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Handu Group: CONTINUED GROWTH THROUGH BUSINESS MODEL INNOVATION

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At 00:00 on November 11, 2015, Handu Group (Handu) welcomed its seventh Double 11[[1]](#footnote-1) shopping carnival to its online clothing retail site, Handu.com. Handu sold over CN¥10 million[[2]](#footnote-2) only four minutes after the start of the Double 11. According to statistics from Tmall, Handu’s sales exceeded ¥280 million on Double 11, which surpassed its earnings of ¥119 million in 2014.[[3]](#footnote-3)

Zhao Yingguang, founder of Handu, was pleased when he saw Handu’s fantastic performance report; it was recognition of both his work and Handu’s development models. However, Zhao’s sharp business acumen identified an unusual number in the performance report. Handu’s sales in women’s clothing, Handu’s main product, had dropped to second-highest in Tmall; Uniqlo Co., Ltd. (Uniqlo), a Japanese casual wear retailer, was the highest. Zhao was surprised. In 2014, Handu’s Double 11 sales in women’s clothing reached ¥92 million, ahead of its nearest rival Uniqlo, reaching the top by a considerable margin.[[4]](#footnote-4) But a year later, Uniqlo had surpassed Handu’s enormous advantage.

Zhao had some thinking to do. How could Handu adjust its business models to increase its competitive advantages and create additional value? Should Handu continue to expand its brand pool, pursue offline development, or consider an alternative strategy?

FAST FASHION APPAREL INDUSTRY IN CHINA

European and American fast fashion clothing brands entered China at the beginning of the twenty-first century, which encouraged the growth of China’s fast fashion apparel industry. Traditional local brands, such as Semir, Metersbonwe, and Peacebird, were impressed by the fast fashion idea of Zara SA (Zara), Uniqlo, and H&M. Thus, the local brands started to learn from the international ones.

The international garment companies provided an offline shopping experience for customers by establishing direct-sales stores or franchised stores situated in excellent locations. The various clothing lines offered by these brands were frequently updated as the latest trends emerged. Moreover, their clothes were sold at a low price, which met the public consumption level. Fast fashion clothing brands in Europe and America were expanding rapidly by relying on China’s rapid economic development and substantial demographic dividend.[[5]](#footnote-5)The brands built stores nationwide and became the favourite of young people who were keeping pace with fashion trends.

However, fast fashion brands’ dreams were shattered in China in 2010, when these brands were compelled to close several stores while at their peak because of high rents and operating costs, as well as substantial inventory maintenance pressures. Online fast fashion clothing brands, born on the Taobao shopping website run by Alibaba Group Holding Limited (Alibaba), were an emerging power in the Chinese fast fashion apparel industry; these also put a strain on the traditional brands.

When Alibaba founded Taobao in 2008, the company began cultivating online brands of clothing for its platforms, such as Handu, Inman, RIP, and Qigege. At that time, Internet-based e-commerce was still uncontested market space (a blue ocean); only a few brands of clothes were sold through online platforms. The online clothing brands remained focused on Internet channels and avoided the high shop rent and inventory costs that were impeding the growth of traditional offline brands. The online brands maximized the Internet to increase their exposure and to gain information about their consumers. They also adopted Zara’s and Uniqlo’s mode of practice with multiple styles and constant updates.

The online brands became increasingly popular among Internet users. This trend grew quickly, especially with the advent of mobile Internet and consumers’ increasing expectation to be able to shop online anywhere, at any time. By 2011, the total volume of e-commerce transactions in China had reached a new high of ¥58.8 billion (US$9.1 billion).[[6]](#footnote-6) Of that, the e-commerce transactions of small- and medium-sized enterprises had reached ¥32.1 billion ($5 billion).[[7]](#footnote-7)

The large market encouraged an increasing number of overseas and local fast fashion clothing brands to open online stores.[[8]](#footnote-8) The combination of online and traditional fast fashion brands drove continued growth in China’s online market. In 2014, China’s online shopping market realized ¥615.3 billion ($94.9 billion) in sales, which was equivalent to a rise of 41.5 per cent over the previous year and accounted for 22.1 per cent of the global market. In 2015, the trade volume of Chinese online shopping increased by 21.2 per cent and reached ¥ 745.7 billion ($115 billion).[[9]](#footnote-9)

MAIN COMPETITOR

Chinese fast fashion clothing brands were divided into two camps: traditional and online. The former were mainly fast fashion clothing enterprises that based their businesses primarily on conventional offline channels, for example, Zara, Uniqlo, and H&M. Before these companies ventured into e-commerce, their main sales pattern was through entity stores. The latter were fast fashion brands that originated on the Internet, such as Handu and Inman. They relied on e-commerce platforms to start online stores and owned no physical stores or franchisees.

Online Fast Fashion Clothing Brands

RIP

RIP was a well-known Chinese independent design brand founded in 2006. As with Handu, selling clothes on Taobao enabled RIP to grow and thrive. The company developed six subsidiary brands, including brands for women and men. RIP’s philosophy originated from professional designers, so the brand had a distinct, professionally designed style. The designers believed that clothing was the expression of a customer’s identity. RIP had built a close relationship with its customers, which the company referred to as “fairies.” In 2012, Cyzone identified RIP as one of China’s top 100 innovative growth enterprises.[[10]](#footnote-10) In March of the same year, RIP opened its second offline store on the third floor of Wudaokou Shopping Plaza, an area of Beijing popular with young adults.

Inman

Inman was owned by Guangzhou Huimei Fashion Group Co. Ltd. (Huimei), which was founded by Fang Jianhua in 1998. Huimei was a leading online fashion company in China. By the end of 2015, Huimei owned a dozen online brands, including Inman, Toyouth, and A Life on the Left.[[11]](#footnote-11) These brands each focused on specific consumers. Like Procter & Gamble, Huimei had served different customers by building different brands.

Inman was launched in 2008 as Huimei’s leading brand. Since the start of Inman, the company had established a name for itself online for its distinctive brand image—“elegant and simple, strong personality but low-key.”[[12]](#footnote-12) It grew into one of the best Chinese fast fashion retail brands of women’s clothing. For three consecutive years Huimei had been among the top five female clothing brands on Tmall, and had been designated one of the top three female clothing brands and the top original cotton female clothing brand on Taobao.

In July 2015, Fang announced that Inman would open 10,000 offline stores in 1,000 cities.

Traditional Fast Fashion Clothing Brands

Uniqlo

Uniqlo, founded by the Japanese company Fast Retailing Co. Ltd. in 1963, had grown into a well-known international clothing brand. The brand entered the Chinese market early and opened two flagship stores in Shanghai in 2002. Uniqlo’s Taobao stores and other online stores opened simultaneously in 2008. Since its launch on the Internet, Uniqlo’s average online sales had maintained a volume of 2,000 units per day.

Uniqlo successfully applied the SPA[[13]](#footnote-13) model of retailing and introduced the hypermarket-style clothing sales mode, providing a super-size store for consumers to shop for clothes as they would shop for groceries at a supermarket. With a new product planning, developing, and selling system, the brand realized the low cost of store operations and triggered a buying upsurge among young people.

Zara

Zara was the leading brand of Industria de Diseño Textil, S.A. (Inditex), the most significant clothing retail company in Spain. Zara was an early entrant into China, arriving in 2007. Unlike other clothing brands that relied on marketing and advertising, Zara persisted in choosing the best locations of the city’s commercial centres to build stores that created advertising effects. By the end of 2015, Zara had 1,750 stores in six countries worldwide.[[14]](#footnote-14)

Zara’s most conspicuous approach was the fast pace at which it upgraded its fashion clothing, which relied on the company’s supply chain system. The robust system, called leading time, significantly shortened the time it took for clothing to go from design to selling. The leading time of China’s apparel industry was generally six to nine months, whereas that of the most famous international brands was often 120 days.[[15]](#footnote-15) However, Zara only required 12 days on average—seven days minimum—to complete the entire process. The speed allowed Zara’s designers to capture customer orientations and lead the fashion trend. Indeed, Zara defined fast fashion.

In 2012, Zara announced its plan to open online shopping stores in China.[[16]](#footnote-16)

Handu GROUP

Zhao established Handu in Jinan, Shandong, in 2006. When he reviewed his past difficult years, he frequently mentioned that starting a company had been his dream since his school days. In college, Zhao operated a small business of buying at wholesale and selling at retail while most of his schoolmates were focused on their textbooks. But he was a man with an unremitting pursuit. During his college graduation ceremony when asked about his plans, Zhao expressed his ambition, saying, “Directors, the plan of our consortium to invest in the United States persists. General managers, please stay after the meeting.”[[17]](#footnote-17)

However, after graduation, Zhao felt he was lacking in entrepreneurial ability. Thus, he first joined a state-owned enterprise to gain practical experience. In 1997, his company sent him to South Korea as the branch representative. Over the next 10 years of working in South Korea, Zhao experienced the significant charm of e-commerce. After visiting Tricycle, a fast fashion company targeting women’s clothing, Zhao came to firmly believe that building an online fast fashion women’s clothing brand would be his first step to achieving his graduation dream.

In 2006, Handu’s development was constrained by a lack of resources, such as talent, channels, and suppliers. Hence, Zhao failed to create his brand and was forced to return to his roots as a purchasing agent. He hired many graduates from Jinan as buyers; their daily job was to select fancy women’s clothing from Korean e-commerce websites and put details about these products on Taobao as choices for customers in mainland China. As soon as the clothes were sold, Handu’s buyers would order these products from the Korean e-commerce platform and send them to the customers who had purchased through Taobao. With a variety of styles, constantly upgraded fashions, and high performance-to-price ratios, Handu sold ¥3 million ($462,500) by the end of 2008 and made it to the top three in Taobao’s ranking of women’s clothing sales.

In 2008, after assessing the trend of China’s e-commerce industry and Handu’s development, Zhao determined it was time to create his brand online. Thus, he formally established HanDuYiShe (Hstyle), Handu’s first fast fashion brand, aimed at Korean-style women’s clothing. In early days, Hstyle clothing was sold only through e-commerce platforms, such as Taobao.

Despite the lack of talent, channels, suppliers, and other resources, Handu earned significant revenues through its group system, which was similar to amoeba management.[[18]](#footnote-18) Based on this achievement, Zhao established flexible supply chains and information technology (IT) systems for the groups. Taken together, these systems formed the Integrated Operating System for Single Product (IOSSP). IOSSP worked as a service foundation, which Zhao used to actively encourage the establishment of new brands within the company.

Handu became one of the most successful online fast fashion clothing brands, owning 28 subsidiary brands as of October 2015.

Handu’s INNOVATIVE BUSINESS MODEL

Handu used two essential business model innovations during its 10-year development: from purchasing agent to brander, and from single brand to multiple brands. This innovative practice enabled Handu to successfully overcome its development bottleneck.

From Purchasing Agent to Brander

Handu implemented its first business model innovation in 2007. Although the initial purchasing agent model generated income and allowed Handu to gain a firm presence on Taobao in less than a year, buying and selling through an agency also had its disadvantages. First, while typical orders took 20 days, from placing the order to the delivery of goods, buying and selling through an agency required additional waiting time. Second, agency purchases did not allow for sales returns. Third, merchants from Korea tended to cause supply shortages. Fourth, the cost of ordering was increasingly expensive. At the time, the domestic market still manifested a substantial need for Hstyle, but the problems with agency purchases challenged Handu’s profitability.

Shortly after establishing the Taobao website, Alibaba encouraged every Taobao merchant to found its own online brand. With this in mind, Zhao decided to use Taobao to introduce Handu’s first featured brand, called Hstyle. Handu did not change its target market or primary product, which meant that the company still provided fashion clothes to urban women who were 20 to 35 years old. However, the company was determined to design and produce garments independently.

Handu divided its trained personnel into small groups of two or three people (see Exhibit 1). The designer in the group would design the clothes according to the best-selling styles on the Korean e-commerce website. The buyer was responsible for contacting the manufacturer and arranging production. Then, the marketer showed the clothing, listed the price, and made the promotions.

There was a concrete connection between the entire team’s earnings and each member’s income, so each group attempted to obtain the lowest price from manufacturers. Thus, Handu’s entire manufacturing cost was low. Moreover, Handu showed the performance of the groups daily, motivating the groups to design several articles of clothing on a particular day. Consequently, the entire company’s fashion line was updated extremely quickly, which attracted consumers and subsequently led to a sharp increase in sales. Statistics showed that Handu’s sales volume reached 12 million items in 2009, 87 million in 2010, and 280 million in 2011.

Handu had abandoned the role of purchasing agent, which meant that the company was making direct contact with customers through the Taobao shop. This not only developed Handu’s ability to bargain, but also decreased the cost of logistics. Thanks to Handu’s efforts, customers received their products faster and the clothing was in better condition. Further, the low manufacturing cost guaranteed Handu’s immense earnings, thereby leading to its rapid expansion.

Handu’s business model was recognized by the capital market, and Handu received $10 million in investments from the International Data Group (IDG) in March 2013. These investments set up a capital base for Handu’s subsequent expansion.

From Single Brand to Multiple Brands

Handu started its second business model innovation in 2012. At the end of 2011, China’s e-commerce market suddenly contracted. The business to consumer clothing leader Vancl Limited suffered substantial losses, and industry giant China Dangdang Inc. announced a partnership with Alibaba to open Dangdang’s Tmall flagship store. Many group-buying websites collapsed. Worse, the online shopping market decreased significantly, from 166 per cent growth year over year in 2009 to 56 per cent in 2012. The growth rate of the Internet market had slowed down, and its scale had stabilized.

This adverse environment further softened Handu’s development, with increasing costs and declining growth in sales leading to a decline in the company’s profit margin. Over the years, Handu had recruited a significant number of personnel to enhance the company’s strength. In 2009, Handu employed 200 people; by 2011, it employed 1,100. The considerable growth in personnel significantly increased Handu’s operating costs. Moreover, as domestic labour costs and price levels climbed, manufacturers raised the price of clothing production. This markup led to a sharp rise in Handu’s manufacturing costs.

Sales were restricted by Handu’s small target market. The customer group had gradually stabilized because Hstyle only focused on young women’s fashion clothing. Despite the emergence of several new styles, customers’ stationary annual consumption led to a severe decrease in Handu’s sales growth. By contrast, the traditional fast fashion clothing brands frequently contained multiple sub-brands, which served different customer groups. Hence, their sales volume could gradually reach the level of tens of billions of units.

Zhao realized that if Handu wanted to break away from its current loop and establish a new pattern, the company has to establish multiple brands and new customer groups. There were fierce interior discussions at Handu about building sub-brands; the final decision was to emulate the construction process of Hstyle and give full play to Handu’s group system. As long as Hstyle succeeded, Handu would create a sub-brand. However, the existing resource and capability constraints forced the company to postpone its plan.

Servicing the Groups

Over the years, Handu had been quietly accumulating resources and cultivating abilities. Handu’s rapid development had increased the pressure on its staff. Group members not only were supposed to design clothing and contact suppliers, but also had to determine prices and calculate promotion discounts. To reduce the stress among group employees, Handu built several service systems around the groups, such as a flexible supply chain system, an IT system, a warehousing logistics system, and a customer service system.

IOSSP

In contrast to the traditional bureaucracy, the IOSSP worked as a flat organizational structure. Trained personnel were divided into many product groups. Every group included one designer, one purchaser, and one marketer. The three worked together to complete the design, manufacturing, and marketing of clothing. Each team was responsible for its own products. When the group was profitable, the company would share the profits from its operations with them. The better the group’s performance, the more rewards its members would receive. Handu, in the meantime, worked as a service provider and a motivator. On the one hand, Handu provided services to each team such as supply chain service, after-sales service, and so on. On the other hand, in order to motivate team members and improve the efficiency of each team, Handu issued the ranking of all teams’ performance every day. This favourable system enabled hundreds of groups to launch thousands of products each year, thereby achieving multiple styles, fast updates, and high cost performance.

Flexible Supply Chain

With the increasing number of new designs and online sales, the groups’ limited energy no longer allowed them to contact suppliers themselves for raw material purchases and garment production. At this point, Handu set up an independent supply chain management department as a primary service department, which integrated the order requirements of each group and then selected appropriate suppliers for production. Large orders reduced factory production prices, and centralized purchasing guaranteed the quality of raw materials.

Handu simultaneously adopted a dynamic management scheme with suppliers. When working with suppliers, Handu would only take up about 50 per cent of their production capacity to ensure that it could rationally make use of suppliers’ surplus production capacity when its demands increased sharply—as with Double 11 sales. Lean management meant that the needs of each group were met and that Handu built a close strategic partnership with its suppliers.

IT System

To realize the IOSSP and lean operation of a flexible supply chain, Handu carried out a product lifecycle management-oriented information strategy. This scheme could monitor the precise operation data of each commodity, and manage the entire product lifecycle from design to modification, proofing, orders, purchases, production, quality control, warehousing, logistics, and delivery.

Later, Handu developed its information technology further. By upgrading its existing order management system, warehouse management system, performance management system, supply chain management, and business intelligence, Handu gradually established a business and operation support system. This system covered the entire product lifecycle and served as an efficient and effective operation management platform, providing information support for product groups. Moreover, using its information system, Handu developed a unique algorithm that enabled the company to respond promptly to market changes and product sales.

When these systems matured in 2012, Handu introduced its first men’s wear brand, AMH. With the brand launch, the company’s sales climbed to over ¥40 million ($6.2 million). In 2013, AMH’s sales climbed to ¥180 million ($27.8 million), and in 2014, sales were close to ¥300 million ($46.3 million). AMH had become the number one men’s wear Taobao brand in less than two years.[[19]](#footnote-19)

AMH’s success proved that Handu’s management and support systems were formidable and that developing multiple brands was feasible. Therefore, Handu oriented its company vision to helping groups realize their dreams. Handu’s multi-brand process accelerated as the company vigorously supported employees to create new brands. The result was three new brands at once: (1) Soneed, positioned as an elegant and fashionable Korean-style clothing brand, with a target group of urban white-collar workers aged 25–35 years; (2) MiniZaru, positioned as fast fashion, Korean-style children’s clothing targeted at children aged 3–12; and (3) Nibbuns, European- and American-style female fashion clothing aimed at trendy women between 20 and 30 years old.

In addition to encouraging internal groups to create new brands, Handu began working with external apparel companies by combining its robust operational and channel systems with their brands. In 2012, Handu began collaborating with Soulline, an Oriental retro female fashion brand. Soulline was founded in 2007, and by 2012 the company’s average sales had amounted to only ¥2 million ($310,000). With the help of Handu’s IOSSP, Soulline’s sales had reached over ¥60 million ($9.4 million) in 2013, and ¥130 million ($20.1 million) by 2014.[[20]](#footnote-20)

Handu also widened and intensified its relations with e-commerce platforms. By using the Tmall platform, Handu built effective partnerships with JD.com Inc. (Jingdong) and Vipshop, which operated VIP.com. These business relations enabled Handu to increase consumers’ purchasing channels.

Consequently, Handu broke through its existing bottleneck of single-brand development. In 2013, Handu’s trade volume amounted to over ¥1 billion ($15.4 million), and in 2014, it reached ¥1.5 billion ($23.1 million). Handu again proved to be a huge success with its business model innovations.

CHALLENGES IN FUTURE CHOICES

In 2015, China’s premier, Li Keqiang, introduced a strategy known as Internet Plus to integrate the Internet and IT with conventional industries, and to encourage the development of e-commerce and other Internet-based services.[[21]](#footnote-21) An increasing number of traditional clothing brands paid close attention to online channels, wanting to open both online and offline stores, thus clothing brands based on e-commerce platforms suffered. Handu was the only online clothing brand in the list of top five sellers of women’s clothing in the Double 11 sales in 2015. The remaining four were all traditional clothing brands that had started with physical stores. In previous years, there had been at least two or three online fast fashion clothing brands in the top five (see Exhibit 2).

The popularity of the Internet also prompted an increasing number of people to see a promising future for e-commerce brands. More and more companies or individuals were using Internet platforms to run diversified clothing brands, thereby intensifying competition in the already crowded online clothing market. Consequently, the profit margin of clothing brands dropped sharply. The vast market allowed further diversified consumer choices.

Meanwhile, a report from the China National Garment Association in 2015 prefigured that consumers both paid attention to low prices and trends, and attached considerable importance to quality.[[22]](#footnote-22) The entire online market was leaning toward high-end and brand-oriented products, bringing well-known brands and luxury brands into prominence. In contrast, low-end brands were gradually fading from public view. This phenomenon put tremendous pressure on online clothing brands such as Handu.

Although Handu’s years of devotion to systems development had led to the maturing of the company, its operational costs were high, and during off-seasons the company experienced redundancy in its resources. Handu had multiple brands covering an extensive range of customers, but its market was saturated and lacked new profit growth points.

Zhao saw the hidden danger behind the Double 11 performance report of 2015 and wondered if adjusting Handu’s business model further was worth considering. Zhao considered three options and whether there was a better alternative that he had not yet considered:

Option 1: Multi-Brand Expansion

Handu’s inherent advantage prompted its creation of new brands, building on the company’s resources and capabilities. Handu had accumulated a wealth of experience in this regard. At present, Handu had clothing products for women, men, children, and the elderly, but Handu was still a fashion company specializing in chic clothing. The company lacked professional sports brands, outdoor brands, and brands of down-filled clothing. There was still room for Handu to continue creating new brands internally and expand brand coverage through external brand co-operation.

Option 2: Build Brick-and-Mortar Shops to Open Offline Channels

As a fast fashion clothing brand born on the Internet, Handu had been dependent on online channels with no physical stores. Traditional clothing brands moving online gradually achieved new progress by relying on a full-channel model. Practical stores could provide customers with experienced service. In the era of individualized consumption, better customer experience was undoubtedly the key to the development of apparel brands. Moreover, the complementarity of online and offline stores could further expand brand influence. Thus, Handu could establish entity stores, as Inman and RIP had done, to convert customers’ offline experience into online flow and sales, thereby achieving a full-channel operation.

Option 3: Open Operating Platforms to Serve Other Brands

Zhao found that although many brands rushed online, they were concerned with online management rather than creating additional values. For example, traditional brands and emerging Internet brands did not make full use of the Internet, instead treating it as just an added sales channel. However, Handu had extensive online experience. It could create a new profit point by becoming a service provider—opening its operating platforms, related resources, and capabilities to offer services for new brands.

EXHIBIT 1: STRUCTURE OF the GROUP SYSTEM

Product

Group

Source: Created by the authors.

EXHIBIT 2: Ranking of Brands by DOUBLE 11 Sales of WOMEN’S CLOTHES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2012** | **2013** | **2014** | **2015** |
| 1 | Inman\* | Inman\* | Handu\* | Uniqlo |
| 2 | Handu\* | Handu\* | Uniqlo | Handu\* |
| 3 | Naiwan | Artka\* | Artka\* | La Chapelle |
| 4 | ONLY | RIP\* | Inman\* | ONLY |
| 5 | Ochirly | Ochirly | Bosideng | Ochirly |

Note: \* Internet fast fashion brands.

Source: Compiled by the case authors based on “The Old Faces Were Less and Less,” Efu, November 28, 2017, accessed March 28, 2018, http://news.efu.com.cn/newsview-1242144-1.html [in Chinese].

1. The Double 11 event was an annual online promotion day held on November 11. It was similar to the Black Friday pre-Christmas sales promotion in U.S. shopping malls. [↑](#footnote-ref-1)
2. ¥ = CNY = Chinese yuan; ¥1= US$0.15 on December 30, 2015. [↑](#footnote-ref-2)
3. “The Total Sales of Handu on 2015 Double 11 Reached ¥284 Million 400 Thousand,” WinShang, November 12, 2015, accessed March 28, 2018, http://sz.winshang.com/news-544985.html [in Chinese]. [↑](#footnote-ref-3)
4. “The Biggest Gap between the Champion and the Runner up in the History of the Double Eleven Trade” Askci, November 21, 2014, accessed March 28, 2018, www.askci.com/news/chanye/2014/11/21/103813s8kr\_all.shtml [in Chinese]. [↑](#footnote-ref-4)
5. A demographic dividend was the growth in economic productivity resulting from an increase in the number of working-age people and a corresponding decrease in the number of dependents. (“Demographic Dividend,” United Nations Population Fund, accessed August 7, 2018, www.unfpa.org/demographic-dividend.) [↑](#footnote-ref-5)
6. All dollar amounts are in U.S. dollars unless otherwise stated. [↑](#footnote-ref-6)
7. “In 2010, the Trade Volume of E-Commerce Market Was ¥4 Trillion and 500 Billion,” Ministry of Commerce of the People’s Republic of China, January 20, 2010, accessed March 28, 2018, http://b2b.toocle.com/detail--5619157.html [in Chinese]. [↑](#footnote-ref-7)
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10. “Cyzone: China's Annual Innovation Growth Enterprise Top 100,” Cyzone Net, December 20, 2012, accessed March 28, 2018, www.chinaz.com/start/2012/1220/286443.shtml [in Chinese]. [↑](#footnote-ref-10)
11. “It Takes One Year to Build a One Hundred Million Grade Brand: A Life on the Left,” Lu Xu, August 8, 2016, accessed March 28, 2018, http://i.wshang.com/Post/Default/Index/pid/246709.html [in Chinese]. [↑](#footnote-ref-11)
12. “Introduction to Inman,” Inman Official Network, accessed March 28, 2018, www.inman.com.cn/#page2 [in Chinese]. [↑](#footnote-ref-12)
13. SPA was the “Specialty store retailer of Private label Apparel” business model proposed in 1986 by GAP, one of the largest clothing companies in the United States. The model encompassed the entire clothes making process, from commodity planning, to manufacturing, to retailing, allowing brands to differentiate themselves by developing their own distinct items rather than pursue fashion trends. (“Uniqlo’s Killer Business Strategy,” Merchandising Matters (blog), May 28, 2014, accessed August 7, 2018, http://merchandisingmatters.com/2014/05/28/uniqlos-killer-business-strategy.) [↑](#footnote-ref-13)
14. “ZARA China Has Reached More Than 400 Stores.,” Winshang Net, June 9, 2015, accessed March 28, 2018, http://js.winshang.com/news-488398.html [in Chinese]. [↑](#footnote-ref-14)
15. “Interpretation of the Fast Fashion Achilles Heel,” China Clothing Brand Net, July 4, 2013, accessed March 28, 2018, www.tnc.com.cn/info/c-013001-d-3336351.html [in Chinese]. [↑](#footnote-ref-15)
16. “In 2017, ZARA Added 12 New Stores to the Mainland, and China Became the Second Largest Market in the ZARA World.,” Zhizhen Lu, January 11, 2018, accessed March 28, 2018, http://news.winshang.com/html/063/2741.html [in Chinese]. [↑](#footnote-ref-16)
17. “Handu Group: Inner Logic Transformation.,” Ping Yang, May 4, 2015, accessed March 28, 2018, http://news.efu.com.cn/newsview-1109132-1.html [in Chinese]. [↑](#footnote-ref-17)
18. Amoeba management, founded by Kazuo Inamori in 1959, was a form of empowerment management. Company personnel were divided into groups of five to 50 people, called amoebas. Each amoeba was responsible for making a profit for itself with the goal of maximizing profitability per hour with quickly actionable plans. Amoebas were changed from time to time, and the roles inside an amoeba could also be changed. (Ralph W. Adler and Toshiro Hiromoto, “Amoeba Management: Lessons from Japan’s Kyocera,” *MIT Sloan Management Review* 54, no. 1 (2012): 83–89.) [↑](#footnote-ref-18)
19. “AMH, the Men’s Clothing Brand of Handu, Won the Double 11 Taobao Brand Champion,” Handu, November 21, 2014, accessed March 28, 2018, www.handu.com/news/details/15446.html [in Chinese]. [↑](#footnote-ref-19)
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