

Case Analysis 1

Case11. 1 New Balance “Experiences” China

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Yuji Shimojo

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Questions for Critical Thinking

1. Question 1

Do you think opening retail stores in China is a good move for New Balance? Why or why not?

2. Answer 1

I agree with the idea that opening retail stores in China is a good move for New Balance. This is because China's potential consumer purchasing power is tremendous.

According to Central Intelligence Agency (Since 2011) *The World Factbook: GDP - per capita (PPP)*, China still ranks 121st; however, the country's high net worth individual population in 2010 was 4th largest in the world according to Capgemini & Merrill Lynch (June 22 2011, p.7) *World Wealth Report 2011: HNW Net Worth Population by Country, 2010*. In addition, the growth rate from 2009 was 12%, which was the best among the top 10 countries. Also China already has the second largest GDP, surpassing Japan, according to World Bank (July 9 2012) *Gross domestic product 2011*.

3. Question 2

New Balance calls its new retail stores "Experience Stores." In your opinion, what does the company mean by "experience," and how does that experience translate to sales?

4. Answer 2

New Balance's new retail stores "Experience Stores" definitely express its branding strategy. Unlike its competitors such as Nike, Adidas, and Puma, the company does little such ways in marketing. Actually, the competitors made a big investment on providing their sporting goods to each national team in the 2010 World Cup in South Africa; however, New Balance did not participate in this race. The company's slogan "For love or money?" shows its marketing strategy. Instead, it just has been pursuing a better fit and performance for all the runners including amateurs since the company started. Also the company is proud of its history of more than 100 years and still placing its manufacturing bases in the U.S., although the competitors moved their production bases to overseas. That's why it focuses more energy on its "Experience Stores."

By applying a blue ocean strategy, or a differentiating strategy, not a red ocean, it tries to increase core fans. As a result, that creates more profitable customers.

References

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3. World Bank (July 9 2012) *Gross domestic product 2011*. Retrieved on Sep 9, 2012: <http://databank.worldbank.org/databank/download/GDP.pdf>