



Smart Company (Think Global Act Local)

Introduction:

IuPDI is in the process of conducting a research on key elements of Smart companies. One of the key elements that we would like to share with you is “Think Global and Act Local” when penetrating a targeted market.

Topshop started with one store in New York in 2009 and now has about 620 shops across more than 40 countries.



It was reported in December 2016 that Topshop (www.topshop.com) plans to open its first Topshop standalone store in Mainland China in 2018 through “partnership” with a local

company (Shangpin.com 尚品网).

Shangpin.com has been selling Topshop products online since 2014.



Photo: David Zhao, Founder and CEO of Shangping.com and Sir Philip Green, Chairman of Arcadia

Mainland China: It is a fast emerging consumer market with rapidly rising young middle class out of 1.4 billion people. The Mainland Chinese retail market is very attractive but it is fiercely competitive as well as protective with regulations hindering foreign companies (a form of protectionism).

There are challenges such as understanding the culture of Chinese consumers, the ways of doing of business in every city is different and dealing with Chinese regulations.

Strategic approach to the Mainland Chinese consumers market:

It seems that Topshop decided to penetrate the Mainland Chinese consumers market with a local partner instead of going alone.

Let examine what are the benefits of working with a local partner:

1. Better understanding of the local market and consumers than Topshop.
2. Handling all the regulations and open retail shops across major cities in Mainland China.
3. Handling logistics operations economically and effectively.
4. Minimise investment and risks in penetrating a new market.
5. Let local partner manage any violation of Intellectual Property on products and brands (unfortunately, quite a common complaint by foreign companies).
6. No need to worry about transfer of fund out of China (changes to regulations to combat transfer of fund out of China are often introduced at short notice).

If you think your company is Smart, please share with us your critical success factor(s).

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