



*The Hang Seng University of Hong Kong*

# Business Review



- 01 | Possible Failure of International Fast Fashion in Hong Kong  
Chan Hiu Ying, Chan Wing Yin
- 02 | Time Is Ticking: Environmental Protection Starts with Ethical Business Practice and Proper CSR Strategies  
Poon Anna, Lei Hong Weng
- 03 | New Trends In Global Cosmetics Marketing  
Ho Yuen Wah, Zhu Wenting
- 04 | All the Happiest Places on Earth: Cross-cultural Management of Six Disney Theme Parks  
Leung Yui Lam, Xie Tingting, Chung Ho Ying

# The Hang Seng University of Hong Kong Business Review Editorial Team

## Editors-in-Chief

Lawrence Hong Weng Lei, *The Hang Seng University of Hong Kong (HSUHK), Hong Kong*

Email: lawrencelei@hsu.edu.hk

Felix Tzu Lung Tang, *HSUHK*

Email: felixtang@hsu.edu.hk

## Associate Editors

Accountancy	Kevin Chee Keung Lam, <i>HSUHK</i>
Economics and Finance	Ben Ka Ming Cheng, <i>HSUHK</i>
Management	Jeanne Ho Ying Fu, <i>HSUHK</i>
Marketing	Thomas Leung, <i>HSUHK</i>
Supply Chain and Information Management	Ricky Siu Kuen Wong, <i>HSUHK</i>

## Editorial Reviewer Board

T. S. Chan, <i>Lingnan University, H.K.</i>	Kenny Zhen Pin Lin, <i>Lingnan University, H.K.</i>
Fanny Fong Yee Chan, <i>HSUHK</i>	Thomas Wing Yan Man, <i>HSUHK</i>
Haksin Chan, <i>HSUHK</i>	Tirta N Mursitama, <i>Bina Nusantara University, Indonesia</i>
James Tsun Se Cheong, <i>HSUHK</i>	Ian Phau, <i>Curtin University, Australia</i>
Yingyot Chiaravutthi, <i>Mahidol University International College, Thailand</i>	Tomoki Sekiguchi, <i>Kyoto University, Japan</i>
Warren Chi Kwan Chiu, <i>H.K. Polytechnic University, SPEED</i>	Piyush Sharma, <i>Curtin University, Australia</i>
Geng Cui, <i>Lingnan University, H.K.</i>	Tsui Yii Shih, <i>National Taipei University of Business, Taiwan</i>
Sanjaya Singh Gaur, <i>New York University, USA</i>	Yue Wang, <i>HSUHK</i>
Lisa Goh, <i>HSUHK</i>	Edward Yui Tim Wong, <i>Lingnan University, H.K.</i>
In Mu Haw, <i>Texas Christian University, USA</i>	Woody Y. Wu, <i>Chinese University of Hong Kong, H.K.</i>
Eva Yeung Wah Khong, <i>City University of Macau, Macau</i>	Rita Wing Yue Yip, <i>HSUHK</i>
Alicia S. M. Leung, <i>Hong Kong Baptist University, H.K.</i>	Denghua Yuan, <i>Guangdong University of Foreign Studies, China</i>
Casey Lim, <i>China at Macquarie Applied Finance Centre, H.K.</i>	Fue Zeng, <i>Wuhan University, China</i>
Eko Yi Liao, <i>HSUHK</i>	Lianxi Zhou, <i>Brock University, Canada</i>

## Editorial Support Team

Rebecca Ong, *HSUHK*

Holly Chung, *HSUHK*

## A note from the outgoing founding Co-Editor

### Preface: Special Issue of HSUBR from the Hang Seng University Global Marketing Conference, 2020.

---

Dear Readers,

It gives me great pleasure in presenting my last issue as Co-Editor of the Hang Seng University Business Review. From now onwards I will be handing over the role to Dr Lawrence Lei, who will work with Dr Felix Tang our other Co-Editor, to continue with the development of our in-house publication. The journal will continue to offer a bridge linking practice with academia, as well as offering a platform for both industrialists and scholars to provide their views on pertinent areas related to business in East and South East Asia.

I am particularly pleased with this Special Issue, as it presents four carefully selected papers drawing on some excellent work of our Hang Seng University students. Each of the four papers were screened based on papers written and submitted by a group of Global Marketing Students. These were the best four papers from the Hang Seng University's first Global Marketing Conference that was staged in the Summer of 2020. Each student also presented their paper at the Academy of International Business (South East Asia Regional Chapter) conference in December 2020. It was very rewarding for me to see our undergraduate students perform admirably at the AIB conference and provide such rich insights. Many of our fellow scholars joining the conference were genuinely amazed by some of the papers and I need to say a big thanks to our academic colleagues who joined forces with the students to co-author the work and help enhance the presentation slides etc.

The four papers are distinct and varied. Students were simply tasked with contributing to any aspect of global business or marketing. The first paper, written by Hiu Ying Chan (a year four Accounting student) and Dr Wing Yin Chan (Lecturer in the Department of Marketing), examines the dilemma and issues associated with fast fashion market failure in Hong Kong. The study provides some useful guidelines for practitioners and raises interesting implications relating to society and the environment. Our second paper is by Anna Poon (a year two Corporate Governance and Compliance student) and Dr Hong Weng Lei (Assistant Professor, Department of Accountancy). This study draws on several cases to examine the perceived advantages and disadvantages in going green and studies this as part of the organisation's CSR adoption before recommending views relating to eco-friendliness and ethical behaviour from the millennials' stance.

The third paper produced by Yuen Wah Ho (a year three Banking and Finance student) and Dr Wenting Zhu (of the Research Institute for Business at HSUHK) explores the marketing of cosmetics and in particular the debate surrounding standardisation and adaptation. Ho and Zhu discover that in order to maintain customer loyalty and raise brand awareness, cosmetics marketers have to be updated with current trends and be flexible in adapting new elements to products while preserving brand characteristics. They conclude that cosmetics brands need to identify key elements that are positively affecting the global cosmetics market to achieve market competitiveness. Finally, but not last, our final paper, by Yui Lam Leung (a year two Marketing student), Dr Tingting Xie (Assistant Professor, Department of Marketing) and Dr Ho Ying Chung (Senior Lecturer, Department of English) explores the World of Disney theme parks, drawing on findings from California, Florida, Tokyo, Paris, Shanghai and Hong Kong to compare and contrast the cultural traits surrounding the consumer experience in these different cities.

I have really enjoyed working with our students and faculty on these four great papers. I do hope you will enjoy their work. It was a real pleasure to have the chance to see our students grow and deliver four papers that are well worthy of publication in our Special Issue. I look forward to reading further excellent work in the journal and I wish both Lawrence and Felix the very best of luck in taking HSUBR to new heights.

With the warmest of wishes,



Prof Bradley R. Barnes

Departing Founder Co-Editor.



# Table of Contents

Vol. 3, No. 1 (March 2021)

- 7** **Possible Failure of International Fast Fashion in Hong Kong**  
Chan Hiu Ying (Year 4 Student in Accounting)  
Chan Wing Yin (Lecturer, Department of Marketing)
- 19** **Time is Ticking: Environmental Protection Starts with Ethical Business Practice and Proper CSR Strategies**  
Poon Anna (Year 2 Student in Corporate Governance and Compliance)  
Lei Hong Weng (Assistant Professor, Department of Accountancy)
- 31** **New Trends in Global Cosmetics Marketing**  
Ho Yuen Wah (Year 3 Student in Banking and Finance)  
Zhu Wenting (The Research Institute for Business, School of Business)
- 41** **All the Happiest Places on Earth: Cross-cultural Management of Six Disney Theme Parks**  
Leung Yui Lam (Year 2 Student in Marketing)  
Xie Tingting (Assistant Professor, Department of Marketing)  
Chung Ho Ying (Senior Lecturer, Department of English)



# 01 | POSSIBLE FAILURE OF INTERNATIONAL FAST FASHION IN HONG KONG

Chan Hiu Ying (*Year 4 Student in Accounting*)

Chan Wing Yin (*Lecturer, Department of Marketing*)

## INTRODUCTION

Fast fashion business has experienced a significant growth in the past decades. Fast fashion is defined as “cheap, trendy clothing, that samples ideas from the catwalk or celebrity culture and turns them into garments in high street stores at breakneck speed” (Rauturier, 2020). Before the 1800s, fashion was still slow. Between World War II and the Industrial Revolution in the 1900s–1950s, the fashion industry boomed. Starting from the 1960s, the fast fashion

trend appeared due to the increased demand for the low cost and trendy clothing (Idacavage, 2016). Fast fashion giants, H&M and ZARA, which were the hottest international fashion brands, started its global expansion in 1964s and 1988s respectively. They both operate over 2,000 stores in the world through subsidiary and franchising (Mo, 2015). In 2011, although the retail rental of prime shopping area was sky-high, the fast fashion rival, Forever 21 first came

to Hong Kong with a six-storey flagship store located in Causeway Bay.

Despite the proliferation of the industry sector, fast fashion business cannot achieve long-term success without recognizing the changing dynamics of marketing environment. In 2020, the glory days of fast fashion has gone. Fast fashion retailers were forced to close down in recent two years. It is worthwhile to examine the underlying causes of business failure. Previous studies have mainly emphasized on the importance of scanning external environment (economic, socio-cultural, political factors, and market attractiveness) before entering a new market. Not making such consideration may cause the companies to face unnecessary difficulties in their businesses (Belyh, 2019; Chand, 2013; Lavin & Cohan,

2012). There are limited studies focusing on the internal factors such as operational problems and the capability of the company. This study aims to present a conceptual framework for a deeper understanding of the marketing environment in which business operates. Specifically, it investigates the main reasons for the failure of international fast fashion brands in Hong Kong and provide suggestions for future development. We organize the rest of this article as follows: Section 2 provides key findings on the factors that cause the failure of the fast fashion business in Hong Kong with the insights from an industry entrepreneur on such failure in Section 3. In Section 4, we provide suggestions on maintaining future growth and development in the fast fashion industry and we conclude in Section 5.

## KEY FINDINGS

### High Retail Rents

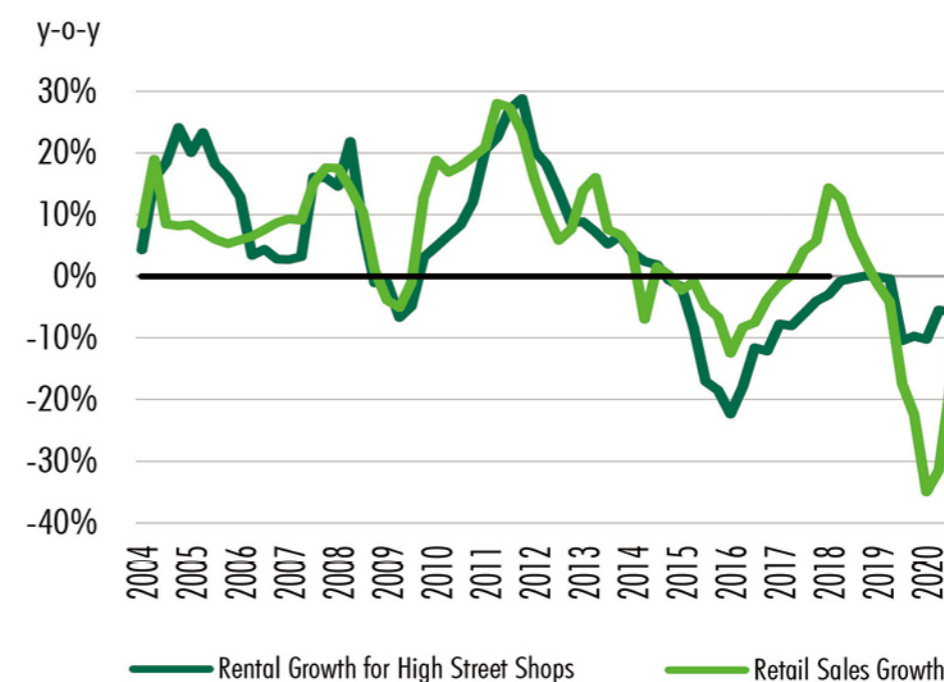
The primary cause of business failure in Hong Kong is high street retail rents. Hong Kong is labelled as the most expensive office market in the world, so the operational cost of the fast fashion brand is considerably high. According to Knight Frank's latest Global Outlook Report (Gerrity, 2019), it is forecasted that Hong Kong will continue being the most expensive office market in the world, reaching HK\$239.54 per square feet (Table 1). The 10-year average office rents of Hong Kong are also the highest in the world at HK\$193.67 per square feet. This amount is more than twice the premium office rent of the second-highest city – Tokyo (Table 1).

Hong Kong's sky-high office rents directly affect the operation cost of business. For example, Forever 21, a well-recognized American fast fashion retailer, rented a 50,000 square feet flagship store in Causeway Bay in 2011 and expanded to a 19,217 square feet store in Mong Kok in 2016. The monthly rent of the Causeway Bay store was HK\$13.8 million and the monthly rent of the Mong Kok store was HK\$2.6 million (Liu, 2019). These two stores were both located in the tourist areas of Hong Kong. Nevertheless, Forever 21 closed the Causeway Bay flagship store in 2017 and also the Mong Kok store in 2019. The shutting down of the Mong Kok store is too much earlier

than expected, even though, according to the Land Registry, the current lease term for the store would end in May 2023 (Liu, 2019). According to the statistical report published by the Census & Statistics Department of HKSAR (Hong Kong Retail, Q3 2020. Weak consumption demand prompts retailers to stay cautious until next year, 2020), both the rental growth for core retail locations and retail sales growth have been generally declining since 2012 (Figure 1). It is

noticeable that the retail sales have dropped sharply in recent two years. But the shop rents only showed a slight decrease. Hence, fast fashion companies cannot cover the operational expenses from sales. In the long term, probably the business will suffer a net loss and deemed unsustainable. Therefore, in terms of economic factor, the impact of the exceptionally high retail rents in Hong Kong is the major cause of failure of the fast fashion business.

Figure 1. Rental Growth for Core Retail Locations vs. Retail Sales Growth



Source: Hong Kong Retail, Q3 2020. Weak consumption demand prompts retailers to stay cautious until next year (2020). CBRE. <https://www.cbre.com.hk/en/research-reports/Hong-Kong-Retail-MarketView-Q3-2020>.

**Table 1. Global Cities Prime Office Rents Per Sq. Ft (in HK\$)**

Year	2017	2018	2019	10-year average
Market	Actual	Estimate	Forecast	Actual
1 Hong Kong	\$233.16	\$252.15	\$239.54	\$193.67
2 Tokyo	\$107.61	\$112.39	\$111.81	\$86.32
3 London (City)	\$89.40	\$89.40	\$91.95	\$75.99
4 Paris	\$86.28	\$90.54	\$91.60	\$82.66
5 San Francisco	\$75.90	\$85.04	\$87.50	\$54.66
6 New York	\$80.98	\$81.50	\$81.97	\$68.84
7 Sydney	\$65.78	\$75.18	\$81.65	\$53.04
8 Singapore	\$71.45	\$74.35	\$77.89	\$82.21
9 Boston	\$62.11	\$68.56	\$72.90	\$55.87
10 Dublin	\$71.69	\$71.69	\$74.55	\$51.46
11 Beijing	\$60.33	\$62.17	\$61.51	\$52.24
12 Washington DC	\$57.93	\$59.02	\$60.00	\$55.57

Source: Gerrity, M. (2019). World's most expensive office markets revealed. *World Property Journal*. <https://www.worldpropertyjournal.com/real-estate-news/hong-kong/knight-frank-2019-global-outlook-report-hong-kong-office-rents-commercial-real-estate-news-worlds-most-expensive-office-markets-in-2019-11260.php>.

### Negative Environmental Impact

The second reason for fast fashion business failure lies in the fact that fast fashion industry has detrimental effect on the environment. As to soothe the public concerns, businesses have adopted some green drive to stave away the concerns. Fast Fashion has been a bane to this cause calling for a reexamination of a flawed system (The impact fast fashion has, 2019). To cut production costs, fast fashion companies often sacrifice textile quality in exchange for rapid production and quicker delivery of products. From customers' point of view, the cheap, trendy, and disposable fast fashion items make impulsive

purchase easy and affordable. At the same time, the fast fashion brand could roll out their products every week, the customer does not need to wait for a season for the latest trends. According to the latest YouGov Omnibus research of clothing waste in Hong Kong, 29% of adults threw more than ten clothing items within one year and 39% of adults threw out clothes that they only wore once. About 36% Hong Kongers disposed unwanted clothing as general waste and did not put them into recycling bins (Fast fashion: 39% of Hong Kongers have thrown away clothing after wearing it just once, 2017). A

report by McKinsey consultancy found out that Hong Kong discarded 343 tonnes of textile wastes into landfills daily (Hong Kong's new fight against fast fashion, 2018). The modern consumerism and waste problem in Hong Kong become an environmental burden. Ironically, at the same time, Hong Kong citizens are strong advocates of environmental protection. Greenpeace marked 27 November 2015

### Emerging Trends in E-Commerce

The third reason for fast fashion business failure is related to the big shifts in consumption pattern of Hong Kong citizens. With technological advancement, Internet and mobile device have become an indispensable part of our daily life. Nowadays, e-commerce is growing incredibly fast. Technology is not only affecting product distribution strategy but also transforming the shopping behavior of Hong Kong citizens (Hong Kong: Reaching the consumer, 2020). According to the latest statistics and trends about online shopping in Hong Kong, the average Hong Kong customer spends more than 24 hours a week on the Internet and 88% made at least one purchase online in last three months (Online consumer shopping behavior in Hong Kong – statistics and trends [infographic], 2018). The projection for e-commerce in Hong Kong in 2020 is HK\$55.4 billion, which shows that e-shopping is on the rise (Kotschenreuther, 2019). Millennials, also known as Generation Z, are predicted to be the main target group for e-commerce business in the near future. The characteristic of this generation cohort

as international "Buy Nothing Day" (Greenpeace urges Hong Kong to join 'Buy Nothing Day' and stop over-consumption, 2015). More people were willing to respond to the activity and refused to buy fast fashion products. From socio-cultural perspectives, the changing customers' attitudes towards fast fashion might lead to the failure of the fast fashion brand.

is mobile-first and social media affinity, they prefer online-shopping rather than offline (Kotschenreuther, 2019). The emerging e-commerce technology enables customers to shop almost anywhere, simply using a mobile device. New market entrants are building e-commerce business because the barriers to entry is relatively low. Therefore, the fast fashion market becomes more diverse and more competitive. The growth of small and medium enterprise creates greater opportunities for people to access to a wider range of products. Customers can buy different products through social media platforms, especially Instagram and Facebook. While newcomer businesses are seeking to thrive in e-commerce, international fast fashion giants dominated by Zara and H&M had shown a way with its rapid store expansion in the country (The challenges of ever faster fashion, n.d.). As a result, fast fashion companies failing to respond quickly enough to the changes of Hong Kong consumption pattern and intense market competition may suffer a loss. So, this is likely to be a possible cause of business failure.

## Political Crisis

Lastly, it is undeniable that the political issues in Hong Kong have negatively impacted international fast fashion business. After the Anti-Extradition Law Amendment Bill Movement, the relationship between Hong Kong and China has become severe. Younger customers were highly concerned about political and social issues. About 90% of Generation Z customers agree that companies have a responsibility to address political and social issues. Over 65% of customers would boycott or switch based on the company's attitude on provocative issues (Amed et al., 2019). Hong Kong citizens polarize all businesses into two stances by labelling colours, Yellow and Blue depending on which sides they support: Yellow for pro-democracy and Blue for pro-China. Hence the term Yellow Economic Circle was coined for industries and businesses that support pro-democracy. For example, ZARA posted a statement on a popular mainland social media platform Weibo stating that

the company supports the "one country, two systems" policy. ZARA was immediately labeled a Blue shop and was boycotted by pro-democracy supporters. Mainland tourists are big spenders in Hong Kong and contribute to the significant growth of retail sales. Due to the recent protest and tense relationship with China, customers from the mainland stayed away from Hong Kong. The retail sales saw the largest drop on record. At the same time, the demonstration activities were often held in shopping districts. The protestors organized an activity called "Bye Buy Day" to stop people buying from the company that takes a stand against them (Chik, 2019). Affected by the protests, shops were forced to close early and lose revenue. Due to the declining number of mainland tourists and the boycott of local customers, fast fashion companies find it hard to maintain business growth with high overhead and operating expenses.

## VIEWS FROM A SERIAL ENTREPRENEUR

Based on the empirical findings discussed above, we conducted an interview with an outstanding entrepreneur in fashion and innovative technology to further investigate the failure of the fast fashion industry in Hong Kong. Ms. Elaine Shiu, Founder and Chief Brand Officer of Ejj Holding Limited, shared her insights and experience in fast fashion on 13 July 2020. Ejj Jewellery is a Hong Kong fast fashion accessory brand and Elaine won many accolades in Hong Kong, including "The Most Innovative Jeweller", "Hong Kong Most Outstanding Young Entrepreneurship", "Asia

Pacific Entrepreneurship Awards" in 2017. Along those mentioned, she also received "Chinese Business Leader" and "Worldwide Business Leader" awards in 2018 and "Outstanding Women of China" award in 2019. She has demonstrated outstanding achievement in fashion industry.

Echoing the previous findings, Elaine also agrees that the increasing environmental awareness in Hong Kong and the negative image of fast fashion brands are dissuading people from buying trendy

but inexpensive clothing. Also, customers' propensity for online shopping has contributed to the issues to some degree because e-commerce offers customers a wide variety of choices in products and services. Customers can buy different products from small and medium enterprises via social media platforms and their choices are not limited to those international fast fashion brands. Apart from this, the burden of expensive rental overheads may be the major cause of failure for international fast fashion companies. It is hard for them to survive under the extremely high operational expenses. The cost does not only include the rent but also staff salaries and wages. International fast fashion companies that open stores in Hong Kong's prime shopping districts, such as Tsim Sha Tsui and Causeway Bay, experience the world's

most expensive retail rents. A flagship store located in a popular landmark building can take up presence in a new market and draw customers to the brand. Yet, upkeeping flagship store can be cost-prohibitive. Apart from the above factors, Elaine addressed that "The information collected by foreign companies may be incomplete, as they may not be familiar with the operating cost in the Hong Kong market. As a new market entrant, international fast fashion companies took the same approach used in foreign markets for store expansion in Hong Kong. High operating expenses deplete profit margins and threaten the financial health and long-term viability of fast fashion companies". In addition to external economic factors, companies should carefully consider the operating model and specific capabilities for new market entry.

## SUGGESTIONS FOR FAST FASHION INDUSTRY

Not only the international fast fashion companies are facing challenges discussed above, but also for the retail industry as a whole. To maintain sustainable growth in the fast fashion business, we provide two suggestions.

First, the company should conduct a comprehensive market research and assess its capability in entering a new market. It is suggested to set up pop-up stores to test new market before committing to brick-and-mortar spaces. Typically, short-term leases and pop-up stores become more prevalent because it is cost effective to boost brand visibility, to engage customers and to promote products in new market (Harilela, 2017). When the company has built enough

brand awareness in the new market, it is the best time to operate an online store, which can reduce demand uncertainties and resources-related costs (Lee, 2019). For example, a global online fashion and beauty retailer ASOS, adopts online-based internationalization and only focuses on online sales.

Another suggestion is to adopt sharing economy to meet the needs of eco-conscious customers. A new trend called "rentable fashion" is rapidly growing. The CGS 2019 Future of Fashion & Retail Consumer Survey mentioned that "clothing is the most common rental service" (Benoualid, 2019). Rentable fashion extends the life cycle of clothing and provides flexibility to meet customers' demand. Fast fashion company is



advised to launch clothing rental service to minimize waste and reduce production cost. Likewise, fast fashion brands may collaborate and sell secondhand clothing in a shared workspace. They can share the rental cost and achieve sustainability-based competitive advantage. Such collaboration can create

brand awareness for both brands and effectively reach an expanded target audience. It is predicted that the worldwide secondhand clothing market will reach US\$51 billion by 2023 (Gosselin, 2019). Secondhand clothing will overtake fast fashion in the future.

## CONCLUSIONS

This study examines the possible failure of international fast fashion in Hong Kong. The findings indicate that the companies have been hit incredibly hard because of high retail rents, negative environmental impact, e-commerce trends and political crisis. Despite significant sales decline in recent two years, fast

fashion brands have continued to generate steady growth in global markets. To revive its business and sustain growth, it is time for companies in the fast fashion industry to switch up and adjust marketing strategies to respond to changing customer trends and shifts in business model.

## References

- Amed, I., Balchandani, A., Beltrami, M., Berg, A., Hedrich, S., & Rölkens, F. (2019, February 12). The influence of 'woke' consumers on fashion. *McKinsey & Company*. <https://www.mckinsey.com/industries/retail/our-insights/the-influence-of-woke-consumers-on-fashion#>.
- Belyh, A. (2019, September 20). Factors to consider for international marketing. *Cleverism*. <https://www.cleverism.com/factors-to-consider-for-international-marketing/>.
- Benoualid, C. (2019, November 25). The sharing economy and its impact on fashion and apparel. *CGS*. <https://www.cgsinc.com/blog/sharing-economy-and-its-impact-fashion-and-apparel>.
- Chand, S. (2013). 5 factors you must consider while your company is entering to a new market. *Your Article Library*. <https://www.yourarticlelibrary.com/business/5-factors-you-must-consider-while-your-company-is-entering-to-a-new-market/13162>.
- Chik, H. (2019, September 17). Several dozen Hong Kong retailers likely to fold as protests hit sales, leaving thousands unemployed. *South China Morning Post*. <https://www.thestar.com.my/news/regional/2019/09/17/several-dozen-hong-kong-retailers-likely-to-fold-as-protests-hit-sales-leaving-thousands-unemployed>.
- Fast fashion: 39% of Hong Kongers have thrown away clothing after wearing it just once. (2017, December 6). *YouGov*. <https://hk.yougov.com/en-hk/news/2017/12/06/fast-fashion/>.
- Gerrity, M. (2019, February 14). World's most expensive office markets revealed. *World Property Journal*. <https://www.worldpropertyjournal.com/real-estate-news/hong-kong/knight-frank-2019-global-outlook-report-hong-kong-office-rents-commercial-real-estate-news-worlds-most-expensive-office-markets-in-2019-11260.php>.
- Gosselin, V. (2019, November 29). The sharing economy is challenging fast fashion. *Heuritech*. <https://www.heuritech.com/blog/articles/sharing-economy-fast-fashion/>.
- Greenpeace urges Hong Kong to join 'Buy Nothing Day' and stop over-consumption. (2015, December 17). *Greenpeace*. <https://www.greenpeace.org/eastasia/press/1598/greenpeace-urges-hong-kong-to-join-buy-nothing-day-and-stop-over-consumption/>.
- Harilela, D. (2017, April 15). Faster, cheaper, more direct: why Hong Kong's pop-up shops are here to stay. *South China Morning Post*. <https://www.scmp.com/lifestyle/fashion-luxury/article/2087699/faster-cheaper-more-direct-why-hong-kongs-pop-shops-are>.
- Hong Kong's new fight against fast fashion (2018, September 30). *France 24*. <https://www.france24.com/en/20180930-hong-kongs-new-fight-against-fast-fashion>.
- Hong Kong: Reaching the consumer. (2020). *Santander Trade*. <https://santandertrade.com/en/portal/analyse-markets/hong-kong/reaching-the-consumers>.
- Hong Kong Retail, Q3 2020. Weak consumption demand prompts retailers to stay cautious until next year (2020). *CBRE*. <https://www.cbre.com.hk/en/research-reports/Hong-Kong-Retail-MarketView-Q3-2020>.

Idacavage, S. (2016, June 8). Fashion history lesson: The origins of fast fashion. *Fashionista*. <https://fashionista.com/2016/06/what-is-fast-fashion>.

Kotschenreuther, M. (2019, January 22). Challenging Hong Kong's retail competitiveness - exploring Hong Kong's digital retail trends and drive to pedestrianisation. *Colliers International*. [https://www.colliers.com/-/media/images/apac/hong%20kong/2019\\_images/radar/charllenging\\_hk\\_retail/20190122\\_colliers\\_hk\\_retail\\_radar\\_pedestrianisation.pdf](https://www.colliers.com/-/media/images/apac/hong%20kong/2019_images/radar/charllenging_hk_retail/20190122_colliers_hk_retail_radar_pedestrianisation.pdf).

Lavin, F., & Cohan, P. (2012). Export now: Five keys to entering new markets. Hoboken, NJ: John Wiley & Sons, Inc, pp. 45-69.

Lee, J.E. (2019). Fast-fashion retailers: Types of online-based internationalization. *The Research Journal of the Costume Culture*, 27(1), 33-45.

Liu, P. (2019, September 25). Forever 21 shuts its last Hong Kong store as street rallies become the straw that broke the fashion retailer's back. *South China Morning Post*. <https://www.scmp.com/business/article/3030201/embattled-fashion-retailer-forever-21-closes-last-store-hong-kong-protests>.

Mo, Z.Y. (2015). Internationalization process of fast fashion retailers: Evidence of H&M and Zara. *International Journal of Business and Management*, 10(3), 217-236.

Online consumer shopping behavior in Hong Kong – statistics and trends [infographic]. (2018, February 5). *Go-Globe*. <https://www.go-globe.hk/online-consumer-hong-kong/>.

Rauturier, S. (2020, May 10). What is fast fashion? *Good On You*. <https://goodonyou.eco/what-is-fast-fashion/>.

The challenges of ever faster fashion. (n.d.). *South China Morning Post*. <https://www.scmp.com/article/1000979/challenges-ever-faster-fashion>.

The impact fast fashion has (2019, April 10). *GradesFixer*. <https://gradesfixer.com/free-essay-examples/the-impact-fast-fashion-has/>.





# 02

## TIME IS TICKING: ENVIRONMENTAL PROTECTION STARTS WITH ETHICAL BUSINESS PRACTICE AND PROPER CSR STRATEGIES

Poon Anna (*Year 2 Student in Corporate Governance and Compliance*)

Lei Hong Weng (*Assistant Professor, Department of Accountancy*)

### INTRODUCTION

The Coronavirus (Covid-19) pandemic has had a destructive effect on the global economy since early 2020. According to the most recent statistics provided by Worldometer (<https://www.worldometers.info/coronavirus/>) in early October 2020 when the authors collected the data, around 34,227,495 of Covid-19 cases were reported globally. Besides the consequence of spreading the disease itself, the wave of Covid-19 has pushed the global embattled economy into recession. Many companies in various

industries were forced to close down their businesses due to the tremendous decrease in business activities. Many factories worldwide were mostly affected due to the decreasing demand for different products. Interestingly, the closedown of factories has led to a reduction of emissions of greenhouse gases and air pollution to a large extent. Lenzen et al. (2020) state that the low level of business activities caused by the closure of businesses has improved the environmental quality due to the reduced emission of

toxic substances and air pollutants. The environment's immediate reactions to the reduction of toxic release demonstrate that there is an intertwined relationship between human activities and the ecosystem. It raises the need for businesses to consider going green in order to further protect the environment.

Companies that go green do not only protect our environment but are also an ethical act of corporate

social responsibility (CSR) that can promote their reputation and enhance sustainability. This paper (1) analyses companies' advantages and disadvantages of going green, (2) discusses successful examples of companies that go green, (3) explains the importance of going green as a part of companies' CSR and lastly, (4) concludes by sharing the views on the relation between eco-friendliness and ethical behaviour from one of the millennials' point of view.

## ADVANTAGES AND DISADVANTAGES OF GOING GREEN FOR A BUSINESS

Whether a company should go green is a controversial issue. In addition to the reduction of the emission and greenhouse gases, there are other advantages for a business to go green. To begin with, going green (1) enhances the reputation of a company, (2) increases customers' loyalty and (3) increases sales and investment opportunities because customers and

investors nowadays do not only focus on the quality of the products, but also companies' corporate social responsibility, for example, whether the company has caused any damage to the environment in the production process. The research conducted by Cone Communications LLC reveals that 84% of the global consumers interviewed are actively searching for

responsible products (2015 Cone Communications/ Ebiquity Global CSR Study, 2015). Furthermore, research shows that up to 92% of the millennials tend to trust companies that support social or environmental issues (5 benefits to being an eco-friendly business, n.d.). For example, a significant rise in the UK ethical business sector from 1999-2018 was witnessed and this trend is expected to continue in the near future (Twenty years of ethical consumerism, 2019). Figure 1 shows UK's ethical economy from 1999-2018.

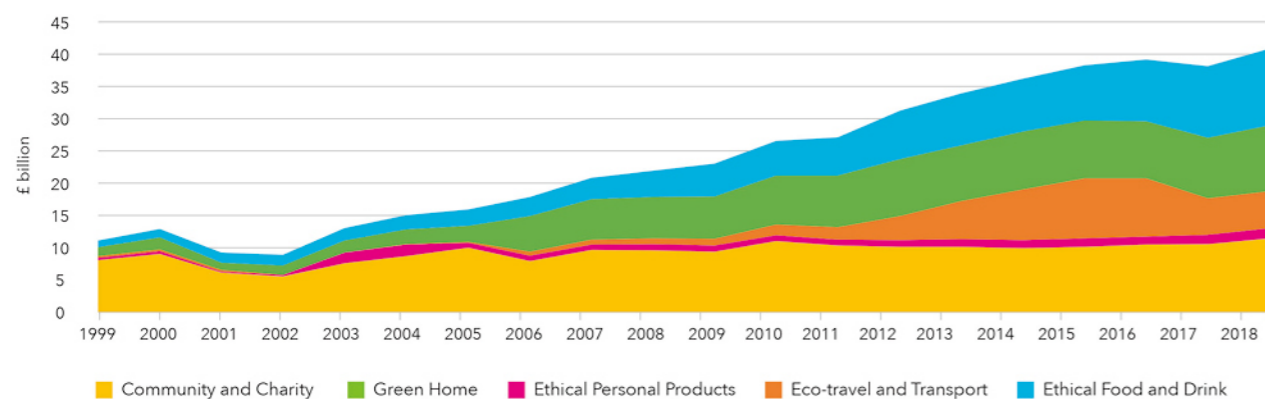
Besides enhancing companies' publicity and maintaining customers' loyalty, going green can help reduce companies' overhead costs. For example, using solar panels can save electricity and decrease relevant costs on electricity consumption. The cost saved could be invested in other business areas, such as increasing employees benefits or further expansion. Jahdi and Acikdilli (2009) suggest that CSR businesses have unique selling points when their competitors are not providing any ethical products for the customers in the same market. This indicates businesses can use CSR as a marketing strategy to attract more customers to earn higher revenue and profit. Lastly, companies going green may grow faster due to (1) new product ideas, (2) new investors, and (3) skilled workers like millennials who join these companies. Lin (2017) states that millennials pay attention to the sustainability of the company they serve and 72% of the millennials expressed that they would be happier if having a job that can make an impact on society.

However, not all companies can go green and enjoy the benefits like saving costs, maintaining existing customers, attracting new customers, and hiring talented young workers. Before a company decides to

go green, it has to consider whether there is enough capital to support the purchase and maintenance of equipment for going green because these costs are high. For example, a large firm to go green may demand a huge amount of renewable energy equipment that can be very expensive. In addition, going green is an example of CSR behaviour that attracts the public's attention. Therefore, companies must ensure that there is a clear direction to achieve this goal. However, companies need big investment in different resources for going green, which is not affordable by small-scale companies or even small and medium-sized enterprises. If a company does not have enough resources to engage in CSR activities but it insists on doing so, the company will not be able to achieve the benefit of engaging in CSR activities and this may become a risk to the company.

Once a company successfully starts its engagement in CSR activities, it also needs to ensure that it has enough resources to sustain and support these activities. Yoo and Lee (2018) argue that a company's CSR activities with low consistency would lead to customers' assumption that the CSR activities are solely for window-dressing purpose or just gimmicks. Therefore, companies must ensure that it has a well-developed management and sufficient knowledge of CSR activities before engaging in these activities. Lastly, to achieve the most fruitful results from going green, companies need to find eco-friendly suppliers to work with. This, however, could turn into another challenge, depending on from which country the company collects its resources. In recent years the green supply chain has been growing and improving in many countries as well, which makes it easier for companies engaging in CSR activities to access sustainable resources (Eltayeb & Zailani, 2009).

Figure 1. UK Ethical Economy 1999-2018



Source: Twenty years of ethical consumerism. (2019). *Ethical Consumer*. <https://www.ethicalconsumer.org/sites/default/files/inlinefiles/Twenty%20Years%20of%20Ethical%20Consumerism%202019.pdf>.

## SUCCESSFUL EXAMPLES OF GOING GREEN COMPANIES

---

Companies are highly recommended to go green because the advantages of going green outweigh the disadvantages as discussed above. However, not all companies can go green due to their limited

### IKEA

IKEA is a Swedish furniture company that highly values eco-friendly initiatives. IKEA has implemented high standards on the raw material used. For example, cotton, one of their major sources of raw material, is 100% of the Better Cotton Standard and the wood material is from a sustainable forest (Ebnother et al.,

resources. Below are four examples that have successfully applied the going green concept as the CSR strategy in their business models.

2014). IKEA also recycles 87% of their waste. 98% of the raw material used by IKEA is recyclable and recycled (Ebnother et al., 2014). This environmentally-friendly strategy could attract more global customers who are environmentalists.

### BMW

BMW is a vehicle brand from Germany. BMW has applied different measures and initiatives to ensure that each stage of their vehicles' life cycle fulfills the objectives of going green (Dudovskiy, 2016). The going-green ideas implemented in BMW's products include (1) clean production, (2) green logistic

concepts, and (3) fuel-efficient driving. BMW shows how to thoroughly engage in environmental ethics by producing user-friendly and environmental-friendly vehicles, which also fruitfully meets their customers' needs.

### Panasonic

Another famous going-green company that deserves the credit for its environmental ethics and sustainability is the Japanese brand, Panasonic. Panasonic aims to achieve its vision that its "energy created" could exceed the "energy used" by the end of 2050 (Environment: Panasonic environment vision

2050, n.d.). This suggests that Panasonic is not solely concentrating on the current environmental issues but is also thinking ahead of its competitors. As a result, Panasonic has successfully attracted more global customers and potential investors.

### Apple

Apple is one of the world's largest technology companies that has also decided to go green. According to Perez (2017), Apple was named by Greenpeace as the greenest technology company in the world in 2017 for three years in a row. Apple aims to manufacture its electronic gadgets by using fully renewable raw material from old products and without digging any raw material from our planet.

Other high-tech companies like Google and Microsoft have also started to invest in new energy generation

including wind farms and solar panels (Werber, 2019). It can be assumed that the trend of going green is accelerating as global large companies like the four mentioned above have decided to engage in activities promoting environmental ethics. However, it is worth noting that not all well-managed global companies are completely integrating environmental ethics in their business plans. Instead, they have devised their own programs to align their businesses' value with CSR.

## GOING GREEN AS A COMPONENT OF CORPORATE SOCIAL RESPONSIBILITY

---

### Customers' Reaction to Companies' CSR Activities

One of the main reasons for companies to engage in going-green activities is to attract new customers and guarantee existing customers' loyalty. Customers' attitudes toward ethical businesses are often positive (Yoo & Lee, 2018). However, it is questionable whether customers' actions would demonstrate their support for ethical businesses or not.

A survey conducted by Grant (2007) among the U.S. citizens shows 74% of the Americans view global warming as a major problem and 50% of them consider global warming an extremely problematic issue. Smith (1996) and Strahilevitz (1999) state that customers are more willing to pay for a premium for products produced by a CSR company rather than purchasing from a non-ethical company

because customers recognize the additional benefit for products associated with CSR. This customer behaviour is perhaps caused by the positive effect of a company's responsible behaviour that eventually reflects on their products and their brand image (Brown & Dacin, 1997).

On the other hand, there is still a blockade for ethical businesses to become a major sector in the market. The Theory of Planned Behaviour states that a human's intention to a behaviour can differ from its actual behaviour (Ajzen, 1991). This implies that customers are unlikely to boycott a CSR company but would still consume products that they desire, whether it is eco-friendly or not. Leonidou and Skarmeas (2017) state that customers' confidence

in different so-called green products has decreased because some companies have been using green marketing as a gimmick and have been making false claims about their products. The dropping of customers' confidence could be part of the reason why the ethical business sector was not expanding as expected.

However, the main reason that hinders the expansion of the ethical business sector is the 4Ps (product, place, promotion, and price) of green products.

### Global Expansion of CSR Activities

It is undeniable that engaging in CSR activities is a common practice of companies worldwide. Tim Mohin, the Chief Executive of the Global Reporting Initiative once commented that 90% of the world's largest businesses are filing in sustainability reports (McPherson, 2019) and according to the Oxford University, 80% of investors nowadays pay high attention to "ESG", i.e., environmental, social and

Rice and Peter (2015) suggest that CSR activities are viewed as a different factor. No success could be guaranteed if a company just engages in CSR activities without considering customers' desires. Successful global business enterprises such as BMW and IKEA have aligned customers' needs with their CSR strategies. Therefore, CSR businesses should be concerned about customer-orientated products, proper green marketing, reasonable price, and convenient places for customers to consume the products.

corporate governance when they evaluate the sustainability of their investment in a company. This suggests potential investors' interest in companies' CSR practices has potentially increased and individual investors are now not simply being concerned with profit but also 'ESG' as one important factor for making their investment decisions.

Figure 2 shows the Carroll's Pyramid of CSR ("Pyramid"). In the Pyramid, there are four layers of social corporate responsibilities for businesses to follow. These layers of corporate social responsibilities are economic, legal, ethical, and philanthropic responsibilities (Carroll, 2016). Economic responsibility is the fundamental requirement for businesses to survive in the market (Dudovski, 2012). Simply speaking, companies have the primary responsibility to maintain profitable so that they can have enough resources to support the society in the long run. Therefore, the economic responsibility layer is the foundation of the Pyramid and legal, ethical, and philanthropic responsibilities all rest on economic responsibility.

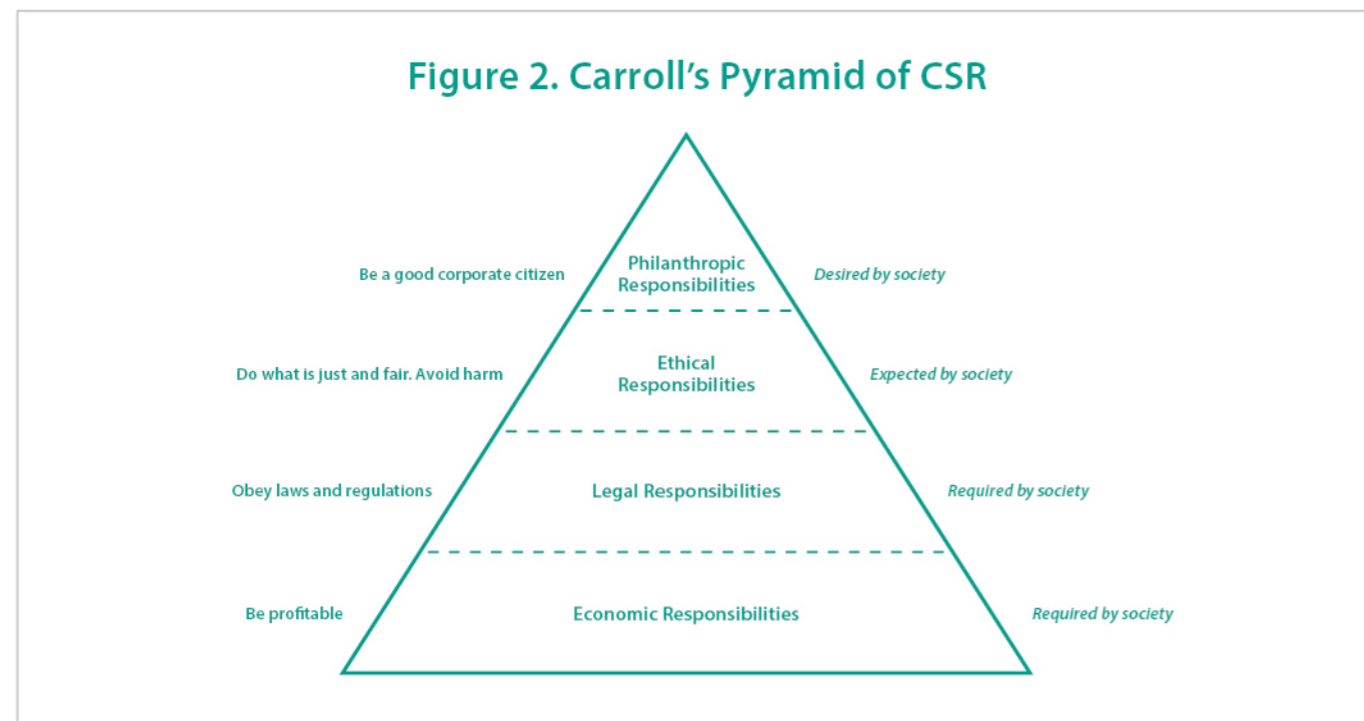
Legal responsibility is the second component of the Pyramid. It expects businesses to follow the laws and regulations established by the government. Meeting the legal responsibilities is the minimal ground rule for a business and is a beginning step to become an ethical business.

Being ethical is the third layer of the Pyramid. Meeting basic legal requirements is not enough because our society has a high expectation on companies' ethical behaviour and operation (Carroll, 2016).

In another word, companies have to respect and protect stakeholders' moral rights in their policies, rather than just focusing on the basic minimum legal requirements.

The last component of the Pyramid is the philanthropic responsibility. It includes all forms of companies' giving back to society like (1) donating, (2) engaging in charitable events, and (3) volunteering in the community. Nowadays, the public expects companies to give back to the community, especially from those profitable companies (Carroll, 2016). Engaging in philanthropic responsibility does demonstrate a company's good citizenship, which can enhance its publicity.

To effectively reach the top of the Pyramid, companies should understand at which stage of the Pyramid they are in and the sustainable goals that are required to be achieved in the next layer of the Pyramid. However, the Pyramid is only one fundamental layout on how to achieve CSR and it is not comprehensive because companies still need to be aware of the additional customers' requirements as customers' demands are constantly expanding nowadays (Carroll, 2016).



Source: Carroll, A. B. (2016). Carroll's pyramid of CSR: Taking another look. *International Journal of Corporate Social Responsibility*, 1(3), 1-8.

### VIEWS FROM A MILLENNIAL'S PERSPECTIVE ON BUSINESS ETHICS

This article provides several implications to business owners. First, more and more environmental activists are demonstrating against non-ethical business behaviour, increasing the demand for eco-friendly products and activities. Second, companies that only prioritize ethical behaviour and neglect the importance of the 4P's of green products is the main

reason why eco-friendly products still cannot become the mainstream. Therefore, companies with good CSR practices also need to meet customers' wishes while achieving their ethical goals. Thirdly, companies should note that the millennials pay more attention to a company's reputation and ethical behaviour than people from other age groups. Millennials strongly

believe that they need a sustainable and ethical future and sustainability could only be achieved through unique consumption trends such as focusing on consuming eco-friendly products. Millennials care about climate change, equality and sustainability, and are willing to invest and work in businesses that have

engaged in sustainable ethical practices. Millennials are more socially and environmentally conscious than business owners could imagine. Therefore, businesses that engage in environmental protection activities may surprisingly receive considerable support from the millennials.

## CONCLUSION

Corporate social responsibility (CSR) is a self-regulating system of a company that assists the company in contributing to the society. Going green is one important component of a company's corporate social responsibility and a good number of famous enterprises have started to go green and align their business values with CSR to sustain the business, to enhance their reputation, to maintain existing customers' loyalty, and to attract new customers and potential investors. The ethical market has been expanding, but still cannot create its maximum

impact due to some companies' unethical business behaviour and false claims about their so-called green products, which decreases customers' confidence. Customers nowadays do not only simply focus on the quality of products, but also consider whether these products are from ethical businesses. Lastly, the millennials are socially, ethically and environmentally conscious. The millennials are committed to creating a sustainable and ethical future. Supporting ethical businesses is one step closer to achieving this goal.

## References

- 2015 Cone Communications/Ebiquity Global CSR Study. (2015). *Cone*. <https://www.conecomm.com/research-blog/2015-cone-communications-ebiquity-global-csr-study>.
- 5 benefits to being an eco-friendly business. (n.d.). *Exchange Utility*. <https://www.exchangeutility.co.uk/news/benefits-being-eco-friendly-business/>.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, 61(1), 68-84.
- Carroll, A. B. (2016). Carroll's pyramid of CSR: Taking another look. *International Journal of Corporate Social Responsibility*, 1(3), 1-8.
- Dudovskiy, J. (2012, October 25). Carroll's CSR pyramid and its applications to small and medium sized businesses. *Business Research Methodology*. <https://research-methodology.net/carrolls-csr-pyramid-and-its-applications-to-small-and-medium-sized-businesses/>.
- Dudovskiy, J. (2016, April 28). BMW CSR Overview. *Business Research Methodology*. <https://research-methodology.net/bmw-csr-overview/>.
- Ebnother, M., Rivera, M., & Sawayda, J. (2014). IKEA address ethical and social responsibility challenges. *Daniels Fund Ethics Initiative*. <https://danielsethics.mgt.unm.edu/pdf/ikea.pdf>.
- Environment: Panasonic environment vision 2050. (n.d.). *Panasonic*. <https://www.panasonic.com/global/corporate/sustainability/eco/vision.html>.
- Eltayeb, T., & Zailani, S. (2009). Going green through green supply chain initiatives toward environmental sustainability. *Journal of Supply Chain and Operations Management*, 2(2), 93-110.
- Grant, J. (2007). *The green marketing manifesto*. John Wiley & Sons, Ltd.
- Jahdi, K. S., & Acikdilli, G. (2009). Marketing communications and corporate social responsibility (CSR): Marriage of convenience or shotgun wedding? *Journal of Business Ethics*, 88, 103-113.
- Lenzen, M., Li, M., Malik, A., Pomponi, F., Sun, Y. Y., Wiedmann, T., et al. (2020). Global socio-economic losses and environmental gains from the Coronavirus pandemic. *PLoS ONE*, 15(7): e0235654. 1-13.
- Leonidou, C. N., & Skarmeas, D. (2017). Gray shades of green: Causes and consequences of green skepticism. *Journal of Business Ethics*, 144(2), 401-415.
- Lin, M. (2017). Are corporate responsibility efforts profitable? *Toptal LLC*. <https://www.toptal.com/finance/profitability-analysis/corporate-responsibility>.
- McPherson, S. (2019, January 14). Corporate responsibility: What to expect in 2019. *Forbes*. <https://www.forbes.com/sites/susanmcpherson/2019/01/14/corporate-responsibility-what-to-expect-in-2019/#2bcc9610690f>.

Perez, S. (2017, January 10). Apple, Facebook and Google top Greenpeace's clean energy report. *TechCrunch*. <https://techcrunch.com/2017/01/10/apple-facebook-and-google-top-greenpeaces-clean-energy-report/>.

Rice, T., & Peter, C. (2015). Banking on corporate social responsibility. *Journal of Management Sciences*, 2(2), 256-273.

Smith, N.C. (1996). Ethics and the typology of customer value. *Advances in Consumer Research*, 23, 148-153.

Strahilevitz, M. (1999). The effects of product type and donation magnitude on willingness to pay more for a charity-linked brand. *Journal of Consumer Psychology*, 8(3), 215-241.

Twenty years of ethical consumerism. (2019). *Ethical Consumer*. <https://www.ethicalconsumer.org/sites/default/files/inline-files/Twenty%20Years%20of%20Ethical%20Consumerism%202019.pdf>.

Werber, C. (2019, December 12). Are Apple's sustainability efforts green-washing, a genuine effort, or both? *Quartz*. <https://amp.flipboard.com/@quartz/apple-wants-every-iphone-watch-and-macbook-made-with-recycled-materials/act5tLMaRR0bzSU5BdFLKA%3Aa%3A7497286-d069d88117%2Fqz.com>.

Yoo, D., & Lee, J. (2018). The effects of corporate social responsibility (CSR) fit and CSR consistency on company evaluation: The role of CSR support. *Sustainability*, 10(8), 1-16.







## 03 | NEW TRENDS IN GLOBAL COSMETICS MARKETING

Ho Yuen Wah (*Year 3 Student in Banking and Finance*)

Zhu Wenting (*The Research Institute for Business, School of Business*)

### INTRODUCTION

Cosmetics are one of the Fast Moving Consumer Goods (FMCG) that are sold quickly at a relatively low price (Lu & Chen, 2017). Trends and market cycles pressure companies to introduce new products frequently to capture customers' interest (Pourhejazy et al., 2019). Approximately 76% of international companies used a combination strategy of standardization and adaptation, which implies that they believe the effectiveness of advertising strategy can be varied in different situations (Barnes

et al., 2009). In order to maintain customer loyalty and raise brand awareness, cosmetics marketers have to be updated with current trends and be flexible in adapting new elements to products while preserving brand characteristics. That is why the changes in trends are quicker and more prominent. Therefore, it is essential for cosmetics brands to identify key elements that are positively affecting the global cosmetics market to achieve market competitiveness.

## LITERATURE REVIEW

---

### Factors Influencing Customer Purchasing Intention

Brand image, involvement, consumer knowledge, and openness to experience are four main factors affecting cosmetic consumptions (Lu & Chen, 2017).

Brand image reflects a common impression of a product held by a real or potential customer and it can influence the relationship between product lifecycle and sales volume directly. Brand image can be divided into three parts, functional, symbolic, and experiential needs, which satisfy customers' external needs, inner self-enhancement needs, and sensory pleasure (Park et al., 1986).

Involvement refers to listening to the voice of customers who have a causal or motivated variation in their decision-making process. Therefore, with different degrees of involvement, customer comparison of different brands, the time of making decisions, or the degree of searching information may vary (Laurent & Kapferer, 1985).

Consumer knowledge is composed of familiarity and product knowledge, which refers to the customers' accumulative experience and sum memory of product class information (Kang et al., 2013). Product

class information can be separated as a subjective norm, meaning the person's degree of confidence in his / her knowledge and objective norm, that is, the amount of actual correlative knowledge the person holds (Brucks, 1985).

Openness to experience is one of the factors identified in the Big Five Model of personality (Raad & Perugini, 2002), together with conscientiousness, extraversion, agreeableness, and neuroticism. It stands for a personality of being curious and eager to experience new things. People with this personality are seen to accept new products easily (Lu & Chen, 2017).

However, Lu and Chen (2017) argued that brand image and customer involvement had no significant influence on purchasing intention. One of the reasons is that FMCG products belong to low involvement products (Shamsher & Chowdhury, 2012). Customers credit their perception and knowledge of products more than the brand image and decision-making involvement. Moreover, people with high openness to experience are more likely to consume cosmetics due to curiosity and willingness to try new products.

who can share content and interact with customers, have actually become one of the most popular marketing tools for brands. The fact that 75% of marketers already used influencer marketing proves the popularity and universal use of influencer marketing (Dreifaldt & Drennan, 2019).

### The Influence of Social Media and Influencer Marketing

Social media, which includes websites and applications, such as Instagram and Facebook, has become a new leading tool in the marketing world (Matomäki, 2019) and it has been reshaping the way for consumers to absorb knowledge and their openness. While it is hard for brands to stand out alone from different advertisements and influencers,

According to Matomäki (2019), there are four types of influencers. The first type is celebrity endorsers. As a kind of macro influencer, they have high reach capability and a large number of followers. The second type is industry experts that gain respect by their qualification and experiences. The third type is bloggers, content creators, and YouTubers, who are trusted by readers and viewers. The last type is micro-influencers, who have a smaller scale of followers at its focus niche but have more active relationships with followers.

Brands are switching from traditional advertising and macro celebrities to other influencers to ensure

their advertisements can reach potential focused customers with a higher loyalty to influencers (Matomäki, 2019). Influencers can reach their target audience in a more genuine way than a traditional advertisement or celebrity endorsers. Influencers share their daily lives and seem to be more down to earth, which makes their followers feel like they know these influencers personally and have stronger and more robust relationships with influencers. That is why they will accept their recommendations as if they get opinions from friends. Due to the above characteristics, influencers can break barriers and introduce brand image and products to their followers with higher emotional proximity.

## MEASURES OF COSMETICS MARKET EXPANSION

---

### Go Green and Ingredients Transparency

Labelling is one of the measures responding to meet increasing consumer knowledge, which is one of the significant effects on cosmetics consumption. This forces the brands to change their previous practice of hiding or minimizing the labelling information to ensure the attractiveness of product packaging and avoid being plagiarized. In recent years, people's health awareness has extended from food to personal beauty products even though labelling requirements on ingredients are different among countries. Customers started to be more interested in natural ingredients, sustainable packaging, cruelty-free, and other green elements of cosmetics (Lin et al., 2018). Motivated by favourable demand, hundreds and thousands of companies are now producing and selling cosmetic products that are claimed 'green' and better for the user and the environment (Lin et al., 2018). From the study on green consumer behaviour

in the cosmetics market, 70% of the participants wish to buy natural cosmetics and the same percentage of participants are willing to pay extra for cosmetics made of natural ingredients. 68% of the participants are willing to pay extra for cosmetics packaging made of natural material (Amberg & Fogarassy, 2019).

In response to customers' consciousness on the ingredients and packages of cosmetics, and how consumer knowledge brings positive purchasing intention, marketers try to give customers the ideas about the functions and characteristics of different ingredients. They will even state shaming ingredients like parabens, silicon and alcohols about their adverse effects on the skin if these ingredients were added to cosmetics or skincare products, which may not be as harmful as the market suggests. Brands started only for promotion of their products as 'free from' harmful

ingredients and 100% made by natural ingredients.

Ingredients transparency could enhance consumer knowledge of subjective norm product class information. Customers feel confident about their knowledge of the products and are eager to buy products they believe are natural. Customers all around the world also started using apps and online databases to search for product information, such as the “Hwahae” in South Korea, “Beauty Evolution” in China, and “CosmEthics” in the United Kingdom. These apps offer similar functions in different languages. They can store personal data like skin type, gender, and concerns about skin problems. Recommendations will be provided to the users after a detailed analysis of the data collected. Lastly, the

### Emergence of Men’s Grooming and Cosmetics Market

In response to customers’ consciousness on openness, the market for men’s beauty products has been booming. Men nowadays do not consider using cosmetics as feminine, they care more about their image and self-presentation (Ambaum & Demir, 2020; Bhalerao & Deshmukh, 2015). Consequently, men’s attitudes towards their appearance and using cosmetics or skincare products have changed drastically since their adoption of beauty products is no longer considered to possibly weaken one’s masculinity but bring more confidence to people generally as well, what matters to both female and male (Huang, 2019).

### Inclusive Beauty

Inclusive beauty is another reflection of how openness can affect cosmetics consumption. More specifically, inclusive beauty refers to more than just a large shade

users will be provided a thorough list of ingredients used in the products, especially the highlight of potential toxicity and the rank hazard ratings (Choi & Lee, 2019).

In addition, cosmetics brands, especially in the United Kingdom, launch no package cosmetics. For instance, Lush offers cosmetics with zero package, the UK brand Kjaer Weis designs products to be refillable, Zao Organic\* Makeup even makes the package by reusable resources like glass or harvested bamboo (Finally... A refillable makeup system, 2017). Marketers attempt to change the package, ingredients, and promotion direction to keep up with trends and utilize the relationship between consumer knowledge and purchasing intention.

The global men’s skincare products market is growing steadily and is anticipated to reach US\$18.92 billion by 2027 (Men’s skincare market worth \$18.92 billion by 2027, 2020). Meanwhile, with years of development and many new brands entering the market constantly, the female cosmetics market is getting saturated. Well-known brands are trying to capture new markets and revenues by adding new male users. While cosmetics brands expanding into the men’s market is one of the criteria to become an ‘inclusive beauty’ brand, it can be explained together in the next section.

range, including people from all backgrounds, ages, genders, and ethnicities in the product development process, rather than companies that claim to have

solutions for everyone (Mroczkowski, 2018). In order to be more adaptive and focused, different brands are finding their paths to capture new markets. The observations on various brands with different sizes, locations, and targeted customers of marketing exploration strategies show that there are three stages in this marketing capture process: The first stage is to expand cosmetics to more diverse shades, for small to medium scale brands. As for Asia-Pacific brands, since the skin colour difference of their focused customers are less significant than those of European countries, brands focus on giving more foundation and lipstick shade variation for pale to medium skin and cool or warm skin undertone or differentiate their products. While for brands in European, American, and African countries, they intend to take care of different demands by offering a wide range of shades in cosmetics products. For instance, Fenty Beauty, a brand founded by female singer Rihanna from Barbados, offers 50 shades of foundations and concealers that flatter skin colour from people all around the world to earn its name as

### Influencer Marketing and E-marketing

As discussed above, influencer marketing and e-marketing together affect consumer knowledge and openness to the cosmetics market. With the collection of big data and selection of micro-influencers at specific aspects, these tools can bring advertisements into every corner of a customer’s life. It also approaches targeted audiences more accurately than ever, especially when beauty ranks first as the area of interest that influencers affect customer purchasing habits the most (Bognar et al., 2019). These marketing campaigns have positive effects on consumer knowledge, brand image, and

one of the representative inclusive beauty brands.

The next stage to become an inclusive beauty brand is to launch gender-neutral beauty products, which means that brands target both women’s and men’s needs during the product development process. These products are mostly paired with minimal concepts to fit in customers’ preferences. For instance, Glossier, one of the brands that leads the men’s beauty revolution, focuses on producing cosmetics and skincare products for unisex.

For the third step, apart from young brands being focused on gender-neutral products or men’s grooming products, top brands like Chanel and Tom Ford are approaching male endorsers and launching a new line for men’s makeup and skincare products to earn market share and gain a reputation. Although the launch of gender-neutral or men’s products has become an international trend, only a few start-ups that focus on making unisex cosmetics and top-notch European and American brands are taking the first step for this new market expansion at this stage.

openness to experience, which will affect customers’ purchasing decisions. Regarding consumer knowledge, different brands invite bloggers, YouTubers, and micro-influencers to mention and introduce product information thoroughly via social media platforms to raise awareness. Meanwhile, marketers put advertisements on customers’ information gathering channels such as beauty related apps “Hwahae” and “Beauty Evolution” to reach their target audience. This pervasive information can make customers feel familiar with the products and strengthen their decision to purchase them.

As for the brand image, it was mentioned that influencers could reach their target audience in a more genuine way than a traditional advertisement or celebrity endorsers (Matomäki, 2019). Instead of high-cost television advertising production, the collaboration between influencers and brands is more relatable and realistic. Brands usually launch a range of limited-edition products jointly created by the influencer and brand team. For example, Colourpop, the American cosmetic brand, is continuously launching new products inspired by

### Implications

As the first stage of market expansion, a regional-specific strategy can be used. Therefore, cosmetic customers can be basically divided into two groups by geographical location: (1) customers from Asia Pacific region, and (2) American and European customers, through customer behaviour and preferences. For customers in Asia Pacific areas, the men's makeup and skincare products focus on concealing, fragrance, minimal and neutral. Also, customers in South Korea and Taiwan specifically care about the potential toxicity from the ingredients. Due to the recent scandals of YouTubers using sponsored products or paid posting but without stating that it is an advertisement, customers become more sensitive about these contents (Han, 2018). Brands are trying to give explicit remarks on an advertisement and fine-

different influencers or YouTubers. This act can favour customers that have high openness to experience by bringing something new to them and approaching different audience groups. Through interactive contents such as vlogs or Instagram stories, customers also feel more familiar with and closer to the brand and products because the production process are more transparent to them. By increasing their knowledge, consumers' purchasing intention is asserted.

tune advertisement methods to remedy the situation.

As for customers in American and European countries, they value the product and brand inclusivity because it reflects the brand image and theory. Customers in these countries also concern whether brands go green, cruelty-free, and fulfil corporate social responsibility for its environmental impact. Customers, in general, are less concerned about the product ingredients and advertisement content. They care more about brand image and reputation. While western influencers averagely have more followers than Asian influencers on social media, influencers are more powerful and have more frequent collaboration with brands. For the men's makeup, customers focus on giving definition to facial features and show masculinity, fragrance, and neutral tone makeup.

## CONCLUSIONS AND LIMITATIONS

---

This article has blended the factors affecting customers' purchasing intention, e-marketing, and influencer marketing into global cosmetics marketing trends. Based on the examples of how exactly these separate concepts work together in the global cosmetics industry, this study concludes that social media is affecting customers the most from different parts of the world.

Due to the characteristics of the FMCG industry itself, the rapidly developing market and ever-changing customers' behaviours lead to a rather dynamic

market trend. Therefore, it is essential for cosmetics brands to be alert on customers' behaviours and precisely forecast its research and development, production, marketing and sales, and logistics. Thus, it would be useful for future research to have an investigation into all potential factors from different perspectives, for example, the supply chain management. An empirical study on the possible mediating effect of consumer knowledge and openness on the relationship between social media and cosmetics consumption can be another topic for future research.

## References

- Ambaum, I., & Demir, Z. (2020). Do you care, men? Examining the factors that influence men's attitude towards natural personal care products in Germany and attitude's impact on purchase intention. (Master), *Jönköping University, Sweden*.
- Amberg, N., & Fogarassy, C. (2019). Green consumer behavior in the cosmetics market. *Resources*, 8(3), 1-19.
- Barnes, B. R., Siu, N. Y. M., Yu, Q., & Chan, S. S. Y. (2009). Exploring cosmetics advertising in southern China: An investigation of Hong Kong and Shenzhen. *International Journal of Advertising*, 28(2), 369-393.
- Bhalerao, V. R., & Deshmukh, A. (2015). A comparative analysis of consumer behavior towards selective men cosmetics in urban and rural areas of Nashik region. *International Journal of Research in Commerce Management*, 6(3), 15-19.
- Bognar, Z. B., Puljic, N. P., & Kadezabek, D. (2019). Impact of influencer marketing on consumer behaviour. In G. Dukic, J. Clifford & D. Atkinson. (Eds.), *Economic and Social Development*, 42<sup>nd</sup> International Scientific Conference on Economic and Social Development (pp. 301-309). <https://www.esd-conference.com/>.
- Brucks, M. (1985). The effects of product class knowledge on information search behavior. *Journal of Consumer Research*, 12(1), 1-16.
- Choi, E., & Lee, K. C. (2019). Effect of trust in domain-specific information of safety, brand loyalty, and perceived value for cosmetics on purchase intentions in mobile e-commerce context. *Sustainability*, 11(22), 1-24.
- Dreifaldt, N., & Drennan, T. (2019). Does your brand need online influencer marketing? It depends: A mixed method approach to country of origin, brand image, and online influencer marketing on consumers' purchase intention online. (Master), *Mälardalen University, Sweden*.
- Finally... A refillable makeup system. (2017). *ZAO Organic\* Makeup*. <https://www.zaoorganicmakeup.com/refill-system.html>.
- Han, D. (2018). Paid posting in Chinese cyberspace: Commodification and regulation. *Television & New Media*, 19(2), 95-111.
- Huang, G. (2019, July 7). Global brands eye booming domestic men's cosmetics, skin care market. *Global Times*. <http://www.globaltimes.cn/content/1157010.shtml>.
- Kang, J., Liu, C., & Kim, S. H. (2013). Environmentally sustainable textile and apparel consumption: The role of consumer knowledge, perceived consumer effectiveness and perceived personal relevance. *International Journal of Consumer Studies*, 37(4), 442-452.
- Laurent, G., & Kapferer, J. N. (1985). Measuring consumer involvement profiles. *Journal of Marketing Research*, 22(1), 41-53.
- Lin, Y., Yang, S., Hanifah, H., & Iqbal, Q. (2018). An exploratory study of consumer attitudes toward green cosmetics in the UK market. *Administrative Sciences*, 8(4), 71-84.
- Lu, Y. C., & Chen, K. N. (2017). Consumer knowledge, brand image, openness to experience and involvement: A case in cosmetic consumption. *Journal of Cosmetics, Dermatological Sciences and Applications*, 7(4), 349-361.

Matomäki, K. (2019). Influencer marketing on Instagram – The perspective of young consumers towards beauty industry using influencers as a marketing strategy. *Arcada University of Applied Sciences, Finland*. (20310).

Men's skincare market worth \$18.92 billion by 2027. (2020, May 28). *Beauty Packaging*. [https://www.beautypackaging.com/contents/view\\_breaking-news/2020-05-28/mens-skincare-market-worth-1892-billion-by-2027/](https://www.beautypackaging.com/contents/view_breaking-news/2020-05-28/mens-skincare-market-worth-1892-billion-by-2027/).

Mroczkowski, A. (2018, March 2). Indie brand founders weigh in on what a truly inclusive beauty industry would look like. *Beauty Independent*. <https://www.beautyindependent.com/inclusive-beauty-industry/>.

Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic brand concept-image management. *Journal of Marketing*, 50(4), 135-145.

Pourhejazy, P., Sarkis, J., & Zhu, Q. (2019). A fuzzy-based decision aid method for product deletion of fast moving consumer goods. *Expert Systems with Applications*, 119, 272-288.

Raad, B. D., & Perugini, M. (Eds.). (2002). Big five factor assessment: Introduction. In B. de Raad & M. Perugini (Eds.). *Big five assessment* (pp. 1-18). Hogrefe & Huber Publishers.

Shamsher, R., & Chowdhury, R. A. (2012). Relationship of demographic characteristics with purchasing decision involvement: A study on FMCG laundry soaps. *Journal of Business and Retail Management Research*, 6(2), 78-89.



## 04 | ALL THE HAPPIEST PLACES ON EARTH: CROSS-CULTURAL MANAGEMENT OF SIX DISNEY THEME PARKS

Leung Yui Lam (*Year 2 Student in Marketing*)

Xie Tingting (*Assistant Professor, Department of Marketing*)

Chung Ho Ying (*Senior Lecturer, Department of English*)

### INTRODUCTION

The Walt Disney Company (hereafter Disney) is operating six Disneyland theme parks worldwide. The first and original Disneyland was built in California in 1955. Since then, Disney has created five other theme parks in different regions and countries, two in the United States, one in Japan, one in Europe, and two in China. Its motto, "The Happiest Place on Earth," has become one of the most memorable slogans.

The California and Florida Disneylands, both located in the United States, are full of American culture and fantasy stories. Disney hoped to provide amusement value for visitors. They offer attractions and rides, souvenirs, shops, and restaurants inside the theme parks. With the Disney theme characteristics and the cartoon characters such as Mickey and Minnie Mouse, it made Disneyland a huge success and thus operated more Disneylands in other countries.

When Disney entered the market in other countries, its initial approach was to replicate its home country's signature experience. Other Disneylands have followed suit and adhered to Disney's slogan: hoping to become one of the happiest places on Earth. As a result, the traditional Disney signature shows and activities were featured in theme parks in Asia and Europe. However, it might have failed the market expectation due to cultural differences. After thorough market research, Disney realized the importance of respecting the host countries' culture and creatively incorporating some of the host

countries' symbolic cultural elements into the theme park experience. Such an adaptation is the effort put by Disney to reflect the local cultures, hoping to make it one of the happiest places in the theme park's host countries as well.

This paper summarizes the cultural differences in product, service and customer experience, and management in various Disney theme parks and conducts a cultural analysis among the six parks. It will then examine the importance of Disney's cross-cultural management.

## CULTURAL DIFFERENCES IN VARIOUS DISNEY THEME PARKS

### Paris Disneyland

Paris Disneyland is the only Disneyland that allows the sale and the consumption of alcohol inside the theme park. However, other Disneyland parks strictly ban alcohol, as it is not suitable for Disneyland's theme (Yue, 2009). Paris Disneyland at first also refused alcoholic drinks inside the theme park. However, as a cultural lifestyle, French people usually have wine while eating. Paris Disneyland finally changed its policy in 1993 to provide alcoholic drinks in some of its restaurants. Paris Disneyland also made other adjustments, such as replacing the Tomorrowland with the Discovery Land.

Tomorrowland's original colours were silver and white, and now it was replaced by gold and green in Discoveryland. It was to add more French local culture inside the theme park by getting ideas from some European thinkers such as Leonardo da Vinci and H.G. Wells to gain more reputation and recognition (Pacífico, 2014). For example, the version of Space Mountain in Paris Disneyland is different from those in other Disneylands, in which the theme came from a French novelist, Jules Verne (Libbey, 2020).

### Tokyo Disneyland

Tokyo Disneyland was the first Disneyland operated in Asia. Japanese culture is playing a significant role in the design and operation of this theme park. Firstly, the dining culture of Japan is different from those of

many other countries. Inside the Disney theme parks in the United States, food carts are commonly seen. However, people in Japan think that eating while walking is disrespectful (Brady, 2019). Therefore, the

dining areas inside Tokyo Disneyland are relatively more than those in other theme parks, featuring over 45 restaurants inside the theme park. Secondly, Japanese people enjoy parades and shows. Thus, there are 8 parades and shows in Tokyo Disneyland

### Hong Kong Disneyland

As the first Disneyland in China, Hong Kong Disneyland has also been invested in the Chinese culture to attract Hong Kong people and people in the Mainland. For example, it was the first Disneyland taking feng shui into its design consideration. It followed a Chinese feng shui master's suggestion to turn the angle of Disneyland's front gate by 12 degrees to increase business revenue (Holson, 2005). The main street design has also incorporated Chinese cultures, such as Chinese traditional architectural art. In the Chinese culture, the colour red represents good luck (Tang, 2012). Therefore, the red colour is

### Shanghai Disneyland

Opening in 2016, Shanghai Disneyland is characterised by the Chinese cultures in its design and operation. First, Shanghai Disneyland is the only Disneyland that does not have a railroad inside the park. Only a tunnel is present inside the theme park but no train. It is believed the image of steam trains running railroads might resonate with the Americans relatively more than with the Chinese, because of the pioneer spirit of the former (Cochran, n.d.). Secondly, there is no haunted house in Shanghai Disneyland. In Chinese culture, it is generally believed that spirits exist. Those of their loved ones especially deserve respect because they may come back to protect the

each day. Thirdly, Tokyo Disneyland offers a different single-rider method, which helps visitors pair up with the same sex to avoid a potential situation of awkward situations (Long, 2019). It has reflected the Japanese's high level of politeness.

frequently used in the theme park, especially in the main street buildings. On the other hand, there are no clocks for sale in any souvenir shops because the phrase 'giving away a clock' in Chinese sounds like a funeral ritual (Mack, 2019). It represents giving bad luck to others, so Chinese people usually avoid giving away clocks and watches as presents. The green hat is not to be sold inside the theme park as well, because wearing one implies a husband being cheated on (Ashcraft, 2012). It is, therefore, an unpopular commodity in China.

living. The subject of ghosts should not be taken lightly. Therefore, any ghost-related element is absent in the theme park in Shanghai. Thirdly, Shanghai Disneyland features a Chinese version of the rides (Cochran, n.d.). A roller coaster takes visitors to travel through Pudong, a district of Shanghai located east of the Huangpu River, and pay a visit to the gardens of twelve different animals. These twelve animals represent the twelve Chinese zodiac signs. The above examples show that the design and the operation of Disneyland Shanghai have taken into account and even taken advantage of the Chinese cultures, including her myths and symbols.

## CULTURAL COMPARATIVE ANALYSIS

This section provides a comparative cultural analysis of the six theme parks with the cultural adaptation in the individual Disney theme parks. Figures 1 to 6

present the distribution of the three major kinds of programmes in the six Disney theme parks, namely thrill rides, rides, and shows and exhibitions.

Figure 1. Disneyland Tokyo

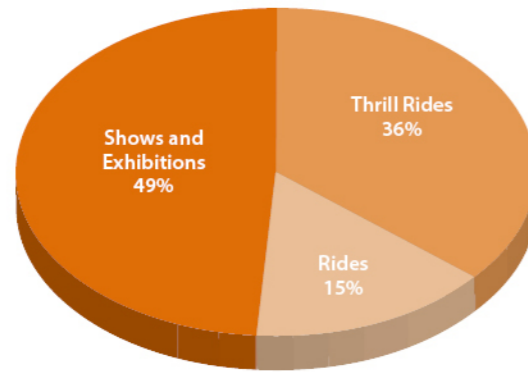


Figure 2. Paris Disneyland

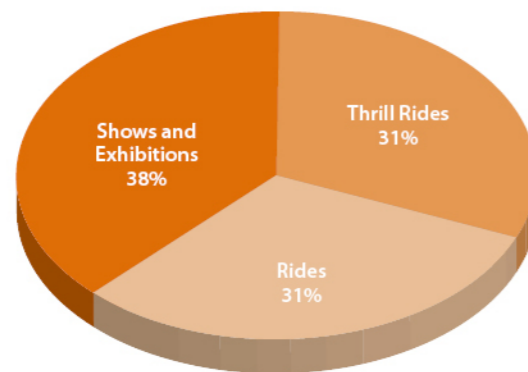


Figure 3. Disneyland California

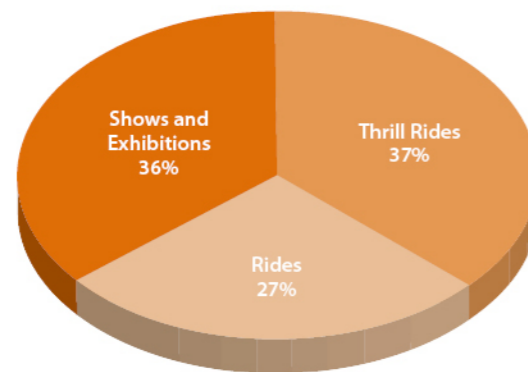


Figure 4. Magic Kingdom Florida

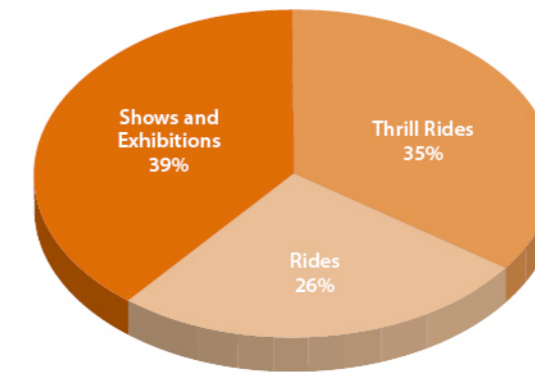


Figure 5. Disneyland Hong Kong

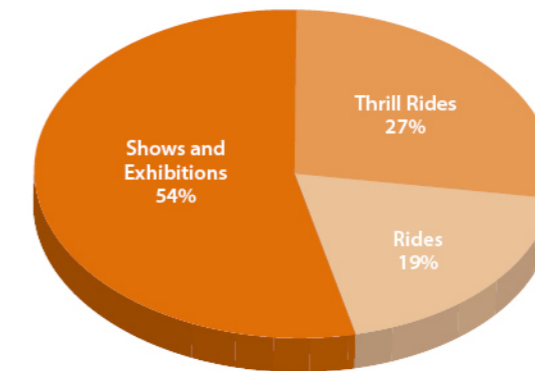
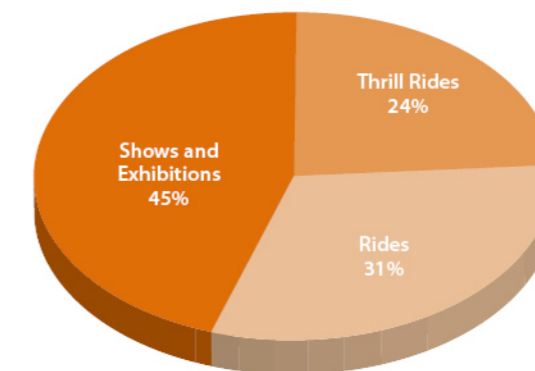


Figure 6. DisneySea Tokyo



Source: Hyun, K.H., Kim, S.J. & Lee, J.H. (2013). Balance between cultural features and service design in international theme parks. In *Proceedings of the 5th International Congress on International Association of Societies of Design Research (IASDR)*. <http://design-cu.jp/iasdr2013/papers/1319-1b.pdf>.



First, the allocation of the theme park content is different between Western countries and Asian countries (Hyun et al., 2013). As shown in Figure 1 and Figure 5 (Hyun et al., 2013), the theme parks in Tokyo and Hong Kong allocate nearly half of the programmes to feature shows and exhibitions, while it is below 40% in the theme parks in Western countries. For instance, Hong Kong Disneyland has a musical play called Mickey and the Wondrous Book. It usually takes visitors at least 45 minutes to queue for the show.

Secondly, differences are found in the visitors' souvenir purchasing tendency in different Disney theme parks. Americans tend to purchase souvenirs to give to their relatives or friends as gifts. Visitors to Tokyo Disneyland are more inclined to buy souvenirs printed with the word "Tokyo" because they support local products. European visitors, on the other hand, might generally assume purchasing souvenirs as a waste of money. Consequently, European visitors are less willing to buy gifts in Disneyland. Chinese people typically buy souvenirs in a considerable number for relatives and friends as a face-giving gesture, reflecting the importance of face value in the Chinese culture (Teon, 2017).

Thirdly, the food cultures in the concerned theme parks in the Western and Asian countries are different. The restaurants in California, Florida, and Paris Disneylands usually serve Western food and desserts. Tokyo Disneyland also provides Japanese cuisine and Chinese noodles instead of just Western food. Hong Kong Disneyland provides both Asian food and Western food, probably because of its "East meets West" culture.

Disney theme parks also feature local festivals as their highlights. They will celebrate different festivals inside the theme parks by holding several parties and parades (Tschinkel, 2019). For example, Shanghai Disneyland and Hong Kong Disneyland will celebrate the Chinese New Year Festival with parades and cartoon characters wearing Chinese traditional customs and taking photos with visitors. In the US, one of the most celebrated festivals is Halloween. Therefore, California Disneyland usually stresses the visits to different haunted houses considerably. Tokyo Disneyland tends to celebrate their own country's holidays, and especially Christmas. On such festivals, the theme park will, therefore, be exceptionally visited by the locals.

Furthermore, the different queuing cultures are also reflected in the six theme parks. In the US, queuing up can be considered common enough. Therefore, queue-cutting may not be found often. Besides, Disneyland California and Florida provide videos and entertainment for people lining up for the rides. People in Japan are also accustomed to queuing. Although the number of people getting inside Disneyland is continuously high, Japanese people can remain self-disciplined and respectful to others lining up due to early family education (Lewis, 2017).

However, the situations are quite different in China and Paris. In China, due to their culture in the past, queue-jumping is still relatively common (Deason, 2018). This could make other visitors feel rather annoyed. People who live in France and Italy do not like to queue as well, and they think that it could be a waste of their time, and therefore, queue-jumping is not uncommon (Rossi, 2018). Given the differences in the queuing cultures, different Disney theme parks

provide a fast pass to lessen visitors' waiting time. Shanghai Disneyland and Hong Kong Disneyland even sell a super VIP pass, allowing the pass holder to skip all queues and visit the park when guided by a staff member (Feng, 2018). Paris Disneyland is having a similar practice, known as The Super and Ultimate FASTPASS, which those VIP visitors do not have to queue and enjoy the attractions. This measure could attract visitors who are willing to pay more to enjoy better service.

Last but not least, the characteristics of individualism and collectivism are also reflected in the operation of different Disney theme parks. People adhering to individualism tend to emphasize their independence and self-reliance (Gustavsson, 2008). On the other

hand, collectivism focuses on teamwork and group successes. When applying such conceptual differences to the analysis of the Disney theme parks, Paris Disneyland is known as being individualistic, while Shanghai Disneyland is collectivistic. It may be harmful to the business if multinational companies' employees do not have clear ideas and enough information about another country. For example, in the first stage of operation in Paris Disneyland, the prevailing individualism found in most employees in Paris Disneyland led to their conflicts with the American supervisor, resulting in 10% of the staff members quitting. Since then, Paris Disneyland gave their workers more corporate wellness so that the theme park could have a relatively more stable staff.

## IMPORTANCE OF CROSS-CULTURAL MANAGEMENT

Cross-cultural management is vital to businesses nowadays as it can reveal corporate cultures in different countries. It is even more important nowadays than ever because a higher awareness of corporate cultural differences could help reduce conflicts and facilitate mutual respect, considering the international nature of organizations. Disney culture and the local culture should be considered in a balanced relationship to avoid criticism (Grassère, 2020). Here are some examples of the successes and failures of cross-cultural management inside Disneyland.

First, Tokyo Disneyland was evaluated as a successful case of cross-cultural management. Unlike Disney Paris or Shanghai Disneyland, Japan wanted to create a theme park without much Japanese culture (Brannen, 1992). Therefore, the establishment of Tokyo Disneyland was

considered more of a cultural exchange than a cultural invasion. Also, Japanese people see the importance of relaxation and comfort, which is similar to the idea of Tokyo Disneyland that provides a dream world for visitors. Besides, adhering to collectivism, Tokyo Disneyland features a good number of parades and shows where group effort is appreciated. Therefore, Japan is able to embrace this kind of American culture through the import of a theme that originated from this Western country.

On the other hand, Paris Disneyland was seen as a case of failure in its cross-cultural management. The operation of Paris Disneyland by the Americans created a cultural clash, or even a cultural invasion by some of the French, once resulting in a boycott of this theme park by the locals (Novela, 2017). Cross-cultural management

in France failed in the first stage. For example, Paris Disneyland hired US people to manage the park; the cultural perspective between the American and French people may differ. This may harm the relationship between the two groups of workers, thus being harmful to the business. Also, some of the Americans may not

know the customs and preferences of French people. For example, the demand for workers needed on different days, and the expected flow of the people are wrongly estimated (Novela, 2017). Therefore, for many reasons, Paris Disneyland might not have performed as well as expected.

## CONCLUSIONS AND SUGGESTIONS

This paper shows that Disneyland needs to devise culturally-appropriate policies and operations to run theme parks. More marketing research and planning are necessary to understand cultures among different countries to provide services with better quality and experience for customers. The company should also

use its comparative advantage of cultural differences such as providing more parades and shows that contain local culture, to attract local visitors, and compete with other local competitors. With more and more new items and improvements, it is believed that Disneyland can continue to succeed in the future.

## References

- Ashcraft, B. (2012, August 21). The adulterous shame of green hats. *Kotaku East*. <https://kotaku.com/the-adulterous-shame-of-green-hats-5936487>.
- Brady, S. (2019, May 17). Why this Japanese city is asking tourists not to eat while walking. *Lonely Planet*. <https://www.lonelyplanet.com/articles/no-eating-walking-japanese-city>.
- Brannen, M. Y. (1992). Cross-cultural materialism: Commodifying culture in Japan. In SV - Meaning, Measure, and Morality of Materialism, eds. Floyd W. Rudmin and Marsha Richins, Provo, UT. *The Association for Consumer Research*. 167-180. <https://www.acrwebsite.org/volumes/12211/volumes/sv08/SV-08>.
- Cochran, J. (n.d.). Look at how different Shanghai Disneyland is from other Disney Parks. *Frommer's*. <https://www.frommers.com/slideshows/848246-look-at-how-different-shanghai-disneyland-is-from-other-disney-parks>.
- Deason, R. (2018, August 6). Why do Chinese people cut in line? *Culture Trip*. <https://theculturetrip.com/asia/china/articles/why-do-chinese-people-cut-in-line/>.
- Feng, J. (2018, January 29). Shanghai Disneyland's VIP service enrages regular visitors. *SupChina*. <https://supchina.com/2018/01/29/shanghai-disneylands-vip-service-enrages-regular-visitors/>.
- Grassère, J. (2020, February 14). Disney parks and soft globalization. *Diggit Magazine*. <https://www.diggitmagazine.com/articles/disney-parks-and-soft-globalization>.
- Gustavsson, G. (2008). What individualism is and is not or the ideals of Pippi Longstocking and Lisa Simpson. [Workshop paper presentation]. NOPSA Conference 2008, Tromsø. *Uppsala University*. <https://www.diva-portal.org/smash/get/diva2:54576/FULLTEXT01.pdf>.
- Holson, L. M. (2005, April 25). The feng shui kingdom. *The New York Times*. <https://www.nytimes.com/2005/04/25/business/worldbusiness/the-feng-shui-kingdom.html>.
- Hyun, K. H., Kim, S. J., & Lee, J. H. (2013). Balance between cultural features and service design in international theme parks. In *Proceedings of the 5th International Congress on International Association of Societies of Design Research (IASDR)*. <http://design-cu.jp/iasdr2013/papers/1319-1b.pdf>.
- Libbey, D. (2020, July 13). 6 Disney attractions that were re-themed from their original concept. *Cinemablend*. <https://www.cinemablend.com/news/2549910/6-disney-attractions-that-were-re-themed-from-their-original-concept>.
- Long, A. (2019, December 12). What's different about Tokyo Disney resort? – Culture. *Wandering in Disney*. <https://wanderingindisney.com/2019/12/12/whats-different-about-tokyo-disney-resort-culture/>.
- Lewis, K. (2017, March 20). The Japanese way of disciplining children – How disciplining in private helps children behave in public. *Savvy Tokyo*. <https://savvytokyo.com/japanese-way-disciplining-children/>.
- Mack, L. (2019, September 6). Chinese gift-giving: What not to buy – Why some gifts to Chinese friends and acquaintances should be avoided. *ThoughtCo*. <https://www.thoughtco.com/chinese-gift-giving-what-not-to-buy-687458>.

Novela, S. (2017, June 12). Case study Disney in France for cross culture management. *Binus University Business School*. <https://bbs.binus.ac.id/ibm/2017/06/case-study-disney-in-france-for-cross-culture-management/>.

Pacifico, B. (2014, January 12). Back to the future: The history of Tomorrowland at Disney's theme parks. *Theme Park Tourist*. <https://www.themeparktourist.com/features/20140108/15692/tomorrowland-part-one>.

Rossi. (2018, December 11). The problem with queue-jumping in Italy. *Rossi Writes*. <https://rossiwrites.com/italy/italian-lifestyle/queue-jumping-italy/>.

Tang, P. (2012, December 18). Different Disneylands around the world. *BBC*. <http://www.bbc.com/travel/story/20121213-different-disneylands-around-the-world>.

Teon, A. (2017, February 25). The concept of face in Chinese culture and the difference between mianzi and lian. *The Greater China Journal*. <https://china-journal.org/2017/02/25/the-concept-of-face-in-chinese-culture-and-the-difference-between-mianzi-and-lian/>.

Tschinkel, A. (2019, October 2). 10 of the biggest ways Disney parks around the world are different. *Insider*. <https://www.insider.com/differences-between-disney-parks-around-world-2018-10>.

Yue, W. (2009). The fretful Euro Disneyland. *International Journal of Marketing Studies*, 1(2), 87-91.



*The Hong Seng University of Hong Kong*

**Business  
Review**