

## Lessons and Enlightenment on the Business Failure of British M Department in Mainland China Market

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**Abstract:** In view of the problem of 10 loss-making international markets, including UK 60 homegrown stores and 53 international shops, which will be withdrawn from China by M Department Store, the paper analyzes the products, promotion, location, customer service, the M Department Store in the Chinese mainland market development strategy of the lessons learned and analyzed, get some of its marketing failure on foreign brand inspiration, research shows that the brand positioning and promotion strategy for the development of the brand has a great link.

### Introduction

British century-old --- the M Department Store is a world famous retailer group, is also highly successful retail chain company, which has even been the world known as "no factories manufacturers," deserved to be successful department store model. [1] When initially entered the Chinese mainland market, the M Department Store chose a different development route with the international brands, to give up the flowering results in the first-tier cities, to the second-tier cities. Although the retail market analysts said M Department Store in China for 7 years without profit, this does not mean that M Department Store is not in the brand localization efforts. Localization strategy refers to the multinational companies according to different countries, different regions of the market differences, flexible adjustment of business strategy, and strive to become a member of the target market in order to gain greater market share and development in the local space to make their own Of the competitive ability to be improved.[2] In order to save the huge potential market for consumption in mainland China, the M Department Store did not choose to quit, but to adjust the development of China's strategy, from various angles to meet the needs of consumers in mainland China. Just when the most consumers are confident about the future of M department store, it has chosen to completely withdraw from the Chinese mainland market, closing total of 10 shops including the Beijing World Trade day order shop. Through the internship experience in UK M department retail store, the writer studies the marketing strategy in Chinese mainland market, and analyzes the reason of its failure in the Chinese mainland market.

### The Experience and Lessons of the M Department Store's Failure

As a prestigious retail department store, the M Department Store has made remarkable achievements in the British domestic market, its market share is also walking in the forefront of the British domestic brands. However, since October 2008, after the opening of the British department store M's first flagship store in mainland China, its sales sank into a gloomy. Even in 2015, after the M Department Store launched the second market analysis and operation on the Chinese mainland market, there is slight increase in sales, but still cannot save a huge loss of the Chinese mainland market. The M

Department Store finally in the evening of 8 November 2016, announced it will close in the mainland China market 10 shops, retaining only the Tmall and Jingdong two major online platforms. The reason for the failure of M Department Store in the Chinese mainland market eight years is still worth of other brands to ponder, the lessons of experience is also worth companies to learn.

### **Brand Positioning Fuzzy**

The M department store in the United Kingdom is a department store, but at the time stationed in the international market, it give the positioning of the brand is fast fashion brand, but from the point of view of goods store, its update speed and extent of fashionable are not as H&M, ZARA and other fast fashion brand; from the point of view of shop display , whether from the window, shop display or model clothing display, are not favored by young consumer groups; from the point of view of commodity prices , products prices of the M department store is far higher than other Fashion brand, but the clothing quality of the M department store than C&A, GAP and other fast fashion brands have an advantage, so its prices have been high. For various reasons of synthesis, including the emphasis on product quality, but ignore the fads and fashions, as well as higher product pricing are to stop consumers at the front of the department store, the M department store has become the pronoun of "not on the level" in the heart of the Mainland Chinese consumers.

### **Product Positioning**

#### ***A Lack of Product Portfolio***

According to the author's practice and observation in retail outlets, the number of small size suitable for Asian populations is less than normal, many consumers often give up because the code is too large when determining to buy a piece of clothing, even worse is that even possible code to try are not, because only the big yards of clothing. And from the clothing label can be seen, localization of the M department store in China have still not done. 8 years in the Chinese mainland market, the apparel tagging is still 6, 8, 10, 12 such figures to express the code number 155,160,165,170, many customers in the fitting are taking the wrong size of clothes. The M department store has always been proud of its food product categories, but in China, its food sales is not obvious than other international markets. Any food is a shelf-life, shipped back from overseas to the food customs clearance for a long time, it is easy to reach the near the shelf life of food, only low-cost treatment.

#### ***The Lag of Product Design***

In 2008 the M department store just to enter the mainland China market, the shop faces a lot of problems, the first is the product to consumer groups. The M department store began to expect that the consumer group is 20-40 years of age having spending power, however, its clothing design is too conservative, not rich sense of design and fashion sense, the young consumer groups is difficult to accept such brand suitable foe old. Since C&A, ZARA and other "fast fashion" has swept the Chinese market, such as the M department store traditional clothing brand has gradually been marginalized. [3] While some clothing fabric of the M department store is relatively good, a lot of consumers have no concept for such problem how many times will a garment wash fold. [4] For such a status quo, the M department store did make adjustments to meet the preferences of domestic consumers, the M department store's executives hired local domestic procurement staff, but these procurement personnel are the English professional of strong English language ability instead of engaging in the relevant clothing industry staff.

#### ***Not Rationality of Product Pricing***

The M department store in the Chinese mainland market for 8 years, the consumer's sense for the brand image of the M department store is the high price. In the United Kingdom, the M department store reduces the supply price and sales price through the use of its own brand, but it is rarely the overwhelming advertising, thus saving a lot of costs, of course, increasing the falling space of goods price. Prices are low, but also to ensure quality, in the same excellent quality products, own-brand

products of the M department store is the lowest; in the case of the same price, product quality of the M department store's own brand is definitely the best.[5] However, in the Chinese mainland market, the M department store brand positioning is fast fashion brand, its product pricing is far higher than the price of British products due to tariffs and other issues and also much higher than H&M, ZARA fast fashion brand, for consumers, especially the young consumer groups, the chance to choose to buy the M department store clothing quickly reduced.

### **A Lack of Promotion Strategy**

The M department store when not to enter the mainland China market, rarely does product branding promotion and publicity, itself is a living sign. But the M department store ignores a real situation, its brand awareness in the UK is indeed a high voice, but for the Chinese mainland consumer groups, the M department store is a strange brand, its brand history, brand image and product quality are ignorant, perhaps only the foreigners living in China and the consumer living and working abroad have a strong sense of trust and satisfaction for the M department store. However, in the Chinese concept of, the brand awareness is more value, which largely dominated the Chinese consumers' consumption direction, when purchasing goods they more inclined to well-known brands of goods.

### ***The Lack of Advertising***

For the M department store advertising in the mainland Chinese market, not only consumers and even staff have rarely access to its advertising, advertising, television publicity, fashion magazines and so on almost haven't their presence. In the daily push of the brand at Wuhan Wanda Han Street store, compared to H&M, ZARA frequent occurrence of every few days, the number of M department appears indeed very small. Most fast fashion brands will adopt different ways of promoting to make Chinese consumers understand and accept the brand, for the M department store broth oligo-water promotion ways, its brand awareness can be imagined.

### ***The neglect of Advertising***

In the Chinese mainland market advertising of the M department store, whether offline or online, there is no local spokesperson or model, which is the point that the M department store in China for 8 years have not made adjustments, it, as always, use European and American models. Compared to H&M, UR and other fast fashion brands' overwhelming product promotion, the M department store becomes alien. Wuhan Wanda Han Street store, for example, adjacent to UNIQLO and GAP stores, posted the large poster with brand spokesmen in it in the shop window; ZARA posted the brand advertising not far from the subway station in the street, M Department Store in order to maintain their style of the British, eventually abruptly forced himself into a dead end.

### ***The Complex of the Promotion***

Before the strategy changed, M Department Store promotion strategy is extremely complex, many consumers will be mislead by it, diverse types of promotions lead consumer foggy, they often are not clear understanding promotional methods this consumption containing after the checkout payment. After the analysis and summary of the eight years marketing model in mainland China and customer satisfaction, the M department store has taken such a strategy on promotional products, first of all, in the season changing period, the M department store most popular promotional strategy is to reduce the price, Meanwhile accompanied items on sale "buy two get one free" activities. Secondly, after a series of new products, according to the sales of this batch of products and inventory levels, make the next stage promotional methods. Even if the M department store has been trying to adjust the strategy in mainland China's market, but for now, have no avail.

### ***The Low-Key Charity Activities***

The M department store is a century-old brand, for charity has also done a lot of contribution. In the United Kingdom, the M department store and Oxfam together organized "recycling old clothes" activities, the purpose is to convey the ecological concept of sustainable development. In China, the

M department store staff often go to nursing homes and orphanages to distribute some materials, and also to play with lonely elderly and children, letting them enjoy their grandchildren. However, for all these, the M department store do not propagate, but only inform within the staff, this is not the M department store propaganda strategy failure.

### **Terminal Shopping Atmosphere**

Customers' first value is high quality and low price of goods, which is the standards the M department store pursued. With the increasing demand for consumer services, many retailers began to use a higher level or more innovative services to attract consumers, but the M department store is a department store, compared to domestic brands one - on - one service, M retail stores can be described as self-service shopping. It is because the M department store self-service shopping model that many consumers feel that the service quality of department stores M is poor, satisfaction of consumer will not increase, the purchase rate will decline, and sales have been high.

### **The inappropriateness of the Location Selection Strategy**

The M department store closed five second stores in 2015, in the same year December, opened in Chaoyang District, Beijing World Trade Days shopping center, adjusted their location strategy, readying to enter the domestic first-tier cities. Even if the M department store began to locate in the first-tier cities and give up the site of the second-tier shops, but a temporary solution, the location is still close to H&M, ZARA and other fast fashion brands. Wuhan Wanda Han Street shop, for example, the right side of the three followed by, ZARA, H&M, C&A, opposite ONLY, VERO MODA, M Department Store made its placement in the fast fashion brand encirclement, for M department store such a clothing quality is high, but novelty and popularity of design are low degree of a brand, its sales can be imagined.

### **The Enlightenment of the M Department Store's Failure for Foreign Brand Localization**

Operation failure of M department store, has a certain inspiration for other brand to enter other countries market. If do not do the pre-planning well, even if the market prospects for development is very good, the brand's sales will not have great gains. Second, for different markets, different consumer groups, there are some differences in the development strategy of shops, if the same, it will have to analyze the link in which there is a problem, while dealing with the problem. Finally, the brand is very likely to use the brand's own advantages, this advantage is the winning place different from other brands.

### **The Detailed Market Research is Necessary**

Now, in the Chinese mainland market, large and small clothing brands are countless, with the increasingly rapid pace of economic globalization, foreign clothing brands have also entered the Chinese market with this boom, but in such a fierce market competition environment, the brand must be prepared to do the preparatory work to prevent the miscarriage of justice on strategic deployment. Market research refers to the individual or organization for a particular problem of marketing decision-making needs of the development and provision of information arising from the judgment, collection, recording, collation, analysis, study the basic situation of the market and its influencing factors, draw conclusions of the system, the purpose of the activities and processes.[6] Market environment can be described as ever-changing, brands and businesses want to get first-hand information, they must be down to the market investigation and analysis, including brand positioning, and its promotional strategies and consumer groups and other issues.

### **Clear Target Market**

After a series of market research, the brand should establish their own target market, the target market is the concept that the famous American economist McCarthy put forward, he believes that consumers should be regarded as a specific group, so-called goal market.[7] Brand can combine its

own internal conditions and external market environment, so as to determine their target market, and then according to the identified target market to target to make product marketing strategy, promotion strategy and so on.

### **To Strengthen the Cooperation with Local Companies and Participate in a Joint Venture**

In the United Kingdom, M Department Store has been called "the world's most successful retail department store", in a certain period of time, the success of the marketing model has been passed down, M Department Store expect that this marketing model can be a firm foothold in the local when stationed in other countries and markets. However, society is changing, the market is changing, consumers are changing, copying the Western model of marketing into other countries market is certainly a serious mistake. Foreign brands lack of understanding of local politics, culture, economy, market, in order to quickly capture market share, foreign brands need to localize the strategy, if necessary, need to have a practical cooperation with local businesses and businesses.

### **Effective Promotion Strategy**

"Advertising" stems from the Latin of the *advertere*, meaning for the attention, induction. Nowadays, advertising is defined as paid, non-human communication ways, and information, or an idea, of an organization, product, or service is disseminated by an identified contributor. [8] The ultimate purpose of advertising is to promote brand products, so that consumers have the desire to accept the purchase at the same time, in order to obtain greater market share, brand enterprises must take the appropriate advertising strategy. One of the factors of marketing failure of M Department is due to its overconfidence, they did not carry out appropriate advertising and promotional strategy, not promote the brand in the first time when coming into the Chinese market, not let consumers know and accept M department in the first time.

### **Conclusion**

M Department Store, into the Chinese mainland market for 8 years, has been called "negative materials" by the industry, but M Department Store has been adapting and catering to the Chinese mainland market from many angles, constantly advancing with the times. M Department Store's aim and purpose is to customers, what the M department store sales is not propagation and advertising, but the high-quality goods which consumers have the ability to buy. However, in this society--young consumer group as the main body and the international integration growing, M department store's changes can only be regarded as minimal. But the author believe that, the M Department Stores will be more durable and enduring to root in the apparel retail industry with excellent corporate culture connotation.

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