.2 Advertising agencies

Prime Solution Limited

Unit 03-04, 8/F, Tung Wai Commercial Bldg.,

109-111 Gloucester Rd., Wanchai, Hong Kong

Tel: 852 2525 9628

Fax: 852 2525 1823

Email: business@primesoln.com, info@primesoln.com

www.primesoln.com/eng

AD-4D Ltd

Room 511-512 Lippo Sun Plaza, 28 Canton Road Kowloon, Hong Kong

Tel: 852 3101 5078

Fax: 852 3101 5079

Email: sales@ad4d.com

Mindshare

36/F PCCW Tower Taikoo Place 979 King's Road Quarry Bay, Hong Kong

Tel: +852 2280 3280

Fax: +852 2280 3100

Contact: Melanie Lo, Managing Director

E-mail: Melanie.lo@mindshareworld.com

<http://www.mindshareworld.com/>

Base Creative Consultants

16/F Oriental Crystal Commercial Bldg, 46 Lyndhurst Terrace Central Hong Kong

Tel: 852 2530 8164

Fax: 852 2234 5110

Email: info@basecreate.com

www.basecreate.com

Creation Store Advertising (HK) Ltd

Room 1004 10/F Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong

Tel: 852 3110 3631

Fax: 852 3110 1220

info@creationstore.com.hk, email@creationstore.com.hk

www.creationstore.com.hk

Euro RSCG Partnership (HK) Ltd

32/F Two Chinachem Exch Square, 338 King's Road, North Point, Hong Kong

Tel: 852 2590 1800

Fax: 852 2516 5411

www.eurorscg.com.hk