STIGA’s Integrated Multiple Selling Channels in China’s Table Tennis Market

Master Thesis

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Abstract

Rapid technological advancements and fast developing economy have completely changed Chinese people’s lifestyle. Based on internet technology, a new revolution is also renewing the conception in the business world today. When e-tailing and sports consumption have become fashionable life-styles in China in the beginning of the new century, the discussion for sports equipment multi-channel selling will follow the tendency of business development in China.

The purpose of this thesis is to discovery an appropriate model of integrated multiple selling channel system which integrates internet B2C channel and traditional channel for STIGA in China through our investigation. This thesis seeks to find out some common rules for doing multi-channel retailing in China through the analysis the case of STIGA in the niche market as China’s table tennis equipment market. In this research, authors focuses on the questions such as how to develop a customaries B2C selling channel and how to integrate the internet retailing channel with its traditional channel in China’s market.

The authors carry through the discussion starting from the literature review of multi-channel retailing (MCR), e-tailing and customer behavior theories etc. Based on these theories, the questionnaire investigating in the consumer buying habits and attitudes toward personalized services through internet channel and other channels are carried out. Then by the empirical study of the questionnaire results and information from interview, STIGA’s marketing performance and the tendency of on-line selling and services are evaluated for our research purpose—STIGA’s integrated multiple selling channels with appropriate multi-channel strategy.

Based on academic research and empirical study, the authors shape a model of multiple selling channel system which integrates the effectiveness of internet channel and the flexibility of traditional channels for STIGA. In the analysis the thesis, researchers also explain how the multiple selling channel system works and how it can cater to Chinese customers’ buying habit. Moreover, the steps of executing multi-channel strategy and other advice for supporting this strategy are suggested by
authors.

The results of this research are as follows: Multiple-channel selling based on internet B2C channel in China is positive for personalized service and DIY. And an appropriate multi-channel strategy can be a good solution linking up fault age between the pure traditional selling and pure on-line direct selling in China’s transformation from traditional business to e-business.
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1. Introduction

1.1. Research Background

The successful implementation of China’s open up policy enables China’s GDP to grow at the average rate of 8% every year. China has become an important consumer market in the world with its large population and increasing affluence of pockets. In addition, with China’s access to WTO, the government promises to remove some significant entry barriers, which means more potential business opportunities will be generated. As a result, more and more foreign investors pour into China’s market to search business opportunities. At the same time, with the increasing income of Chinese citizen, more and more Chinese pay attention to their health and amateur physical activities have been widely accepted as a new kind of consumption. Chinese sport market has become an attractive one for foreign company. Table tennis equipment market is an important part of Chinese sports market. Tennis table is considered as “Chinese national ball” by Chinese people. In 1955, Chinese player Rong Guotuan got china’s first world champion of table tennis. By 2005, Chinese table tennis national team had gotten 105 different items’ champion, including Olympic game, world championship and world cup. The position of table tennis in china could almost be seen as football in Europe and baseball in USA. (Wang Jisheng, 2004)

Nowadays, Table tennis has become an important choice for people who would like to do some sports in free time. According to the information provided by the Chinese national sports market research group, it is said that about 1.5 million teenagers have received professional training, and that more than 10 million people play table tennis at least once every week. Many senior table tennis players have special favours of the equipment containing the high-tech improvements. Hence, more and more people prefer the equipment with the feature of “Do It Yourself”. It is estimated that the share of table tennis has occupied about 1.2 billion RMB (Wang Dinghua, Wu Huanjun and Yuan Daren, 2002). (Exchange rate between US Dollar and RMB is fluctuated from 1:7.7-1:7.8 in first half of 2007)

The products we focus on are blade and rubber in this research:
- **Blade**, pure wood part of the racket, different high-tech materials compound products for different technique style players.
- **Rubber**, the covering of the racket, Consumptive product, the usage life-time always last three months

In the near future, table tennis equipment DIY can be considered as the main trend of China’s market, according to Wang Jisheng (2004) who is the most famous table tennis equipment expert in China, the table tennis equipments DIY services can be defined as following 3 means:

1*st*, consumers choose different blades with different rubbers whose assembled material is suitable for ones’ habit and techniques’ style instead of buying finished bats in the markets. The weight of blades and the rigidity of rubbers will be recommended by buyers.

2*nd*, consumers order a special color or label which designed by themselves, and another service which does not change the original figures provided by producers to satisfy individualized demand of consumers.

3*rd*, services include personalized designed blade and rubber for special individuals and amending original structure of blade which can cater to the needs of senior amateurish players and professional players.

**1.2. Problem Discussion**

Although the opening of China’s market are offering a lot of chances for foreign companies, especially in rousing sport equipments market, as later comer in the market, foreign companies have faced some challenges for fitting new market environment. Persisting tradition business model or localizing such as “to be or not” confuse most of the foreign enterprises. For instance, marketing channel choice between multi-channel selling, on-line selling or off-line can be considered as classic one.

Compared with local companies, foreign companies always underrate influence cause by the big geographical coverage of China’s market. Their market coverage usually
focuses on some big cities with the population more than 1 million. However, in the respect of sports equipment, there is an increase in the potential market in some middle-sized or small coastal cities. But the traditional selling model such as franchised shop can not cover these cities, because the cost for opening a bricks-and-mortar shop is too high. Additionally, different consuming conceptions between eastern and western China influence the validity of standardized service through pure internet channel.

Multi-channel retailing with internet channel can be suitable choice for dealing with complex market situation in China. In the most Chinese multi-channel selling model, internet channel often go with agency and traditional branch organization neglect the difference in consuming conceptions. By giving back the right for channel choice to consumers, multiple channels make is possible that different channels offer different levels of services For some strong brand international companies, multi-channel strategy is more valid than other companies in China’s market, The primary profit of Integrated Multi-channel Retailing(IMCR) are first manifested in China’s IT and Insurance market. For instance, as a branch of international insurance company, in the first half year of 2007, “Allianz China Life” developed rapidly and made an outstanding performance among all insurance joint ventures. Due to the successful development of multi-distribution model, the company’s revenue in the first half year exceeded 1.3 billion, an increase of 170% compared to last year. “Allianz China Life” was among top insurance joint ventures in China. The multi-channel selling model played an important role in the growth and development, including agency, banks, brokers, and direct one-line sales It has now over 1,200 bank outlets across the country and attained a turnover of more than 1 billion RMB, a No. 2 grade among the foreign insurers(Li Yuchuan, 2007). Additionally, world No.1 PC retailer Dell have replace pure directed selling model by internet added multi-channel selling model which Will be discussed in Chapter 5 have also get good effectiveness.

Based on the increase of Chinese people’s on-line purchasing, a lot of table tennis equipment retailers have tasted first success through the multi-channel selling which add C2C channel. Some experts think multiple selling channels model will change the
declining tendency of Chinese B2C developing in next few years (Shou Ji, 2006). Therefore, B2C channel added multi-channel can be a new version to get success in the niche market such as table tennis equipment market. STIGA go with its strong brand has entered into China. And the brand of STIGA has given a good impression to Chinese customers. Multi-channel strategy can be a good realistic choice for STIGA to extend its market coverage and keep its primary completive advantage in China’s table tennis equipment market.

1.3. Research Purpose and Value

1.3.1. Research Purpose and Research Questions

Purpose:
The purpose of this research is to discover an appropriate model of integrated multiple selling channels which integrate internet B2C channel and traditional channel for STIGA in China through our investigation and to find out an effective multi-channel marketing solution for retailing in China’s market through the case of STIGA. Base on this purpose, the study will be focused on B2C channel developing and multi-channel design which are most important elements in multi-channel strategy.

The research questions:

- How SITGA can shape a customized B2C selling channel in China’s market?
  Base on data analysis about the customers’ buying behaviors and attitudes to online purchasing for blade, rubbers and DIY services, researchers want to design an electronic selling channel with the features which fit customers buying behaviors and habits.

- How can STIGA integrate its traditional selling channel with electronic selling channel to shape a suitable multi-channel system?
  By the analysis of the habits of Chinese customers getting product information and what information will play an important role in their buying decisions. Researchers want to discuss how we can integrate internet B2C channel as a new resource with traditional selling channels to strengthen the existing advantage of STIGA.
1.3.2. Research Value

This thesis may be the first systemic research for the e-business in China’s table tennis equipment market. It will help STIGA realize the current market actuality and tendency of e-selling and e-service. It also will give some consulting advice for STIGA to shape suitable strategy in China’s table tennis equipment market.

In this dissertation, there are several values which can be seen as follows:
Firstly, it will give some useful suggestions for STIGA AB to develop its B2C channel in Chinese table tennis equipment market and shape integration figures with traditional selling channel. Based on data analysis about the customers’ buying behaviors and attitudes to online purchasing for blade, rubbers and DIY services, researchers want to design an electronic selling channel with the features which suits customers buying behaviors and habits.
Secondly, in this thesis, researchers’ discussions will be focused on some consulting suggestions for STIGA integrating internet B2C channel with traditional selling channels to strengthen the existing advantage in China’s table tennis equipment market.
Third, the study provides current situation of the Chinese table tennis equipment market, and this will help not only STIGA AB but also other companies clarify the developing tendency of e-business channels in Chinese table tennis market to consider China suited customized channels.
Fourth, since China entered the WTO, there have been more and more foreign entrants in the Chinese market. E-business is also a new tool for some traditional companies. STIGA’s case will give some information to some traditional companies which want to move their task to internet to show some Chinese special e-business characteristics.

1.4. Research Scope and Limitation

The research Scope has been defined as the high-end products for senior players in China’s table tennis market. And based on China’s market actuality and STIGA’s current market position, multiple selling channel system is also designed for these
players with high personalized demand

In general, the authors think there are two limitations in this study. One is the sample size and the other one is the lack of information from the formal case for same niche market and competitors.

The survey of this research was carried out in 3 cities, Dalian in the north part of China; Wenzhou in the southeast of China, and Guangzhou in the south of China. So, most of samples come from coastal city of eastern China, and data of other parts of China were not presented. Since China is a large country, the lifestyle and customer purchasing habit are quite different. So these reasons may influence the elements of B2C channels. For this point, the further research should choose some other cities from different parts of China, such as some west inland cities in China. However, we still believe the flexibility of internet channel can give one-to-one solution for some unique Case.

This thesis may be a first systemic article to research multi-channel retailing in table tennis equipment market. Although for niche market of table tennis, finding a systemic case study is also hard for researchers. it is inevitable that the research authors’ subjective judgments. Then, in this survey, the authors could not gather a lot of fresh information about the competitors. All interviews requirements were rejected.

1.5. Key Words

Multi-channel retailing, Multi-channel Strategy, E-tailing, Selling Channel, Customer Characteristics, Personalized Service, China’s Table Tennis Market

1.6. Organisation of The study

This dissertation consists of six chapters in total. Chapter one is the introduction. In this chapter, besides the reason of carrying out this study, purpose and research value will also be provided. In chapter two, the research method for this thesis will be listed. In chapter three, the context includes theoretical frameworks such as definition of e-business, selling-chain management, multi-channel marketing strategies, E-tailing, market segment, customer behaviors and customer relationship management, and
e-strategies for moving traditional business to internet. Chapter four is empirical study, primary data from questionnaire and interview will be integrated with second hand data. In chapter five, with researchers’ analysis, STIGA’s customerized B2C selling-channel and the integrated multiple selling channels system will be suggested by authors. In addition, it will also include a few suggestions about STIGA’s supply channel and electronic payment for supporting the electronic selling channel designed by authors. Chapter six is conclusion.
2. **Research Methodology**

In this chapter, authors will focus on the different methods and procedures used in this research work. According to Marshall and Rossman (1995), a methodology chapter serves to describe the research design and research method. General speaking, authors’ research procedures follow several stages as described below according to Hussey, J and Hussey, R (1997):

Stage 1: Identify the research purpose and topic.
Stage 2: Define the research problem.
Stage 3: Determine the paradigm of the research.
Stage 4: Collect research data.
Stage 5: Analyze and interpret the research data
Stage 6: State the findings and recommendations.

2.1. **The Research Paradigm Determination**

According to Hussey, J and Hussey, R (1997), the research paradigm can also be classified into quantitative and qualitative by approach. Qualitative approach is to understand the particular, the individual and the unique. In our study, designing an appropriate model of customaries multiple selling channels requires gaining the attitudinal and motivational factors from individuals with personalized demand. Because customers’ consume experience is very important in e-purchasing. Their feeling, interests and attitude can affect their purchasing behaviors. So in the most part of the research, the emphasis is on the qualitative questions concerning customers’ need and interest. The features of research will be reflected in the questions of questionnaire. (See the appendix A)

However, according to Denzin (1989), there is not any research method which is entirely quantitative or qualitative; using the both approaches can lead to “greater validity and reliability than a single methodology approach.” Besides qualitative research, the method as quantitative research is also included in author’s research work. Compared with qualitative research, quantitative approach is to ascertain general trends
in options, values and perceptions. It is appropriate when the researcher wants to answer questions of who, where, when and how (Robson, C, 2002). In this research work, authors also should answer the questions such as who is our target customer group, what are their needs, how can we develop internet channel to satisfy customers’ needs. So the data such as customers’ age, education background and the price of product they can accept will also be collected.

Generally speaking, qualitative research is rather subjective whereas quantitative research is relatively objective. In this research, both qualitative and quantitative method will be important for getting final conclusion because a flexible customerized selling channels can not only exactly position consumer’s needs with different physical parameters, but also follow individual’s e-purchasing behavior to give a one-to-one case solution.

2.2. Data Collection

We usually divide data into two types: primary and secondary data. In this research, due to lack of systemic secondary data for the niche market as table tennis equipment, authors need more data which are available to help answer the search questions, so combining the primary data with the secondary ones will be more complementary for data analysis. Although the primary is time costly, the data can provide more information about customers’ conception especially in this special niche market which was not paid so much attention to by other researchers before.

2.2.1. Primary Data

Primary data can be defined as the “data collected through original research pertaining to the particular research question asked.” And “the data needed by the researcher might not exist, or the existing data might be dated, inaccurate, incomplete, or unreliable” (Robson C, 2002). It is easy to understand the advantage and disadvantage for collecting primary data: the main advantage is that the data are directly collected toward the purposes of the research at hand. However, the disadvantage is that it will take a long time to collect the data. It also costs a lot and probably difficult to access the
right respondents, mentioned by Ghauri and Groundhog (2005). The survey methods such as questionnaire and interviews were utilized for primary data gathering in this research.

2.2.2. Secondary Data

According to Hussey, J and Hussey, R (1997), secondary data is “the data which already exists”; sources of secondary data include books, magazines, newspapers, company’s annual reports, journals, databases, the internet and so forth. The main advantage of secondary data is enormous saving money. However, there is a deadly disadvantage for secondary data—“these data are collected for another study with objectives and they may not completely suitable for ‘our’ problem”.

The secondary data of this research were collected by the authors from academic books, database, the internet and journals which are provided by the library of BTH. And some Chinese data were used in this research, such as the government reports and documents for sports market, some professional data concerning able tennis equipment and China’s table tennis market and Chinese citizen sport statistical report by National Bureau Statistics of China.

2.3. Hypotheses

Base on building theoretical framework concerning multi-channel retailing, e-tailing and some successful cases of multiple channels selling. In the end of theories frameworks (Chapter 3), we set up a series of hypotheses what we expect to test by finding questionnaire and interview in empirical study.

2.4. Questionnaire Design

Questionnaire investigation is the most important part in this research. Because in this research, authors want to get first hand data about consumers’ special needs for blade and rubber and the attitudes for purchasing on-line. These data have not been shown in any publication, but it is the pivotal information for STIGA B2C channel design and channels integration.

2.4.1. Sampling Choose

The types of sampling are always divided into probability and non-probability
sampling. In probability sampling, it is possible to specify the probability that any person will be included in the sample. Any sampling plan where it is not possible to do this is called ‘non-probability sampling’. Small-scale surveys commonly employ non-probability samples (Ghauri and Gronhaug, 2005).

The sampling choice will be positioned in groups of people who are interested in table tennis equipment. Based on this target, the sample groups have focused on the groups of youngster professional club team members and amateurish club members. As a small special niche market, the authors chose the non-probability samples since in the research, there is no need to make statistical inferences about the population beyond the sample surveyed. Furthermore, the questionnaires were tested in the two different groups.

2.4.2. The components of the design

The structure of questionnaire

This questionnaire investigation mainly contains three segments, including the background information of people, brand loyal and consuming preference, and attitude to purchasing on-line. Most of question are fully constructed with choice item, expect last one (See appendix A). In China, table tennis is a common sport. So players’ ages range from kids to orders. In addition, educational background and personal income may vary from people to people. Thus, the authors make the language of the questionnaire as simple as possible in order to make the people of different age or education groups to understand it without difficulty. The background of people such as age, education level and personal incoming are also provided as important parameter for marketing Re-subdivision.

Multiple choice questions

In second and third segment, authors provide some questions like multiple choice questions. There are two reasons to design multiple choices: on the one hand, consumers’ purchasing motivations are very complex, such as which features of product attract them and how they can accept on-line selling always reflects multivariate trend. On the other hand, as the classical marketing theories describe that “80% product are consumed by 20%”, real senior table tennis equipment fans have
different experience for different brands and on-line purchasing. Giving multiple choice can help us to get more data for channel developing for satisfying consumers’ need; the multiple choice item form one person are all counted into total number of statistic works as well.

2.4.3. Size of the Sample

The investigation has been done in 5 clubs in 3 cities (Dalian, Wenzhou, and Guangzhou) of China and http://www.pingpong.info/bbs/ (one of the most famous table tennis fan forum) on line. The capacity of the sample contains around 1000 individuals or registered users of BBS, and the available quantity is 751, with the reclaiming rate of 75.1%.

2.5. Interview

For doing real interaction between researchers and the respondents, authors choose interview as another communication tool. According to Robson (2002), interviewing as a research method typically involves you, as researcher, asking questions and, hopefully, receiving answers from the people you are interviewing. It is very widely used in social research and there are many different types. A commonly used typology distinguishes among structured, semi-structured and unstructured interviews. And interviews are often considered as best data collection methods. This can be done via mail, telephone or in person.

In this research, authors tried to contact STIGA AB Sweden for applying a face-to-face interview. But face-to-face interview and e-mail interview were rejected by STIGA AB Sweden. Fortunately, STIGA Chinese agency company—“STARLIKE Sports” accepted our interview and gave some data about market background. So researchers have to transfer to interview “STARLIKE Sports” by e-mail (See in appendix B). So in this research, authors choose the interview type as semi-structured interview which has predetermined questions, but the order can be modified based upon the interviewer’s perception of what seems most appropriate. Questions’ wording can be changed and explanations given, particular questions which seem inappropriate with a particular interviewee can be omitted, or additional ones included.
STARLIKE’s answers inspire some ideas for the authors’ channel design, and some useful information about company’s mass communication and advising were given during the interview.

2.6. Data Analysis

Based on the data result by questionnaire investigation, methods such as contrastive analysis, correlation analysis and factor analysis will be used to deal with the data. Especially, the data analysis of questionnaire which will test the series of hypotheses setting up before the survey will support the multiple selling channel design and recommendation of final analysis in Chapter 5.

2.7. Validity and Reliability

Validity is concerned with whether the findings are really about what they appear to be about (Robson, 2002). This study has a clear analytical stance and is largely designed like any homogeneous study. Obviously, the data collected in such a way is believed to be “the truth” at the time when respondents answered the questionnaires and the interview. Precisely speaking, a primary data was collected by using a well developed questionnaire as well as a semi-structured interview. Moreover, scientific analysis methods such like correlation analysis will be used for testing authors’ hypotheses setting up before empirical studies.

Reliability could be understood as “extents to which a measuring instrument contains variable errors, that is, errors that appear inconsistently from observation to observation during any one measurement attempt or what they vary each time a given unit is measured by the same instrument” (Frankfort-Nachmias, 1996). To minimize the errors appear in our empirical studies, the questions in our questionnaire and interview have been designed have been designed on the premise that the respondents should not have great difficulty understanding the questions and giving corresponding answers. Before questionnaire was distributed to respondents, a pilot test had been carried out to make those questions used in the final survey to be answered by a small group of sample population and free from bias. Reliability is also reflected in our scientific data analysis which will effectively support our channels design and
recommendation.
All in all, all the data for supporting our analysis is valid and reliable to arrive on those findings.
3. Theoretical Frameworks

3.1. Introduction

The purpose of this chapter is to put together what others have written about the similar topic that is addressed in this research work and bring our own ideas about what is found in current literature especially in relation to our topic. Fortunately, a lot of literature exists about multi-channel retailing based on internet electronic selling channel and multi-channel strategies. And the theories in this chapter also concern, e-tailing e-channel management and target market theories and customer relationship management.

Every theatrical part in this chapter has internal connection with authors’ research. When we discuss a good internet added multiple selling channel, internet channel can be considered as core channel in our multi-channel strategy. A customerized e-channel with right multi-channel strategies will help executor understand which role of e-channel plays in the different steps of multi-channel strategies. E-channel management including selling channel management and supply channel management theories can help the multiple selling channels designing for STIGA in China which would be answered in the analysis in Chapter 5. Target market, customer behavior and relationship management theories which help us position right customer with different demands can integrate flexible e-channel management tactics for supporting different consumers and can offer different personalized services from different channels in the integrated multiple selling channel system. Moreover, in the ending of this chapter, inspired by the successful multi-channel retail case and theories concerning e-tailing and multi-channel strategy, we set up a series of hypothesis which we expect to test in our empirical study.

3.2. Multi-channel Retailing

Multi-channel retailing is defined as a distribution strategy to serve customers using more than one selling channel or medium such as the Internet, televisions, and retail outlets (Stone, Hobbs and Khaleeli, 2002).

Multi-channel retailing offline started much earlier than internet. Although the
multi-channel retailer concept has been around for years, the recent assure to add an online presence has driven more and more retailers and cataloguers become multi-channel entities (Schoenbachler and Gordon, 2002). In other word, base on internet technology, B2C channel can be considered as new revolution for multi-channels model.

With the features as cost-saving and time-saving, online retailing has partly changed customers buying habits. According to Price Waterhouse Cooper (2000), about 80 percent of the customers who have recently shopped for apparel products online visited the websites operated by either a traditional retailer or catalogue retailer. However, it can not replace traditional bricks-and-mortar shop in the near future. Multi-channel retailing based on internet technique has been recommended as good options for adopting the benefits of every channel by some experts. Traditional retailers with multi-channel options can incorporate the reach, segmentation, and economic benefits of direct marketing and merchandising richness, personal interaction, and ambience of the retail store (Rauh and Shafton, 2001).

The UK Multi-channel Retailing research report claimed that the majority of retailers interviewed use four sales channels. The most popular is the webs, used by 93%, followed by stores (90%), then call centers (83%) and lastly catalogues (78%). Moreover, most retailers are focusing on the web as their main new sales channel and their answers to the questions posed reflect this. It is clear that adding internet as new channel have been accepted by both retailer and customers (Charteris, 2006).

Haydock (2000) refers to the abandonment of the single retail model in favor of the multi-channel approach as a customer-centric approach that allows companies to see how each consumer interacts with the business across its spectrum of product or service lines and across channels. A recent academic study of almost 4,000 customers of a computer hardware firm that allowed customers to purchase products through more than four different channels identified that revenue increased 14 times between those who shopped in one channel to those who shopped in four. Likewise, share of wallet increased form 20 to 72%, the likelihood of staying active as a customer increased form
11 to 67% and the lifetime value calculation increased 1300%. Multi-channel purchasing behavior also can signal a high degree of trust with the company and therefore shoppers who consistently exhibit this behavior are excellent targets for 'best' customer (Reinartz and Kumar 2003; Kumar and Venkatasen 2005; Kumar and Venkatasen 2004).

There are a number of important advantages to a retailer's undertaking a multi-channel approach to its overall business. These include enabling a retailer to select among multiple channels based on their unique strengths, opportunities to leverage assets, and opportunities for increased sales and profit-making opportunities through appealing to multi-channel consumers. The multi-channel marketers with a retail presence are more attractive to customers because they have the five features internet shoppers seek (Cyberatlas.Com, 2000):

(1) Trust that the site will keep personal information private;
(2) The site offers a secure environment to purchase products;
(3) The site is technically reliable;
(4) The content is current; and
(5) Products ordered are delivered in a timely fashion

3.2.1. From MCR to IMCR

Most retail businesses offer two or more sales channels-such as a retail store, a catalog and a web site-but few have integrated these channels to offer a truly seamless cross-channel shopping experience. Very often, these sales channels are virtually independent of one another, which severely limit the business intelligence that can be captured, analyzed and leveraged. Consumers are increasingly comfortable mixing stores, catalogs and the internet into their shopping experience (IBM, 2005).

Until internet coming, multi-channel retailing can not reach real cross-channel communication and services. Studies show that cross-channel consumers are among the most valuable. These are consumers who are comfortable moving from one sales channel to another, using the channel that works best for them at any given moment-whether that's a web site, a catalog or a retail store. r. In order to fuel the next level of growth, retailers must set aggressive new business goals to meet consumer
expectations and capitalize on the revenue opportunities that multi-channel retailing presents, Integrated multi-channel retailing (IMCR) solutions can help companies meet these goals by helping to create a consumer-centric organization—one that fosters customer loyalty, strengthens brands and improves business across all channels. Successful IMCR requires transformation from independent retail channels to fully integrated channels and touch points; it requires changes to technologies and infrastructure, refocusing and streamlining of processes and a shift in company culture and attitudes (IBM, 2005). The best practice for IMCR, we can review the case of REI.

3.2.2. IMCR in REI

REI, a World’s largest online retailer of outdoor gear, which is a conducting multi-channel marketing program, will aggressively promote their Web site in their stores and on all of their collateral materials. REI conducting multi-channel marketing have learned that one channel does not cannibalize another channel. Instead, the channels complement one another creating a large overall relationship with the customer. Companies like REI understand this and have embraced all components in an integrated fashion to drives sales and profits while building a successful long-term brand (Duffy, 2004). REI has 69 retail locations throughout the USA. They also have a catalog program that generates interest and sales from customers who have ordered from REI before, purchased from a store or requested a catalog online, REI uses all forms of online marketing in their mix. We have reviewed their use of search term marketing using Google Ad words and Overture. Between those two sources REI can generate a great deal of traffic and manage their budgets on a monthly basis. REI can track the effectiveness of certain keywords and advertisements and can adjust accordingly, ensuring that its marketing efforts are continually becoming more cost-effective. Millions of hiking, climbing, camping and paddling enthusiasts make REI their first stop whenever they head for the great outdoors. And as one of the leading recreation sporting goods stores, REI interacts with customers in several ways-through retail stores, an online store, a web based discount outlet, a call center and catalog sales (IBM, 2005).
By encouraging customers to place orders online, companies like REI reduce their operating costs. A multi-channel sales study by REI indicates that in a 24-month period, dual-channel shoppers spend 114 percent more per customer than single-channel shoppers, and tri-channel customers spend 48 percent more than dual-channel shoppers (IBM Case study, 2004).

REI's customers can now access the gift registry capabilities online or in the store. This resulted in a one percent increase in store sales, totaling more than US$8 million in the first year. REI also achieved 100 percent payback in six months for its in-store pickup service, one of the new web applications enabled on the Web Sphere Commerce platform. It allows internet shoppers to select items from a REI web site and have that merchandise shipped to a local store without a shipping charge. REI also improved customer satisfaction and loyalty and increased walletshare and customer lifetime value (IBM, 2005).

3.3. Multi-channel Strategy

Right purpose with appropriate strategy can be considered as one of the important factors for getting business success. However, what kind of multi-channel suit for what kind of market situation will be discussed in the following context.

Our business environment has entered into multi-channel age. Internet, mobile, conventional channels play different roles in marketing for different consumers. Thus, multi-channel strategy is based on marketing channels and multi channel marketing. In another word, multi-channel marketing is offering customers more than one way to buy something. For example, from a Web site as well as in retail stores. Multi-channel marketing also includes the use of partners, sometimes known as channels, who market directly to the customer as consultants, repackages, or retailers. For instance, “Eddie Bauer” is sometimes used as an example of a multi-channel marketer that offers "brick, click, and flip" - retail stores, Web site, and catalogs. Moreover, for some manufacturers with partner channels, marketing directly from a Web site sometimes raises the problem of how to preserve the partnerships which Web site sales may tend to
undercut. Approaches to solving his problem include using the Web site to refer customers to partners and limiting the quantities involved in any one direct sale (Researchcrm.com, 2007). Therefore, multi-channel strategy can be understood as a strategy for supporting multi-channel marketing plan.

The drawbacks to using the conventional channel include the relatively high-cost structure due to physical stores, cost of maintaining adequate work force, and limitations in opening hours (Saarinen, Timo, 2005). There is no doubtful internet channel comes with big advantages which improve the effectiveness in information exchanging, price negotiation and payment. However, as double-edged swords, when pure-internet channel business model brings the effectiveness of exchanging, at the same time, it loses the advantages which traditional channel has. In the conventional channel, in face-to-face contact, it is possible to modify the service flexibly.

Multi-channel strategy has been widely discussed, because people believe that the strategy can integrate the advantages from traditional business model and pure internet model. Consultants claim that multi-channel customers are more loyal and two to four times as profitable as single channel customers (OC&C, 2002). For retailers, advocates claim that, in addition to offering the customer more options, multi-channel marketing allows a business more opportunities to interact with customers- each channel can help promote the other channels. Since Web site and phone-in mail orders collect information about the customer that a retail sale may not, these channels make it possible to develop mailing lists for future promotions and branding campaigns. However, a lower service level combined with price reductions can lead to a higher perceived value (Gadde and Ford, 2000). For customers, too much time spent searching for information can be tedious, if users do not define their search criteria well enough to ferret out the essential information they need. Nevertheless, the final purchase is usually completed through a conventional channel. Because consumers believe that they can bargain better in traditional channels and that electronic channels offer inadequate tools for examining the physical quality of the goods they are purchasing (Saarinen, Timo, 2005).

The economic globalization can be seen as another reason for adopting multi-channel
strategy. In global competitive business world, it is more difficult than ever for a company to build a sustainable competitive advantage relying on single market channel. Multi-strategy does not appear to be some fleeting new marketing concept or fad. Rather, it is more likely to become a core marketing challenge for the foreseeable future simply because customers are demanding more channel options and technology has made multiple channel options possible and economically feasible (Verhoef and Donkers, 2005). But such a wide range of channel choice and combination potential means that businesses also face the challenge of formulating strategies to achieve an optimal channel mix while avoiding conflict among the different channels being used (Bert, 2004).

Based on support channel and core channel, the following except is from Doolin and McQueen (2003), in this research, the multi-channel strategies can be divided into 3 kinds:

- **Offline-dominated strategy.** In an offline-dominated strategy, the online channel plays a supporting role and is mainly used to increase allocation efficiency of the offline channel. Content of the Web site is often limited to (partial) information on in-store offerings and store locations and limited additional services such as after sales information.

- **Online-dominated strategy.** In online-dominated strategy, the offline channel is configured to guide customers to a corporate Web site or similar online offerings. Communication and promotion activities in the offline realm and possibly incentives such as lower prices or a wider range of products offered online aim to strengthen the online channel. Physical store infrastructure is used to extend the geographical reach of its online business.

- **Integration strategies.** Integration strategies view all channels as complementary components of a multi-channel system that aims to provide a high level of convenience to customers (e.g., through supporting channel hopping in and between transaction phases). This form of differentiation strategy might help to charge premium prices but also incurs extra costs. In contrast to strategies where one channel dominates, it can be expected that restrictions of
product or service offerings in one channel are due rather to technological restrictions than to strategic decisions favoring one specific channel.

How to shape your multi-channel strategy? The decision should be driven by two factors: First is the size and profit potential of emerging multi-channel segments in your customer base. The second factor affecting the pursuit of these benefits is the degree to which an industry requires multi-channel integration (McKinsey, 2000).

Strategic choices regarding the relative roles of and relationship between online and offline channels in multi-channel systems, with domination and integration as classification criteria, it is an extension and critique of existing frameworks, some of which offer complementary views on multi-channel strategies, while all take different perspectives (Steinfield et al. 2001). For management purposes, the framework of multi-channel strategies and the defined variables contained in the developed indices can be used in a heuristic manner, since they give an overview of the potentialities regarding strategic positioning of multi-channel activities and of various implementation options. In some cases, online and offline channels serve markets independently. Framework of multi-channel strategies focuses on the degree of integration and separation of brand, management, operations, and equity in multi-channel systems (Gulati and Garino, 2000).

Besides deciding which model is suitable for your companies and the market situation, executors should also understand the role of the company in the market before adding internet channel as a new channel to their multi-channel retailing system. The same strategy adopter is always divided into first mover and second mover in a niche market. Due to executing the internet added multi-channel selling early or late, the tactics should be a bit different between the first movers and later movers.

*First Mover Strategy*

First mover strategy implies that firms can gain a competitive advantage by being first movers with new ideas. An organization that is first on a market always be called first-mover. The first movers need to add resources at this point to build on initial advantages. Often, these resources will be additional technology to the site and keep it robust, such as internet. As first mover to move their traditional business to internet,
they will take advantage and eruption. Customers frequently respond to a familiar brand and when the branded store becomes a dot.com, it draws business from the Internet to start up. Existing companies have sometimes had the edge in marketing an Internet site to establish to their established costumer base (Henry C. Lucas, 2002). However, the advantage only appears in strong lock-in markets, not in weak lock-in markets. If a company moves to a new industry first but can not build a momentum strong lock the market. Conversely, late entrants are in better positions to learn more about demand by adopting a "wait-and-see" strategy and then enjoy superior performance, but the first mover pay to the hit of market and market exploitation for the following competitors (Stan Liebowitz, 2002). For the Internet is incorporated into the operations of all businesses, more companies will seek leverage advantages rather than sustainable advantages. So the first often means expensive or dangerous.

**Later Mover Strategy**

Later mover strategy means moving later to the internet. One way for a firm to catch up when moving is to forge alliance. The late arrival can add resources to its effort to catch up, which is easier and faster than trying to develop the same resources in-house. In addition, the alliance often does not require capital so that financing is not a constraint on the acquisition of resources and complementary assets (Henry C. Lucas, 2002).

Later movers always adopt some flexible tactics to offset the disadvantages caused by connatural competitive advantages of first mover. According to Henry C. Lucas (2002), if you can become the first mover, it may be possible to build up critical mass and sustain an advantage, at least for a few years. If not, the firm strategy can be shaped as a dynamic model as following steps:

1. Identify your initial resources.
2. If you have a sustained competitive advantage, what resources are responsible?
3. In the new digital economy, are any of your resources and assets a liability?
4. What new resources do you need to combine with exiting ones to provide an initial advantage?
5. Does yours business require a critical mass to succeed?
6. What is the likely interaction among your resources, and how can you take advantage of it?

7. What additional resource do you need as your initiative becomes more successful?

Successful multi-channel strategies will take some benefits not only for retailers but also for consumers:

- For sellers, multi-channel strategy provides unique cross-channel benefits. Implementing a successful multiple sales channel strategy offers impressive productivity opportunities. New selling channels such as “Multi-Channel Marketing, Making ‘Bricks and Clicks’ stick” are being adopted by many companies to increase their competitive advantage and improve selling productivity (Raymond et. al. 1991). Moreover, when a traditional firm completely changes its marketing channel, it always means that the firm gives up their sustainable advantage acquiring the traditional business. As a new source, whether internet can add a new motivate to market expansion always comes with a high risk. So, the combination of electronic channels and traditional channels is always considered as a good method to decrease the risks for moving to internet.

- For consumers, multi-channel offers more options for buying products and services beyond boundary of time and geography. Successful multi-channel investments will be providing distinctive value propositions to high-value customer segments while avoiding the “3E Trap” – unprofitably investing while trying to provide “Everything to Everyone Everywhere” (McKinsey, 2000).

However, it doesn’t mean any traditional channel integrated with electronic channels can get a good result in market. Providing access to multiple channels can be both an opportunity and a challenge for a company, as the roles of conventional and new channels are still emerging. Poorly integrated multiple-channels may engender in customer dissatisfaction with the firm's multi-channel strategy resulting in gin loss of customers to competitors. So it might be that it is not the number of channels but the channel mix and how well the mix is coordinated and integrated that determine how the customer base is affected by multi-channel strategy (Easingwood and Coelho, 2003).
3.4. **E-tailing**

E-tailing is the abbreviation of electronic retailing; it can be considered a B2C in Business. According to Stan Liebowitz (2002), at the height of the internet craze, the received wisdom is that internet retailing had advantages that are going to turn bricks-and-mortar Company into relics. Creation of new distribution channel creates opportunities for retailer. The internet represents the potential creation of greatest, most efficient distribution vehicle in the history of the planet.

3.4.1. **“Economics of Personalized”**

By e-channels, producers can collect first-hand data about consumer’s requirement. Based on double-way direct communications between producers and their users, some personalized demand can be satisfied by one-to-one case solution. With this character, e-tailing has always been considered as a part of Economic of personalization. According to Stan Liebowitz (2002), "Economic of personalization" means to customize products, service, content, communication etc. The special economic potential derives from the use of modern information technology concepts to realize personalization for masses of customer. The mass customization can be seen as the individualization of products. The key conception bases on the need of customers. The firms charge individually tailored price and explore the joint economics impact of individual pricing and mass customization. The ways to express (Stan Liebowitz, 2002):

1st, product differentiations. In the real world, even homogeneous products are differentiated by consumers. So for the sellers who are successful in creating such loyalty is able to raise their prices slightly above other unbranded competitors. So in this circumstance, retailers differentiate their products to charge price higher than unit cost for making positive profit. The more sellers differentiate their products, the higher their equilibrium rise.

2nd, prices. Personalization technology can be used to offer different prices to different consumers. Online retailer can change their prices to match what they expect the individual to willing to pay in real time.
3rd, the emergence of mass customization. E-commerce technology allows the possibility of mass customization since it provides a useful means by which consumers can view the range of alternative and prices on and off and communicate their choices. Precisely speaking, each unit of product can be sold at a different price when the firm can offer whole ranges of finely different products at same constant marginal costs without other fixed additional costs.

3.4.2. Characteristics of Products or Services Suit for E-tailing

As a new market channel, e-tailing provides a big selection and lower cost both for buying and selling. According to Stan Liebowitz (2002), the products and services can be easily moved to the Web since there is no disadvantage to being sold on internet. Less transportation costs, less misunderstanding, less examination, no instant gratification. The products and services which are suitable to use internet to sell have some characteristics as size and bulk relative to value, immediate gratification, and experience goods:

1st, products with size and bulk relative to value. For instance, Digitized Products mp3, CD on-line, and computer games are obviously most suitable candidates for transmission over the Internet. For this kind of products, all the exchange processes including shopping experience, purchasing, payment, and delivery can be finished on the Internet. Costs of storage and delivery will be reduced more compared to other exchange flat.

2nd, immediate gratification. Such as Information Services, which are also good options for using Internet in selling process, such as information transmittal consists of item (airline service, common traffic, traveling service), news retrieval, and classified advertising. Internet is able to allow information to be transmitted more rapidly and economically. Websites can offer some photos and flashes as additional information for traditional literal illuminations; so that misunderstandings between seller and buyer will be fewer than before. On the other hand, double ways communicating though internet is more effective than traditional tools. Many details about client can be used to recognize the demands from consumers, and they will lead to personalized services in the future.
3rd, experience goods, such as traditional books and CDs. This kind of goods, which needs less demonstration for consumers, can also be found in bricks-and-mortars stores. On the other hand, as books and CDs are of high value relatedness’ to their weight, they can be delivered to long distance. If internet selling can reduce cost higher than delivery fee, together with the reason of tax-free lasting, net-seller can offer experience goods cheaper than Bricks-and-mortars stores, some people will turn to internet shops because of lower cost.

3.4.3. Other Elements in E-tailing
There are some elements in the progress which can affect customers’ on-line buying behaviors. In this research, we picked the elements which directly influence customers’ choice for e-channel buying behaviors including internet advertising, virtual store-front, virtual communities and electronic payment.

Internet advertising
Internet advertising can be defined as delivering ads to internet users via Web sites, e-mail, ad-supported software and internet-enabled cell phones. It is also called an "ad network," Internet advertising organizations act as a middleman among the advertiser and the Web sites and software publishers that display the ads. They make a profit by selling the online campaign to the advertisers and paying the sites to distribute them. Such organizations may also provide software tools and/or ad servers that enable an organization to deliver the ads it generate it (http://www.pcmag.com).

Compared with traditional medium ads, with the advantages as flexibility, interactivity and target ability, internet advertising can focus on target market and deliver information about products and services from each other 24 hours everyday. According to Shaw and Garder (2000), the two-way communication capability and the information processing power of connected computers is the key to build interactive relationship with consumers and offer them personalized marketing messages. The key characteristics of the internet that aid in this process of relationship building are interactivity, multimedia interface, target ability global access, flexibility, and aggregation of related online services.
**Virtual communities**

A virtual community is an online community of internet users who use a web site to share their views on a specific area of interest. The members of virtual communities exchange freely their ideas, experience and other information related to the topics of interest discussed in the community. The usual modes of exchange are online discussion forums on specific topics, online chats and bulletin boards. In the discussion forums, the community organizer provides the topics for discussion and members comment on the topic or ask questions to be answered by other members (Shaw and Gardner, 2000).

Thus, members of the virtual community for cancer patients, for example, may discuss and exchange their feelings, and how they are coping with the tragic disease. Virtual communities leverage the capabilities of the network to connect people with each other and to fulfill their specific needs for communication, information, and entertainment (John III and Armstrong 1997). Virtual communities such as online forum and BBS (Bulletin Board System) have become very important channel for exchanging opinions about business ideas and daily life; Consumers are used to acquiring their interested information which they feel more reliable from virtual community.

**Electronic payment**

Payment is the last stage of order on-line. Compared with traditional payment ways, electronic payment has some different features from traditional ways. According to Humphrey et al (2001), electronic payment refers to cash and associated transactions implemented using electronic means. Typically, this involves the use of computer networks such as the internet and digital stored value systems. The system allows bills to be paid directly from bank accounts, without being present at the bank, and without the need of writing and mailing cheques.

The advantage of electronic payment is easy to be understood Pariwat and Hataiseere (2004) claimed, for the achievement of effective and efficient retail payment systems, the following considerations that shape the choice of payment method for consumers and businesses should be taken into account: the convenience, reliability and security of the payment method, the service quality, involving such features as the speed with
which payment are processed; the level and structure of fees charged by financial institutions; taste an demographic; and technological advances which have improve the speed, convenience an flexibility of different payment systems. (Central Banking, 2004) The successful operations of electronic payment have benefits have benefits that allow a firm to better control. Control the business cash flow and to manage the efficient payment. It makes payment processes more timely and accurate information to the accounts payable department. Potential benefits include reduced manpower and reduced spending on postage and stationery. Although pure electronic payment has some challenges, especially in some lower credit countries. However, when credit system comes to an appropriate level, a sustainable electronic payment system, which can match a customized e-business structure, is the trend of e-business developing.

3.5. E-channels Management

E-channel is the abbreviation of electronic channel, which has the function in the e-business world as similar as market channel in traditional business world. According to Ravi Kalakota and Marcia Robinson (2001), an e-channel is the chain of relationship between companies and customers and between companies and their partners/resellers. These chains, also called marketing channels, are interdependent organizations linked to deliver a product or a service to the marketplace.

E-business offers platforms to give people a dependent purchasing environment and favorable price by cutting the redundant progresses between customers and sellers. For cutting exchanging cost in the processes of selling, e-channel compression has become a trend of e-business development Ravi Kalakota (1997) claims that e-channels compression helps customers to help themselves directly. This “always-on” support not only increases the speed at which channels operate, thus enhancing customer satisfaction, but also drives down the cost of sales. In addition, using e-channels to process and manage orders directly over the Web enables companies to focus on helping channel partners devise.

Another trend of e-business is e-channel expansion, which provides a big advantage
when compared with traditional business. E-channel expansion lengthens the legacy channel. On the surface, it seems counterintuitive, but because of inefficiencies in the marketplace, this approach may be needed. In a number of markets, customers desire many disjointed or unrelated products and services. It is difficult to find information on each of these market components, especially from a single information source. The info diary steps into the existing market channel, thus lengthens the chain. Although they may never directly handle the product/service sought by the customer, they do so indirectly by providing access to it beside e-channel compression and expansion, other e-channel approaches have been utilized for extending marketing coverage and stratifying consumer’s personalized needs, such as transaction enhancement and e-channel innovation (Ravi Kalakota and Marcia Robinson, 2001). These e-channels developing will incarnate both in a firm’s selling-chain and supply chain.

3.5.1. Selling Chain Management

According to Ravi Kalakota and Marcia Robinson (2001), selling-chain management is an application framework that helps to sell better and more effectively across all channels by establishing linkages between previously disconnected sales functions within a company and the firm’s sales processes. Especially for some traditional companies who want to fix up their original business with internet. Selling-chain management is an integrated order acquisition strategy set in a multi-channel environment. In order to be successful in the new economy, sales activities must be managed as a cross-functional, interdepartmental process. The goals of a selling-chain management business strategy are:

- Make the ordering process easier for the customer.
- Add value for the customer. Companies must collaborate with the customer in order to identify the customer’s requirements, configure a solution to meet the customer’s needs, and then deliver the solution to the customer’s location.
- Make it easy to order customized products.
- Increase sales force effectiveness. Focus on improving salespeople’s strategic effectiveness by increasing sales volume, trimming sales-cycle times, or lowering costs per sale.
• Coordinate team selling.

However, it is always difficult to satisfy single selling channel demands from demands from different background consumers. The selling channel management should integrate multiple distribution channels, shorten product life cycles, and intensify competition. While more sophisticated customers make the salesperson’s life increasingly difficult. According to Stan Liebowitz (2002), customers are demanding solutions designed and configured to meet their specific needs. These sales challenges are made worse by difficulty with pricing, promotion, and commission management. Sales organizations are faced with simultaneously increasing value for the customer, improving operating efficiency, and reducing costs.

**Figure 1: cross-functional processes breaking down departure walls.**

(Refer to: Ravi Kalakota and Marcia Robinson, 2001)

Nowadays, many enterprises with extended selling channels have difficulties in responding to changing market conditions, owing to elongated pricing update cycles, ineffective pricing strategies, and poor price distribution to their channel partners.

Selling complex products requires effective pricing configuration support. Pricing is often determined by a company’s sales strategy. Pricing can vary because of a company’s use of tiered customer hierarchies, multiple distribution channels, various product lines, “affectivity” dates, and authorization ranges. Easy access to product information is an essential requirement in modern selling systems. The rapid growth of catalog sales in channels formerly dominated by retail chains can be attributed to the ease of finding product information (Seybold and Marshak, 1998). For example, a sales representative meets with a prospective customer. Despite being armed with volumes
of product information, the salesperson cannot answer the customer’s questions.

3.5.2. Supply Chain Management

Supply Chain Management (SCM) is the integration of these activities through improved supply chain relationships to achieve sustainable competitive advantage (Presutti, 2003). E-channel compression requires a new direct relationship between the firms and its suppliers. As firms become involved in strategic partnerships with their suppliers, a new set of supplier selection criteria comes into consideration, equally as important as or even more important than traditional criteria. This new set of criteria considers ‘soft’ factors that are difficult to quantify. It means only software for supply chain is not enough. As a set of progress, sellers must provide transaction management, real-time integration with legacy systems, and workflow support inventory management and cash flow. So that, integrating payment services into existing exchanges can also add significant value to participants and greatly simplify the purchasing process if adopted on a wide scale (Ellram, 1990).

With the e-channel expansion, consumers have not satisfied buying the right product with on-time distribution. Instead, higher quality all-round services and instantaneous on-line responds should be offered by companies to cater to the demands of customers, especially for consumers with DIY needs. According to Presutti (2003), more and more organizations are competing on the basis of product innovation, higher quality and faster response times all of which are usually delivered at the same time and must be at the lowest costs attainable. It is important to realize that these competitive dimensions can only be delivered if the supply chain is effectively managed.

SCM integration for two companies with crossed flied. It is common in e-business world. For instance, the SCM integration between Amazon.com and FedEx for distributing the book Harry Potter and Goblet of Fire, one of the most popular books in publishing history, illustrates the challenges behind e-commerce distribution (Vulkan. Nir, 2003).

3.6. Target Marketing

In the modern world, customers’ personalized requirements lead to the increase in the
cost of service for most companies. Organizations find it is hard to cover different numerous buyers, due to so widely scattered industrial market, and so many unique customer requires. So that, Different company’s focus on their abilities to serve different segments of the market. In e-business world, research engine can be a good tool for focusing on your segmentation and cutting service cost. Even more, for catering to customer’s demand, some niche markets have been segment into different target market or segmentations. Target marketing can better help sellers find their marketing opportunities. Sellers can develop the right product for each target market and adjust their price, distribution channels, and advertising to reach the target market efficiently. Instead of scattering their marketing efforts, they can focus on the buyers who have the greater purchase interest. Target marketing calls for three major steps: market segmentation, market targeting and market positioning (Kotler and Armstrong, 1993).

3.6.1. Market Segmentation
The company identifies different criteria to segment the market and develops profiles of the resulting market segments. Due to buyers’ unique needs and requirements, one-to-one service and self-service have become a trend of e-service. Different separate marketing program for different kinds of consumers will be designed when new demand comes (Kotler and Armstrong, 1993).

3.6.2. Market Targeting
Market targeting is evaluating each segment’s attractiveness and selecting one or more of the market segments to enter. After evaluating different segments, the company hopes to find one or more market segments worth entering. It must then decide which and how many segments to serve. This is the problem of target-market selection. A target market consists of a set of buyers who share common needs or characteristics that the company decides to serve (Kotler and Armstrong, 1993).

3.6.3. Market Positioning
According to Kotler (1999), positioning is the act of designing the company’s offering and image so that they occupy a meaningful and competitive position in the target customers’ minds. In essence, the position adopted is a statement about what the brand is, what it stands for and the values and beliefs that customers (hopefully) will come to
associate with the particular brand. Market positioning is setting the competitive positioning for the product and creating a detailed marketing mix. In e-business, Customized Positioning Companies’ products and service means that you should follow the customers’ habit in different segmentation. In e-business age, the traditional customer and product positioning should be developed to follow the habits of e-purchase. Some experts claim that: for market positioning, we believe the Label becoming old hat. They (we) suggest there will be an establishment of a new positioning the coming few years (McKenna, 1985). The purpose is to give products the greatest advantage in selecting target markets, and they design marketing mixes to create these planned positions

3.6.4. Market Repositioning
Repositioning is required if previous success is to be maintained. Technology is developing quickly, and consumers’ tastes evolve, both of which bring new offerings and substitute products to the market. This dynamic perspective of markets means that the relative positions occupied by offerings in the minds of consumers will be challenged and shifted on a frequent basis. There are occasions when offerings need to be repositioned in the minds of consumer/stakeholders (Chris Fill, 1999).

3.7. Consumer Behaviors and Customer Relationship Management
E-tailing was always entitled as “personalized economy”. Therefore, realizing consumer behavior and CRM theories are very useful for shaping a multiple selling channel system which adds internet to B2C channel.

3.7.1. Personal Characteristics and Consumer Behavior
The definition of the consumer markets is all the individuals and households who buy or acquire goods and services for personal consumption. Consumer buying behaviors mean the buying behavior of final consumers - individuals and households who buy goods and services for personal consumption (Kotler and Armstrong, 1993).
On-line personal purchasing behaviors focus more on personal characteristics than off-line. According to figure 2, some key elements affect consumer behaviors:

- **Culture**: Culture is the complex whole that includes knowledge, belief, art, law, morals, customs, and any other capability and habit acquired by humans as members of society (McCort, 1993). It is a comprehensive concept which includes almost everything that influences an individual’s thought process and behaviors. It not only influences our preferences but how we make decisions and even how we perceive the world around us (McDonald, 1994). Cultural factors exert the broadest and deepest influence on consumer behaviors, no matter purchasing online or off-line.

- **Family**: Family members have ability to influence the buyer’s behaviors. As far as we know, family is the most important consumer-buying organization in society; parents’ consuming conceptions is always reflected in children’s purchasing behavior, especially in oriental countries (Kate, 1992).

- **Roles and status**: Roles are patterns of behavior expected of people who occupy to the designated role within the group and the concepts of role and status define the customary patterns of group behavior. For one individual, a group might be considered primary. For another, the same group might be considered secondary (Michman et al. 2003).

- **Age and life-cycle stage**: People change the goods and services they buy over
their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans of reach stage (Kumar and Mittal, 2001).

- Economic situation: A person’s economic situation can affect product choice. Marketers of income-sensitive goods watch trends on personal income. Savings and interest’s rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and reprise their products closely (Kumar and Mittal, 2001).

- Motivation: According to Maslow (1970), a person tries to satisfy the most important need first. A person’s needs can be divided into biological and psychological demand, both kinds of needs become a motive for buying behavior at a right time. A motive is a need that is sufficiently pressing to direct person to seek Satisfaction. When that important need is satisfied, it will stop being a motivator and the person will then try to satisfy the next most important need.

- Beliefs and Attitudes: Beliefs and attitudes are closely linked to values. A belief is an organized pattern of knowledge than an individual holds as true about his or her world. A consumer may believe that Sony’s camcorder makes the best home videos, tolerates hard use, and is reasonably priced. These beliefs may be based on knowledge, faith, or hearsay. An attitude is a learned tendency to respond consistently toward a given object, such as a brand. Attitudes rest on an individual’s value system, which represents personal standards of good and bad, right and wrong, and so forth, therefore, attitudes tend to be more enduring and complex then beliefs (Lamb et al., 2006).

Thus, a company should usually try to fit its products into existing attitudes rather than try to change them (Harper, 1990). Rogers (1995) classifies consumers into five categories, according to the speed at which they adopt new technologies and services: innovators (2.5%), early adopters (13.5%), early and late majorities (34% and 34%, respectively), and laggards (16%). Innovators are eager to try out new ideas and are
more risk-tolerant. Early adopters, while not as adventurous as innovators, are significantly influential in the social system. The early majority is eager to adopt new innovations but does not lead in their adoption, and the late majority has a skeptical and cautious attitude toward an innovation but adopt it under economic or social pressure. Laggards have the most conservative values, and their decisions are based on past experiences. Internet had offered free information exchanging platform in the last 10 years. Although more and more information has been gained by consumers, decision making is no made any easier with the increase of information. With consumer’s unique personalized requirement increasing, different business models have come out for satisfying their needs, and on-line shop can be seen as one of effective customized ways.

There is too much information exposed to consumers who have to filter out from every piece of product-related message during their whole decision process, while the consumers have the limits of attention, that is to say, people always attend to a very small fraction of the marketing communications to which they are exposed and that is available in the marketplace (Kardes, 2002). For a start, sellers too can take advantage of reduced search costs to monitor each other’s pricing behavior and may even be able to maintain higher prices. But seller is also the second important difference between Internet and non-Internet shopping: the ability to know exactly who is surfing a site and to access their data in real-time (Vulkan.Nir, 2003). In other words, for buyer, e-channel is a new tool to follow consumer latest demand and leads the fashion of purchasing. For instance, search engines help to locate information quickly. Increasingly becoming sophisticated, they enable users to precisely describe what they are searching for. Customers’ search cost in purchasing will be rapidly reduced. Electronic commerce lets you build cost-effective, loyalty-enhancing relationship with you most profitable customers. When you make it easier for them to do business with you, “you lock them in” to a level of convenience and a set of habits that’s hard for competitors to beat. Productized network was in charge of business before 90s of 20th century. However, more and more enterprises have cognized that-- Revenue and profits come from customers not product. “Adding to
the problem, sales efforts seem to focus on identifying new customers—qualify leads—rather than delighting the existing customer base so that each will spend more and more on the organization’s products and service (Seybold and Marshak, 1998). One feature of e-business is personalization. Customized e-market is more emphasized personal experience of purchasing on-line. There is no doubt that consumer’s personal experience is a core component of successful e-business practice. Although Customized e-market can be considered a new business modality, the basic customer theories are indifferent with classic theories (Ravi Kalakota and Marcia Robinson, 2001).

3.7.2. Customer Relationship Management

Customer Relationship Management (CRM) is defined as an integrated sales, marketing, and service strategy that preclude lone showmanship and that depends on coordinated enterprise-wide actions. CRM software helps organizations better manage customer relationship by tracking customer interactions of all types.” In e-business, a good seller must focus on consumers’ purchasing experience and satisfaction (Ravi Kalakota and Marcia Robinson, 2001). Hamel (2000) claims that. Serving the customer includes fulfillment, support and customer relationship management (CRM). A firm must ask itself how it wants to deliver additional value to its customers and what support and service level it wants to provide. Fulfillment and support refer to the way the firm “goes to market” and how it actually “reaches” customers.

CRM has become increasingly important in e-business world in the current years. In e-purchasing processes, all customers know is that they want excellent service and want it now. The timely delivery of excellent service is customer relationship management (Seybold and Marshak, 1998). For these reasons, CRM has more visibility than ever before, moving from a sales productivity tool to a technology-enabled e-relationship strategy. Companies are racing to use technology to tie themselves more closely to their customers. At the same time, competitors are using technology to break this link. As a result, the market for CRM systems is expanding at more than 40 percent. The goals of the CRM business framework include (Ravi Kalakota and Marcia Robinson, 2001):

- Using existing relationships to grow revenue.
● Using integrated information for excellent service.
● Introducing consistent, replicable channel processes and procedures.

Putting CRM into practice requires developing a set of integrated applications to address all aspects of your front-office needs, including automating customer service, filed service, sales, and marketing. And With the customer data base, CRM comprises three phases: acquiring, enhancing, and retaining. Each phase supports increased intimacy and understanding between a company and its customers. Each impacts the customer relationship differently (Ernst and Yong, 1999). However, unlike traditional affiliate programs, store-building tools, or online auctions, personal e-commerce empowers users to leverage existing relationship and to sell a personal selection of brand-name products through their own individually branded online stores.

3.8. Hypotheses

Base on theories concerning multi-channels retailing and successful multiple selling cases, authors set up a series of hypotheses which we expect to test in our empirical study works:

● STIGA’s traditional selling channel and selling model have some intrinsic limitations in market coverage, because of China’s wide geographical coverage.
● A lot of Chinese consumers have positive attitude towards on-line blade and rubber purchasing.
● The on-line buying behaviors for blade or rubber have close relationship with consumer’s age and educational levels and personal incoming. Young players are more likely to become the target market of STIGA’s on-line selling and services
● Customer’s on-line buying behavior has been affected by existing on line models. But existing models have some bugs affecting customers’ channel choice.
● The brand awareness will help STIGA doing new business potential market such as on-line ordering and personalized design.
● Besides internet channel and traditional channel, it is possible that a potential
channel linking up traditional channel and internet channel in a multiple selling channels system exit in china’s market.

- For preparing on-line selling and DIY services, original STIGA’s homepage should do some changes to cater to Chinese consumers’ taste.
- The target market of internet selling and DIY can focus on senior amateurish players’ group and youngster professional group who have big demand for table tennis equipment.
4. Empirical Study

This Chapter includes market background of China’s table tennis equipment market, background of STIGA AB, and the questionnaire study obtained from China. The market ground of the China’s market and STIGA AB helped researchers for question design and customer investigation.

Aiming at creating a consumer-centric organization and strengthening brand awareness form one channel to all channels, IMCR requires obtaining the information as customers’ characteristics, attitudes to channels and brand loyalty clearly in the current market. Therefore, the questionnaire addresses the attitude to internet channel, brand loyalty, factors influencing channel choice which have been considered as important factors for IMCR plan.

In the end of this chapter, hypotheses will be tested by the finding of empirical study. It will support our recommendations and multiple selling-channel design in analysis in chapter 5.

4.1. Market background

4.1.1. Current Market situation

China has become a market with biggest table tennis consumption. Simultaneously, China’s table tennis equipment output has become number one in the world. There are 60 China’s national table tennis equipment producers having permission from International Table Tennis Federation (ITTF) The consumption capacity of China’s table tennis market is 1.2 billion every year (Liu Minghui, 2003). As individual income increases, more and more Chinese consumers choose top grade and famous brand equipment; while most of Chinese national products can not satisfy the need of customers, epically the blades and rubbers. Consumption of top grade of blades (upwards of 300 RMB and rubbers (upwards of 80 RMB) are increasing as 14% and 45% respectively (Liu Li, 2007). Especially in current years, sports equipment consumption has soared with personal income increasing. The trend of Chinese sports consumption keeps increasing, health consumptive percentage in family daily life
outcome have increased from 6.7% (2000) to 10.2% (2004), sports equipment consumptive percentage in family sports outcome has increased from 12% (2000) to 37% (Cai Jun, 2005)

4.1.2. Development of China’s Table Tennis Equipment

Based on the literatures that from Wang Jisheng (2004), Wei Qiuzhen (2004), Wang Dinghua et al. (2002) and Liu Li (2007), the authors divide the development of China’s table tennis equipment market into following 4 stages, according to the different market characters on different phases and the different market status between domestic equipment brands and foreign equipment brands.

**First stage: Before 1980s**

Since 1949, because of the influence of the Cold War, the foreign-branded products could not enter China’s market through legal ways under the traditional economic system. Under this circumstance, the domestic brands were the only choices for people. Owing to the comparatively low level of the average income, the market at that time was occupied by the products of low quality. In this period, most of Chinese blade market was taken by SHUNFENG, DOUBLE HAPPINESS and 729. At the same time, 729 and DOUBLE HAPPINESS covered most share of market (Wang Jisheng, 2004).

**Second stage: 1980-1994**

In the 1980’s, China entered the era of reform and opening. But the planning economy, which was characterized by the government’s macro controlling, still affected the enterprises, whose products could not meet the demands of the market. The consumers had more choices with the advent of the 1990s (Wang Dinghua et. al., 2002). There were more and more table tennis equipment, including the foreign famous brands, for example, Banda, Avalox, Tihbar and etc. These brands have become new choice item for Chinese customers. However, at that period, the common fans, compared with the professional Ping Pong players, could not afford these. Hence, the amateurs were more likely to buy the home-made products (Wang Jisheng, 2004).

**Third Stage: 1995-2000**

The 43rd World Table tennis match, held in Tianjin in 1995, not only created an historical real idol epoch for Chinese table tennis equipment market, but also became
the watershed for the development of the special equipment market of mainland Ping-Pong. For instance, three famous international brands such as Germanic DONIC, Swedish SITGA and Japanese YASAKA swarmed into China that year. The first group made up of STIGA, YASAKA and BUTTERFLY, which always posed itself as the First Brand of the World (Wei Qiuze, 2004). They not only bountifully sponsored the national team, but also signed up the contract with many prominent active Chinese players. BUTTERFLY’s stars strategy direct embodiment that the company name their products after the players who sign up with BUTTERFLY. Due to the improvement of average personal consumption ability and psychological tendency of amateurish to mimic the excellent athletes, foreign brands occupied most share of market of top grade equipment. Compared with the majority of homemade brands, which is still on the primary imititational stage in the aspects of products’ betterment and manufacture, foreign brands held the top in terms of blades and rubbers. Therefore, those foreign brands always featured by the words “high quality” or “high price” at that time (Wang Jisheng, 2004). At the end of 1990s, Chinese senior table tennis players almost chose STIGA’s product or other world famous foreign brands.

**Current Stage: From 2001 till now**

After the table tennis match of 2000 Sydney Olympic Games, International Table Tennis Federation (ITTF) started new ground of game rules revolution, that is, tp change original game points from 21 points very set to 11 point now for compressing game’s length and adding more chances. This round revolution also concerns equipment, and theses changes obviously have incarnated in the bulk of the ball. From 2002, the ball’s diameter changed into 40mm from 38mm in original. However, for table tennis equipment producer, 2mm’s changes went with 11 point have totally changed formerly situation of Chinese market. When players’ technology styles develop to more strength and faster speed, new equipment must be lighter and springier to keep up with the technique tendency (Wei Qiuze, 2004). As one of gainers for the round revolution, some Chinese national brands not only extended the share in middle-grade market, but also gained some share in up-grade market. Especially, Chinese brand DOUBLE HAPPINESS have got Chinese up-grade 5% share, and it
copies BUTTERFLY’s stars strategy model, signing-up top-layer in Chinese national team. These strategy models have acquired some good effect in brand building and market performance. In current market, Chinese brands such as DOUBLE HAPPINESS, YINHE and Sword have absolute dominance in low and middle grade market. In this intersected market, national brands have taken 70% share in blade and 80% share in rubber. In up-grade blade market, Domestic DOUBLE HAPPINESS, international brand such as Japanese BUTTERFLY, Swedish STIGA, Germanic TIHBAR, Swedish YASAKA, Germanic DONIC and Germanic JOOLA have taken about 90% share. However, for its unique design and technology, DOUBLE HAPPINESS has taken about 40% share of up-grade rubber market (Liu Li, 2007).

After coming through the calamity of net-economy between 2000 and 2001, Chinese companies enter into e-business age cannily. E-business in China is quite different from that in west market, whose on-line purchase is not taken by one or two big on-line retailers, but by large number of the same retailers. From 2003, Chinese company ALIBABA and international company E-Bay start to offer a C2C application and interface for some small retailers who always have small real shops. For Chinese market’s low credit, interface offer give an agreement with Chinese bank union, thus they have created Chinese special payment rules: customers buy some points from big interface offer such as ALIBABA, and the interface can use these points to balance with small retailer’s bank account (Liu Minghui, 2003). It means that customers pay the money to interface offered by company’s account for the product they want; after customers confirm that the product which follows the descriptions of the web arrive, they will let interface offer know and the exchanges enter into last processes; then interface offer will notice banks transfer the money into buyers’ account and the exchange end at the same time. These payment models like Letter of Credit in international trade use big company’s and bank’s credit to lead market credit.

In table tennis e-market, at first, a lot of small retailers with real shop selling blades, rubbers and other equipment on the internet. By internet; a lot of small retailers extend their geographic limitation and make some money. Later, some table tennis forum combined with local equipment agencies sell some blades and rubber to registered
members and exchange second-hand equipment, and payment should be done offline, but this model’s scope always has some limitations in local. However, forum’s BBS (Bulletin Board System) always gets some useful information feedback both for buyers and sellers. These two models go with an ineluctable problem: some retailers sell fake products which can not be found by consumer immediately after arriving.

In 2006, Chinese producer YINHE starts using BBS model, offering DIY service. Precisely speaking, in this model, customers can book their own blades and other equipment. For instance, you can book any weight, size, and figure; you are also allowed to stamp your own name and any unique trademark which can be imaged by yourself. However, by reasons of weak art and craft in production and well-known brand in up-grade market. B2C of YINHE can not be considered as main stream in the market. However, YINHE’s e-business experiment has gotten good effect in brand impression and income. By 2007, YINHE have gained share 40% in low and middle grade blade market, the number was 12% in 2005 (Liu Li, 2007).

4.2. Background of STIGA AB

As our interview has been rejected by Swedish STIGA AB, the background data about STIGA AB have been collected by official web site of Swedish STIGA and interview through STIGA’s Chinese market agency company- “STARLIKE Sports” (See appendix B).

4.2.1. STIGA AB

Sweden STIGA table tennis established in 1944, a global company with partners in over 100 countries, has been a world leader in the sport of table tennis for over 60 years. For more than half a century STIGA blades have been world renowned as the best. During this time, STIGA has continued to reinforce its position as the innovative leader in table tennis blade production. STIGA has done this by starting with the finest raw materials, maintaining the highest standard of quality, and by continuously investing in research and development of new blades and new manufacturing technologies. The company was a part of GGP Group from 2002. R & D can be seen as the core
competence of STIGA. In the current 30 years, STIGA has introduced many new blade technologies: WRB, CR, Oversize, 13 layer Carbo, TUBE, Crystal, Nano Composite Technology (www.stigatabletennis.com).

STIGA has opened a manufactory basement in China; all of STIGA products sold in China are made in China. However, the dealership and marketing extension in China have authorized to agency company STARLIKE. (Refer to interview question 2 in Appendix B)

4.2.2. Products Position and Main Competitors

STIGA’s products have been positioned up-grade of market for senior players. STIGA’s products made in China follow the quality standards of the products made in Sweden. For instance, from materials to a finished product, an eligible STIGA blade needs more than 100 facture procedures. STIGA Chinese factories also have a strict industrial standard to control the quality difference between the same kinds of products. For example, the precision of blades’ weights has reached to every gram. STIGA’s blade and rubber made in china always come out with most advanced material technologies as well as STIGA products sold in Europe. Because of its sustainable qualities and good performance, STIGA is one of biggest long-term supporter of Chinese table tennis national team which is acknowledged as world NO 1 in last 10 years. (Refer to interview question 1 in Appendix B)

The prices of STIGA products are higher than most of Chinese brands. STIGA sees Japanese BUTTERFLY, Japanese YASAKA and Germanic JOOLA as its main competitors in Chinese market. (Refer to interview question 5 in Appendix B)

4.2.3. Selling Channel and OEM

STIGA’s selling points are distributed on 116 cities over China mainland, but most of points are focused on the coastal cities with over 1 million population. Although STIGA claim that their selling channel is across whole china, in fact, their traditional selling channel can not cover a lot of Chinese cities, such as some middle-sized or small cities with high capability of consumption. (Refer to interview question 8 in Appendix B)

The main parts of STIGA’s products are made in China, in a small city of Guangdong
province. Every retailer has signed selling contract with the agency company, but the products from OEM factory are managed by a whole sellers which take charge of products consigning for every retailers. Traditional channels are from OEM to Whole seller to retailers to customers. The agency company only gives some recommended prices for guiding market prices; however, different retailers can decide their prices by Different ways of consumption in different places. (Refer interview question7 in Appendix B)

4.2.4. Customer relationship management

Besides products marketing, customer relationship management is another main work for STARLIKE. Their mass communication has done by magazine advisements such as the Ad on Ping pong World which is the only one professional table tennis magazine in China mainland, and some internet advertisement on some table tennis fans forums, such as http://www.fishtt.cn/. Moreover, the double-way communication between brand agency and retailer has been done in the Chinese sports equipment exhibit on Chengdu in last 3 years. For shaping a well-known brand in customers, “STIGA Cup” amateurish master circuit matches have been held in different cities. The frequency of this activity was 5 or 6 stations per year in the last three years. These activities have gotten good reflection by consumers and players. However, these matches have not been reported by big main media such as CCTV (China center TV) or other province TV stations. The effect of the double-way communicable activities is limited by geographical reason, for every activity only can get effect of commutation on one city. (Refer to interview question 9 in Appendix B)

4.3. Questionnaire

Most of samples have been collected from amateurish clubs 3 cities--Dalian, Wenzhou, and Guangzhou. Besides 206 samples from internet, the total numbers also include 50 samples from table tennis team of Guangzhou Physical Education College, a professional group.
See as Table 1: Calculation of samples' Location.

<table>
<thead>
<tr>
<th>Count</th>
<th>Internet</th>
<th>Guangzhou</th>
<th>Wenzhou</th>
<th>Dalian</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amateur</td>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>130</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>27.43%</td>
<td>23.97%</td>
<td>25.63%</td>
<td>21.97%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Based on different personal backgrounds, the sample can be divided into 6 age groups, 5 incoming groups and 4 educational levels. The profile of the respondents is shown in the following:

Table 2: Calculation of samples’ age, monthly incoming and education levels.

(Refer to question 1, 2, and 3 of appendix A)

<table>
<thead>
<tr>
<th>Age</th>
<th>Count</th>
<th>Percentage</th>
<th>Income</th>
<th>Count</th>
<th>Percentage</th>
<th>Education</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 15</td>
<td>43</td>
<td>5.77%</td>
<td>Below 1000</td>
<td>144</td>
<td>19.18%</td>
<td>Junior high school</td>
<td>178</td>
<td>23.66%</td>
</tr>
<tr>
<td>16-25</td>
<td>261</td>
<td>34.79%</td>
<td>1000-3000</td>
<td>320</td>
<td>42.55%</td>
<td>Senior high school</td>
<td>144</td>
<td>19.18%</td>
</tr>
<tr>
<td>26-35</td>
<td>187</td>
<td>24.86%</td>
<td>3001-5000</td>
<td>161</td>
<td>21.37%</td>
<td>College</td>
<td>398</td>
<td>52.98%</td>
</tr>
<tr>
<td>36-45</td>
<td>140</td>
<td>18.53%</td>
<td>5001-7000</td>
<td>69</td>
<td>9.25%</td>
<td>Master or Doctor</td>
<td>31</td>
<td>4.13%</td>
</tr>
<tr>
<td>46-60</td>
<td>81</td>
<td>10.74%</td>
<td>Over 7000</td>
<td>57</td>
<td>7.65%</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Over 60</td>
<td>39</td>
<td>5.18%</td>
<td>Total</td>
<td>751</td>
<td>100.00%</td>
<td>Total</td>
<td>751</td>
<td>100.00%</td>
</tr>
<tr>
<td>Total</td>
<td>751</td>
<td>100.00%</td>
<td>Total</td>
<td>751</td>
<td>100.00%</td>
<td>Total</td>
<td>751</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

4.3.1. STIGA’s Market Performance

From some official reports, STIGA’s position is always defined as market leader. However, when we decide to move traditional business to internet, we should realize which fist products shaped STIGA as leader and how about STIGA’s brand loyalty for customers. The researchers’ investigation shows that STIGA still share the leader position in Chinese blade market. As a multiple choice question, STIGA blade gets 296 votes; BUTTERFLY got 245 votes. The rest of shares have been taken by YASAKA (150), DOUBLE HAPPINESS abbreviated as DHS (83), JOOLA (74, YINHE (58), TSP (27), and others (169). (See as figure 3)

Figure 3: Share of blade market. (Refer to question7 of appendix A)
However, from the results of the researchers’ questionnaire, the situation in the Chinese rubber market is quite different from the blade market--STIGA only gets 133 votes. The biggest share is taken by Chinese national brand DOUBLE HAPPINESS (DHS) which gets 331 votes; the brand “Butterfly” also holds the second position (222); third one is Jolla (135). The rest votes are covered by TSP (90), YASAKA (122), YINHE (112), others (150). (See as figure 4)

**Figure 4: Share of rubber.** (Refer to question 8 of appendix A)

In our investigation, 417 people have used STIGA’s users, taking 41.5% of total numbers. However, only 82 persons give up using STIGA's products, taking only 19.7%. 589 people never use products of STIGA. The research implies why people never use or give up products of STIGA: 8% of people are not satisfied with STIGA’s quality and hand feeling; 11% people don’t like appearance of the products; unsuitable reason and high price take 21% separately; a quarter of people consider information shortage as main reason; other reasons cover 14%. Oppositely, people who still use STIGA express that quality and hand feeling is the first reason they choose the brand, taking 58% of total number; 11% of people think that mouthpiece and advisement affect their choice for STIGA; 14% of people choose the brand because of appearance of products; 17% of people choose STIGA for other reasons, such as effectiveness of brand, affection from friends, and so on. (See as table 3, figure 5 and figure 6):
Table 3: Calculation of STIGA users and Non-STIGA USERS.

(Refer to question 17, 18, and 19 of appendix A)

<table>
<thead>
<tr>
<th></th>
<th>STIGA user</th>
<th>Non STIGA user</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>311</td>
<td>440</td>
<td>751</td>
</tr>
<tr>
<td>Percentage</td>
<td>41.45%</td>
<td>58.55%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Give up</th>
<th>Still used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>61</td>
<td>250</td>
</tr>
<tr>
<td>Percentage</td>
<td>19.66%</td>
<td>30.34%</td>
</tr>
</tbody>
</table>

Figure 5: The reasons for still using STIGA. (Refer to question 18 of appendix A)

Figure 6: The reasons for not choosing STIGA and giving up using.

(Refer to question 19 of appendix A)

<table>
<thead>
<tr>
<th>Why not use or give up STIGA</th>
<th>Why use (still use) STIGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality &amp; Hand feeling</td>
<td>equality &amp; hand feeling</td>
</tr>
<tr>
<td>Appearance</td>
<td>mouthpiece &amp; Ad</td>
</tr>
<tr>
<td>Unsuitable</td>
<td>appearance</td>
</tr>
<tr>
<td>Information Shortage</td>
<td>others</td>
</tr>
<tr>
<td>High Price</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

Generally speaking, by researchers’ integration, we can get conclusion as following:

1st, STIGA’s market leader’s position only shows in its blade; and the usage of STIGA rubber can not enter into top 3 brands. Even in as the leader of blade in Chinese table tennis equipment market, the position has been challenged by “Butterfly” and YASAKA.

2nd, Chinese users have good cognition for STIGA blade—STIGA blades’ quality and hand feeling is the biggest selling point to senior players. The main reasons for why people don’t use or give up using are taken by lack of information and suitable feeling of users; and only 19.66% users give up using STIGA. The loyalty of brand is maintained in a high level.

4.3.2. Customer Buying Behaviors Analysis

In Chinese table tennis equipment market, a lot of factors of product can affect people choosing blade or rubber. By questionnaires, researchers have got the result as
following figure: 312 persons consider price as one of the most sensitive elements; 295 persons feel that quality is another important reason affecting their buying behaviors; 208 persons choose the element as capability of product; appearance of product is also selected as one of reasons which affect consumer buying behavior by 155 persons; 37 people have other reasons, such as convenience for buying.

Figure 7: The factors affect buying behaviors. (Refer to question 10 of appendix A)

As one of the sensitive elements which affecting buying, acceptable price is one of key points for positioning our product. The research shows that accepted prices of racket (blade + rubbers) in Chinese table tennis equipments market as following: 6% of people choose the racket below 100 RMB; 18% of people think 100-300 RMB as reasonable price; in the price area 301-500 RMB is considered as acceptable price; 501-800 RMB takes the biggest part—36% of people who have been visited; 15% of people over 800 RMB would like to choose the racket over 800 RMB.

Figure 8: The acceptable price of blade and rubbers for customers.

(Refer to question 6 of appendix A)

From figure, we can see what Chinese customers worry about is the process of
purchasing blade or rubber on-line. The element of the quality of product covers 32%, credit standing of buyer have been doubted by 29% people service problem takes 21%, Transportation problem takes 2%, and other reasons cover rest of 16%. Most of other reasons concern the problem of payment.

**Figure 9: The existing problems disturb blade and rubbers on-line purchasing.**

(Refer to question13 of appendix A)

Following figures show relationships between on-line purchasing behaviors and elements such as age, income, and educational backgrounds.

From the following figures, we can see that the consumers who have experience for blade or rubber focus on the age group 15-25 and 26-35. The percentage of buying blade or rubber through the e-channel deduces after age 26-35. However, consumer’s on-line buying behaviors are not affected by personal incoming—the curve does not fluctuate so obviously group by group. Educational levels can be seen as another big element which affects table tennis consumers’ online buying. In the group of junior high school or below, there is only 19.75% of people have on-line purchasing; the percentage rise to 32.12% in high school levels and 61.91% in college levels separately; and 47.62% of people with master or doctor degrees have tried purchasing blade or rubber on line.
Figure 10: The relationship between age and on-line purchasing for blade and rubber. (Refer to question 1 and 11 of appendix A)

Figure 11: The relationship between personal income and on-line purchasing for blade and rubber. (Refer to question 2 and 11 of appendix A)

Figure 12: The relationship between educational level and on-line purchasing for blade and rubber. (Refer to question 3 and 11 of appendix A)
4.3.3. Potential Commerce of STIGA Analysis

From figure 13, we can see the different attitudes toward STIGA’s internet channel direct selling and e-service by the group of STIGA users and group of Non-STIGA users. 57% of people think they will choose STIGA’s selling and services through e-channel; 30% of people say no; 13% people imply maybe they will buy table tennis equipment and services from E-channel

*Figure 13: Attitude comparison for STIGA’s e-service between STIGA users and non-STIGA users.* (Refer to question 18, 19, and 22 of appendix A)

![Pie charts showing attitude comparison](chart1)

From figure 14 we can see which STIGA’s other service will be most expected by consumers. Personalized blade design is one of the biggest expectant servings, 36% people choose this item of this question.; DIY information offering is the second biggest one which covers 27%; the people who choose amending service take 9%; blade repairing is considered as another popular serving by 24% of people; 6% of people choose other service such as original materials selling service and so on.

*Figure 14: Other service demands of customers.* (Refer to question 23 of appendix A)

![Pie charts showing other service demands](chart2)
“CNNIC (China national information center) promulgated 2006 Chinese internet developing report 17th version showing that Chinese internet population has reached to 162 million.” With the trend of development, more and more people get used to collecting data through internet. It is normal that consumers like to review the information about blade or rubber as well as other buyers. In the following figures, we can see that 67% of consumer get used to reviewing data about table tennis equipment before buying, 3% of people imply maybe; 30% of people don’t choose e-channel to get information about equipment. The consumers who use internet as a tool for data collecting imply that: 6% of them often visit STIGA’s homepage; 51% of them do it sometimes; 43% of them never visit the company’s website.

**Figure 15: The percentage for reviewing on internet before buying and visiting STIGA’s web.** (Refer to question 14 and 20 of appendix A)

Nowadays, more and more people collect information about products before buying, so do the consumers of blade and rubbers. However, which information can be interesting to consumer for guiding their purchasing. From figure 17, researchers find those products’ performance and suitability which are considered as the most important information by 378 persons; 337 persons are interested in the data about products’ prices; 354 people feel comments by users is their wanted; 315 people concentrate on the information about new products, 52 people want to find out other information.
Figure 16: What information customers want to get in homepage
(Refer to question15 of appendix A)

Furthermore, the consumers who have visited STIGA’s homepage suggest that STIGA should do some work to improving their homepage. In the result of question 20, 367 persons suggest STIGA should open an official Chinese version; 110 persons would like to see more detail about blade or other equipments in the homepage; 69 persons feel that STIGA should simplify information for easy finding; 46 persons have others demand for the web.

Figure 17: How to improve STIGA’s Homepage. (Refer to question21 of appendix A)

Besides internet data collecting, the information which will affect consumer’s buying behaviors always comes from following channels. 281 persons express that friends’ recommendation would be an important factor affecting buying; 317 persons think some professional suggestions from club coach is very useful for them; 131 persons would consider the suggestions by salespersons; 53 persons have other channels.
Figure 18: The information from other channels affecting buying behaviors.
(Refer to question 5 of appendix A)

4.3.4. Target Market Reposition

At first step of research, authors take young professional team members and amateurish club members as two groups as main potential consumers who will choose on-line service for their blades and rubbers. We choose the sample with similar background—age 16-25, in-coming below 1000 RMB monthly, education level as university or college. The questionnaire test for professional group was done in Guangzhou physical college table tennis team, and the same background samples from amateurish clubs were chosen at random. The sample sizes are 50 in both 2 groups. In the following text, we name physical college table tennis team as group P, and amateurish clubs as group A.

However, when researchers compare the investigation tests from the two groups, they find that the objects have completely different attitudes to purchasing blades and rubbers through e-channels:

First of all, the answers show how many percent of people have experience to purchase any table tennis equipment through e-channel (see as figure 19). 70% persons from amateurish group have experience for purchasing goods, including blades and rubbers on line, another 30% from this group never buy anything through e-channel. The percentage is almost contrary in group P, there is only 18% persons have on-line purchasing experience; most part of this group as big as 82% never try e-channel purchasing.
**Figure 19: How many percentage of on-line purchasing experience for blade or rubber.**

(Refer to question 11 of appendix A)

![Pie chart showing percentage of on-line purchasing experience for blade or rubber.](image)

Secondly, in both 2 groups, as the e-age generation young people, e-channel data play a very important role in guiding before they decide to choose which kind of blades or rubbers. There are only 16% people from group A imply they don’t consult the internet data about blades or rubbers before buying, the number in group is 34%; the people who will use the data from internet to guide their purchase separately take 68% in group A and 48% in group; and 16% people from group A and 34% from group P choose the item as maybe (See as figure20).  

**Figure 20: How many percentages of people collect information about table tennis equipment from internet before buying?** (Refer to question 14 of appendix A)

![Pie chart showing percentage of people collecting information from internet before buying.](image)

Thirdly, we suppose that when STIGA open online shop offering direct buying, then what are the attitudes to STIGA’s e-shop (see the figure 21). 46% people from group “say yes” to STIGA ‘s on-line shop, and 40% people from same group imply maybe they will consider the direct-buying service, 14% people “say no”. The result is completely different from that of group P, only 12% of people want to choose on-line
buying from STIGA; 36% of people choose item as “maybe”; a big part of people as 52% “say no” to STIGA’s on-line shop.

**Figure 21**: How many people will choose direct on-line buying when STIGA develop its on-line shop and the price will be lower than that of the real shop? (Refer to question 22 of appendix A)

These results the comparison of the result between group A and group P representatively show different attitudes from amateurish club members and professional team members. And the group are composed by the young people from 16-25 with college level education, they always use internet to collect the information about blades and rubbers which will be considered before buying. When they chose the channel for buying blades or rubbers, few of them will buy through e-channel. The reasons are as following:

First, professional group members have some special needs for blades and rubbers. According to Wang Jisheng (2004), for professional Table tennis players, hand feeling is hard to be calculated by exact scientific exponent, especially for blades. For this reason, a professional player always feels that the same brand and the same sort blade always have the same feeling for him or her, but he or she can not describe this feeling in language. However, these hair-like differences mean the loss of points in the match. That’s the answer for why some famous professional players prefer repairing their harmed rackets to changing a new one when an important match approaches. It is easy to understand, as a professional player, choosing equipment always depends on personal experience. Even if the blades and rubbers’ quality are as sustainable as BUTTERFLY or STIGA, these wispy differences can not controlled by industrial
standard. Equipments’ hair-like differences can only be found by personal experience in the real shop. Therefore, real-shop buying has more reliable guarantee than on-line purchasing for professional group for most of professional players. We know that choosing good blades or rubber is a way to improve their achievement in match. For this reason, lower prices motivation will be counteracted by blades or rubbers through e-channel buying. Their unsustainable qualities may badly affect their performances in matches.

Second, people from this group don’t consider entertainment as first reason. ‘Professional players’ unique techniques always get into form in their 15-18 years old. Therefore, their equipment’s capabilities and tapes should be consistent with technique and styles stability. In other words, they don’t want to change the equipment which they are familiar with. Entertainment is a big function of purchasing equipment on-line and DIY, which can be considered as one of secondary needs for this group. As far as we see, the members from professional group always pay attention to the good quality blades and rubbers which can assist their unique technique system to improve their technique levels.

Last but not the least, the conception of on-line buying is far behind the amateurish group, especially in the area like 16-25 years old and college education levels. Chinese professional athletes’ education levels and quality are far behind the other normal students. Since the educational system for Chinese professional athletes is out of Chinese normal education system, all athletes have been insulated in an isolated island like a strange group. Their courses’ standards are lower than normal students. Even for most of physical college graduates, their capabilities of using foreign language and computers are as weak as middle level of normal high school graduates (Dai Jingdong, 2005). As a layman of computer, purchasing blades will not be a considerable choice for them, although lower price looks attractive.

4.4. Findings of Empirical Study

Through our empirical study, especially for analyzing the data collected by questionnaire survey. We can find most of the result more or less have test the
hypotheses setting up before empirical study started. We have listed the finding as following:

- STIGA’s traditional selling channel only covers some important big or middle cities in China. But can not cover some small cities with potential consumption. And STIGA’s traditional “sell on commission” model only can hardly afford extending market to wider area.

- A lot of Chinese consumers have got used to multiple channel data collection and on-line blade and rubber purchasing.

- The on-line buying behaviors for blade or rubber have close relationship with consumer’s age and educational levels. But they don’t have obvious relationship with personal incoming. The target market of STIGA’s on-line selling and services should focus on the young people with educational background as college levels or above from 16-35 year old.

- Customer’s on-line buying behavior has been affected by existing on line models. The online selling model with BBS has been accepted by Chinese customers who purchase blade and rubber on-line at large. Existing models for selling blade and rubber have some problem which will affect customer to choose internet channel for final ordering. In China’s market, the suspicion of seller credit and product quality lead to a mental obstacle which affects table tennis equipment on-line selling develop. Furthermore, seller’s supply chain is another reason influencing consumer choosing internet B2C channel.

- The brand awareness of STIGA has established original advantage in potential market- on-line ordering and personalized design. A lot of consumers express their interests in personalize blade design and DIY information offered through internet channel. However, compared with Non-STIGA users, STIGA users imply more passion for STIGA’s on-line selling and services.

- Besides internet information collection before buying and enquiring the features when buying on franchise shops, big parts of Chinese consumers get used to acquiring suggestion from amateurish club coaches. Entrusting coach buy a suitable blade with rubbers for themselves are also very common. So that, the
amateurish clubs can be considered as potential selling channels which can play an important role in e-tailing for DIY services and personalized blade design. It will also possibly link up traditional channel and internet channel in a multiple selling channels system.

- With internet developing in China, big part of people have got used to collecting information about blade or rubber concerning price, performance and suitability through internet. Most part of people who have review STIGA’s homepage think opening a Chinese version with information about details of products is expected by a lot of consumers.

- The target market of internet selling and DIY services provided by researcher is not correct. Senior amateurish players can be seen as target for STIGA’s new services through internet channel. But for the reasons listed in 4.3.4, youngster professional group is not our target market through internet channel, and they will still us traditional selling channel.
5. Analysis

5.1. STIGA’s Blades and Rubber Are Right Products sold on-line

Adding internet to traditional business is one of trend in modern business world. Most researchers believe that cut selling channel shorter and reduce sections in selling progresses will help producers to reduce exchanging cost and make more profit. However, are blade and rubber the right products to sell on-line?

General speaking, although blade and rubber can not be ranked as the products with size and bulk relative to value or immediate gratification. They belong to experience goods at least for the target market- amateurish players, and the affection of these differences of products can be counteracted by the conviction of buying at favorable prices.

For online shopping, it is easy for the consumers to find what they are looking for, to match goods more precisely to their particular requirements and to compare prices. This is especially for homogeneous like CDs, books software, also for more complex products. Compared with common on-line sold products such as books or CDs, blades or rubbers are often more ineluctable to have some differences, such as weight, rigidity which can be measured by scientific criterion, and the hand felling which can not be expressed by standardized data. However, by strict industry quality controlling, STIGA can control the quality difference like weight and rigidity in a small scope. Normally, good hand feeling can be considered as a reflection of good qualities. According to Wang Jisheng (2004), hand feeling can be expressed as a players’ relying on one of good brand with good qualities. There is an experiment to have been done: the engineer deletes logos of 2 different brands rackets with same materials’ configuration of blade and same rigidity of rubber. As a result, more than 50% professional players prefer another racket to the one which they use every day. Hand feeling is not only a technique problem, but also concerning some mental elements. Therefore, based on researchers’ data analysis, because of STIGA's sustainable quality, most of users believe STIGA blade and rubber have good feeling. Because exiguous quality differences are hard to avoid, it is hard for amateurish player to find these hair-like differences.
Therefore, researchers believe that blades and rubbers can be the right products which are suitable to move from traditional selling channel to internet for amateurish players. However, STIGA’s potential consumers are senior players of this group.

5.2. Electronic B2C Selling Channel

By the data collection from interview, STIGA’s traditional selling can be shown by the following:

*Figure 22: STIGA’s traditional selling channel.*

(Refer to question 8 in appendix B)

To design a customer zed electronic selling channel, researchers have considered the Chinese customers’ habits and need as following:

1st, in the chapter 4 researchers have defined the amateurish group from 16-35 years old with educational level as college or above as the main target of e-selling STIGA blade and rubber. A lot of them are interested in personalized blades design and DIY information offered through e-channel. So, besides the function of on-line super marketing and direct selling, the new sell channel should be designed with capability of one-to-one case solution.

2nd, from the result of questionnaires we can see that most people from this group have got used to rear viewing the information about blades or rubbers before buying. Users’ comments on table tennis BBS (Bulleting Board System) are always used by Chinese consumers. For instance, national producer—YINHE have fully utilized BBS to integrate with producer’s suggestion, consumers’ demands, and other users’ comments to give DIY information about YINHE’s products and communicate with the consumers who want to design a blade with some special needs. DIY service with an official BBS in China is a quite acceptable mode.

3rd, data analysis shows that a big part of people think that some professional
suggestions from club coaches can affect their buying behaviors. So the amateurish club also should be considered in channel design.

Based on the elements hereinbefore, researchers design the B2C electronic selling channel for STIGA as following:

*Figure 23: STIGA's B2C electronic selling channel. (Designed by authors)*

In the figure, we can see that between customers and OEM, amateurish club and OEM, customers and amateurish club can be double-way communication when DIY service and on-line purchasing start. BBS will play a very important role in e-ordering and e-selling.

**Researchers considered this electronic selling channel in the following aspects:**

- A lot of customers can not only get the information about STIGA blade or rubber in the product catalog of the official web; but also can realize the first-hand data about usage from other users. Some official professional suggestions given by producers will mix with other users’ comments for giving some multiply choices for DIY.

- In these channels, the lower prices by e-selling will not affect rudimental prices of bricks-and-mortars shops’ agency commended. Naturalness, the distances between e-selling prices and bricks-and-mortars selling prices should be
considered the profits of bricks-and-mortars retailers. The normal products which consumers want can be ordered in the web which will be designed with database for dealing with consumers’ order forms. Then when the order forms are confirmed, the products will be sent directly from whole sellers’ dealing center to individual customer.

- Besides standardized products, if customers order any personalized product, it will be directly sent from OEM factory to individuals after special products finished.

- Coaches’ professional suggestions can be very important to amateurish players. In the cities which don’t have STIGA’s retailer, can provide Agency Company that can set the visual selling points in amateurish clubs through visual contract. By setting visual selling, STIGA’s market can be extended and cover more potential consumers. That means Agency Company can evaluate the size of the club and the number of remembers instead of capital evaluation. However, periodic credit evaluation for visual seller should be done for avoiding the behaviors which will hurt STIGA’s brand. Consumers’ order for products and service can be in visual selling points (amateurish club), and professional suggestion can be given by coaches directly before consumers decide their buying behavior. Some senior players’ demands will be communicated between clubs and the producer for giving right products or services for right persons, especially for the consumers who like to choose DIY service but do not get used to on-line purchasing by themselves. By these visual selling points, customers, club owners, and the producer will get profits: Customer can get advices for buying; club owner can get profit by internal service; the producers can get benefit by marketing extending.

- In this selling channel, double-way communications will be done between customers and OEM factory, customers and clubs, clubs and OEM factory. Finally, all of data and comments about products and service will be acquainted by registered customers through official BBS.
5.3. Selling Channels Integration

When firms do business in a big country such as China, single selling channel has some intrinsic problems. No matter traditional channel or internet channel can not cover enough consumers. We can learn from the case of Dell China: as far as we know, Dell is very famous for its direct selling through telephone and internet in American market and European market. When Dell Company entered into Chinese PC market, they held on the traditional direct selling. However, because the lack of traditional selling channel, Dell can not cover as many consumers as they used to, especially in the west part and southwest market of China. However, the Chinese model which copies the successful experiences of Dell in American market was not suit for the situation in China’s market. The main reason is that direct selling model was not supported by Chinese government—before “Chinese directing selling law” came out December 1st 2005, the validity of direct selling have been doubted by most of customer. Moreover, supported by He Yan (2007), because development of Physical Distribution System the western provinces are far behind eastern provinces. The different complex market situations between the western and eastern China have caused the cost increase for Dell’s traditional direct model. These features in China’s market cause the cost-saving advantage in east cities. But it can not extend in the west cities According to Ni Haiqing (2005), Dell’s direct selling model require that customer should pay the subscription before they receive the products. However, this rule doesn’t follow the buying habit of Chinese customer. Moreover, face to face communication between the buyer and seller is the main communication style in China. For geographical reasons, Dell China can not reply customer requirement within 5 workdays which is the regulated dealing time for Dell. The direct selling model has not set any cushion such as official agency for dealing with conflict between customers and Dell. Therefore, these reasons lead the customers to lose confidence in Dell China.

In Dell’s third season reports 2005, besides in Japanese markets Dell’s market share in Asian market had decreased by 1.8 percent points to 7.8%; experts claim that the decrease had such to do with the bad market performances in Chinese markets (SKY
From the beginning of 2006, DELL China had given up single direct selling model. In fact, before Del China shaped its multiple selling channel, other channel had existed in the market spontaneous, and some Dell’s big client has played the role of agency in different provinces. However, these big clients did not have an official cooperative relationship with Dell, so that it was hard to manage the marketing operation of clients (He Yan, 2007). In Dell’s official multiple selling channels, besides their traditional selling models such as telephone ordering and on-line ordering, Dell China began to set Chinese general agent. By this tactic, Agency Company’s selling channel and distribution channel had been fully utilized. Even more, Dell had established experience center in Chinese Wal-Mart’s selling place. As a result, in the third season of 2006, Dell’s sell had increased by 33% (SKY Data, 2006).

Dell’s case shows necessary to mix electronic selling channel with traditional selling channel in Chinese market. In fact, a big part of customers such as some elder customers and professional consumers who can not accept ordering products and DIY services on-line will exist in the market in a few years. Therefore, an integrated multi-channel strategy should be a good method to extend market coverage for strong brand company such as STIGA.

According to the IMCR theories discussed in our theoretical framework, the design of STIGA's multiple selling channel system should follow the principle that link all virtually independent sales channels to help STIGA to create a consumer-centric organization that fosters customer loyalty, strengthens brands and improves business across all channels. So, the researchers have designed STIGA's integrated multiple selling channels in Chinese table tennis equipments market as following:

*Figure 24: The integration of STIGA's selling channels. (Designed by authors)*
In STIGA’s integrated multiple selling channel, customer can choose any channel to buy regulated products. Both traditional channel and e-channel offer regulated product catalog for customer. Their multi-channel retailer will follow the model of RIE; authorized on-line buying will go with some discount and additional gift. The distribution of product for e-tailing will be dealt with by whole sale directly. It can cut the exchange cost between whole seller and retailer.

The personalized products and services can be ordered through internet 24 hours. And you can also order the services in amateurish club which is visual agency like a franchised shop nearby. At the same times, personal guiding can be offered by club’s coaches if you choose this channel. The information about product will be finally transferred to OEM producer for personalizing designing and making.

In the system of multiple selling channels, regulated questions solution will be listed for new customer in official BBS. The questions from customers also can be solved by other customer through BBS. Moreover, classical solution from BBS and visual agency should store customer data which will benefit CRM management.

Researchers provide this selling channels system development in three steps:

In the first step, Offline-dominated strategy can be used for supporting marketing plan. On-line selling and services will be pushed into China’s market. And in this period,
company should not expect electronic selling channel to take large profit. The key assignment in the step is to let consumers know benefit of selling on-line and the unique of DIY services. And STIGA should encourage consumers to purchase on-line by some on-line promotion activities. Traditional selling channel is still playing the role of core channel in the step.

In the second step, Integration strategy can be good choice. when a lot of consumers get used to purchasing blade or rubber on-line and senior players get used to ordering DIY service on-line or through visual selling points—amateurish club, the internet B2C selling channel will play a role as important as traditional channels; and the internet channel will show the advantages in the cost. Different consumers with different needs will be stultified through traditional channel or electronic channel.

In the third step, when most of consumers get used to experience STIGA’s products in bricks-and-mortars, and order the product on-line for the lower price and more professional services, the B2C selling will become the core channel instead of traditional channel, and bricks-and-mortars store will also be replaced by experience center whose functions are products exhibit and using experience. However, this step will not be reached in the near future. Online-dominated strategy will be used for utilizing effectiveness of internet channel and integrating the flexibility of conventional channels.

5.4. Supportable Supply Channel

When STIGA shape a strategy for building an electronic channel to extend coverage of traditional selling channel, internet can be considered as a resource which can strengthen STIGA’s initial advantage. Based on researchers’ data, we can see that STIGA’s initial advantage is the well-known brand and brand loyalty in Chinese market, not the convenient buying channel and information coverage. So the sustainable supply channel to keep the quality of products is a very important element to keep STIGA’s sustained competitive advantage in the market.

In China, table tennis producers which open B2C selling channel always find that some small delivery company’s ship consignment cut delivery cost. The conception of supply
channel is considered similar to shipment. Because of low manage level of small
delivery company, shipping mistakes happen frequently. Customers are always very
angry with producers and delivery companies for tergiversating the duty of amending
the mistakes. The records for ordering can not found by both producers and delivery
companies (Yi Ming, 2006).
Second, Shipping can be considered as the last stage of supply chain is the key step to
affect consumers’ attitude to on-line buying. A sustainable copartner should be found
for shipping. In China, some big local delivery and international companies have higher
managing levels and all-round shipping channel such as China POST, FedEx, and DHL,
which can be seen as good choices. SCM integration between Amazon.com and FedEx
for distributing is one of good examples. By this kind of integration, the dispute about
who should take responsibility for shipping errors can be avoided as well.
6. Conclusion

6.1 Research Conclusion

By the research, authors can get a conclusion that the use of B2C selling channel and an integrated multiple selling channel. In China is a good developing choice for STIGA in next few years in China’s market. The target market of STIGA’s on-line selling can focus on younger senior amateurish players form age 15 to 35. Especially for STIGA used consumers. As the later mover in the market, integrated strategies for multi-channel retailing is the appropriated strategy for STIGA’s development in the near future in China’s market. To extend STIGA’s original advantage obtained by its strong brand, STIGA should shape the direct selling model with consumers’ database and BBS for catering Chinese consumers’ buying habits. Thus, integrating the B2C channel with traditional selling channels and adopting multi-channel marketing strategies to cater the tastes from different groups can be a good choice in the current period of China’s table tennis market. Integrating the effectiveness of B2C channel and the flexible service of traditional can be considered as a best option for catering fastidious Chinese consumers. Based on the finding of empirical study, researchers believe that more and more consumers will choose internet direct buying in the near future. For professional group, elder group or low educated group, conventional channel will be still the most important channel for offering product buying and DIY service.

However, in China, due to its vast geographic coverage, economic development diversities exist from one place to another. Therefore, the differences in buying habits and educational levels between different provinces are huge, especially between the eastern China and western China. Single on-line direct channel can not satisfy the different levels of demand from consumers. The selling channels strategic integration which has been proved by a lot of cases can get good market effectiveness for some international firm using pure direct channel strategy, such as Dell in China’s PC market. So, multi-channel marketing strategy can be one suitable solution for catering to Chinese customers’ demands. Although e-business has gotten big encouragement
by Chinese government, B2C in China still need to go through an indispensable development progress. According to the researchers, the steps of strategy execution should be offline-dominated strategy: integrated strategy and online-dominated strategy should be adopted separately in the current stage, near future stage and long futures in China’s market. Base on e-business development and China’s market situation in the near future, adopting a multi-channel strategy which integrates the effectiveness of B2C channel and the flexible service of traditional can be considered as a best option for catering fastidious Chinese consumers. Moreover, for the producers which have intrinsic advantages from their original brand awareness and brand loyalty, a right multi-channel strategy can help them to extend original market coverage and market share.

In reflection, the multi-channel strategy integrating B2C and traditional channel will not only help STIGA’s development in China’s table tennis market, but also can help other firms in the niche market with homogenous products in other Confucius culture countries such as South Korea and Japan. In these countries, multi—channel selling can be a good solution linking up fault age between the pure traditional selling and pure on-line direct selling. For other special market like China’s table tennis equipment market, multi-channel selling will help buyer to define the different groups of consumer which have different needs of the products. These kinds of definition will help buyer to offer more personalized and customerized services. Therefore, the multi-channel selling is also following the trendy of “customer centric marketing” which transforms the conception from “product centric marketing”, although some differences of culture will influence the execution steps of multi-channel strategy country by country.
6.2 Further Study

Since some limitations have been mentioned in Chapter one, the further study such as cost analysis of building an electronic selling channel in China, and feasibility report of integrating traditional and electronic channel should be done when data are abundantly collected. Besides, the authors are not able to get more information about the competitors, so the data about analysis of competitors and the whole market are not enough. In next step of study, the survey is required to carry out the further research, such as Porter’s Five Forces Model and a SWOT analysis. Moreover, the results obtained from the limited desk research and Primary data only came from the circumlittoral cities of China, so they cannot be classified as the complete representative of all customers. STIGA electronic selling and multiple market performance can be shaped for different consumers with different needs. in order to prepare more advanced one-to-one case solution models, customers’ characters and needs should be surveyed from different places of China.
7. Reference list


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1. Appendix A

MARKETING INVESTIGATE QUESTIONNAIRE

Dear friends:

We are doing an investigation about internet marketing of table-tennis, and hope you can help to answer the question as following, thank you!!

1. How About your age ( )
   A. below 15  B. 16~25  C. 26~35  D. 36~45  
   E. 46~60  F. More than 60

2. About your average monthly income ( )
   A. Below 1000  B. 1001~3000  C. 3001~5000  
   D. 5001~7000  E. More than 7000

3. About your education ( )
   A. Junior high school  B. Senior high school  C. College  
   D. Master or doctor

4. How long have you been playing ping pong? ( )
   A. Less than one year  B. 1~3 years  C. 4~6 years  
   D. 7~9 years  E. More than 10 years

5. which channels’ information will influence your decision in purchasing ( )
   A. Friends’ recommendation  B. Drillmaster or club couch’s suggestion  
   C. Salespersons’ suggestion  D. Others

6. Which price for table-tennis racket that you can accept ( )
   A. Below100  B. 101-300  C. 300-500  
   D. 500-800  E. More than 800

7. Which brands of blades you will choose or you are using ( ) (Multiple choice)
   A. STIGA  B. JOOLA  C. YINHE  
   D. DOUBLE HAPPINESSES  E. YASAKA  F. BUTTERFLY  
   G. TSP  H. OTHERS

8. Which brands of rubbers you will choose or you are using ( ) (Multiple choice)
   A. STIGA  B. JOOLA  C. YINHE  
   D. DOUBLE HAPPINESSES  E. YASAKA  
   F. BUTTERFLY  G. TSP  H. OTHERS
9、the reasons that make you choose the brand( ) Multiple choice
A、Influence by advertising  B、Quality and handle
C、Your favor player is using this type or you like the mouthpiece  D、Others__

10、which cause will influence your choice when buying ( ) Multiple choice
A、Price  B、Quality  C、Capability
D、Appearance  E、Others__________

11、Do you have experience of purchasing the equipment of table-tennis in the internet( )
A、Yes  B、No

12、can you feel the satisfaction of buying the equipment of table-tennis through internet ( ) [This question only for the person who had on-line purchasing experience]
A、Yes  B、No
Why______________________________________

13、which problems bother you the most when you purchase in internet ( ) Multiple choice
A、Quality  B、Credit standing  C、Transportation
D、Service  E、Others__________

14、Before you purchase in the real shop, will you search the information on the internet
A、Yes  B、No

15、when you search the information about table tennis equipment on the internet
which information you want to get from company’s homepage ( ) [This question only for the person who collected information from internet]
A、Performance and suitability for players  B、The prices of the products
C、Comment by the users  D、The information about new products
E、Others__________

16、Are you familiar with the products of STIGA ( )
A、Know well  B、Just a litter  C、Heard  D、Never heard

17、Have you chosen (used) STIGA ( )
A、Yes, I still use it  B、Yes, at one time  C、No

18、Which cause influence you to choose STIGA ( ) Multiple choice [This question only for the person who had been used STIGA]
A、Quality and hand feeling  B、Mouthpiece is your favorite player
C、Appearance of equipments  D、Others____
19. Which cause you to give up or not choose STIGA ( )  
   A、Quality and handle           B、Appearance  
   C、Have used it but find it not suitable for you  
   D、The information that you can search is not very much  
   E、High price                F、Others

20. Do you visit the homepage of STIGA ( )  
   A、Often               B、Some times        C、Never

21. In your opinion, what should be improved for the homepage of STIGA ( )  
   Multiple choice  (This question only for the person who had visited homepage of STIGA)  
   A、Open the Chinese version  
   B、Specify the information about the product  
   C、Simplify the context that you feel confused when you read  
   D、Others

22. If STIGA opens the task of direct selling online in its official homepage, will you consider about purchasing in this way ( )  
   A、Yes                   B、Maybe           C、No

23. If SITGA has the task of direct selling on line, Which service is the most attractive to you? ( )  
   Multiple choices  
   A、Booking the blade which is design as your require  
   B、Have some options about the matching between blade and rubber for your technique style  
   C、Amending service for original racket as your require  
   D、Repair your broken STIGA racket  
   E、Others
2. Appendix B

The interview was held in July, 2007. The interviewee is Mr. Zhang bin, marketing manager of “Starlike” which is the Chinese agency company of STIGA.

Questions of interview

1. Could you please make a brief introduction to the China’s current table tennis equipment market?
2. Could you please disturb the relationship between Starlike and STIGA?
3. What is the main work of Starlike?
4. Could you please describe the relationship between Starlike and retailers?
5. How do you think of your competitors?
6. Could you please introduce the STIGA products made in China?
7. Are there any differences between STIGA products made in China and made in Sweden?
8. Could you please tell us the coverage of your selling points in Chinese market?
9. How about your mass communication and customer relationship management?
10. How does your company think about selling blade or rubber on line?
11. What about the company’s the multi-channel marketing Strategy?
12. How do you think your competitors offering DIY services through electronic channel?