

**Belle 百麗國際**  
International

Holdings Limited

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# Belle 百麗國際 Belle International Holdings International Limited is footwear,

sportswear, handbags, and accessories retailer. It is founded in 1991 by Mr. Deng Yao(a shoes designer). It is a trend leader in the market which creates youthful and modern shoes, stylish young women are their targets. Belle, Teenmix, Tata, Staccato, Senda, Basto, Jipi Japa, Millie's, Joy & Peace and Mirabell are all the company-owned footwear brands. Bata, Geox, Clarks, Mephisto, Merrell, ELLE and Caterpillar are the distribution footwear brands.



For the retail distribution of sportswear business, the products of Nike, Adidas, Kappa, PUMA, Converse, etc. can be found.

In 2010, Belle International had 10,315 retail outlets in China, and about 200 retail outlets in Hong Kong and Macau. Also, it engages in all the production stage including manufacturing, retailing, etc.

Belle was listed on the main board of the Stock Exchange of Hong Kong in 2007 and has become a blue chip in 2010. Belle's markets are in Hong Kong and Mainland China. It has 22% domestic shoes retailing market share in China.

# Ownership of Belle International Holdings Limited

Belle International Holdings Limited calls itself a civilian-run enterprise but it became a listed company in 2007. From ICRIS, it registered as limited company in the Companies Registry and obtained a Certificate of Incorporation on 7/5/2007. It enjoys limited liability, it is fully responsible for its debts and obligations, simply, the loss of shareholders are confined to the amount they have invested in this company.

		2010	2009
Revenue	RMB '000	23,705,890	19,761,634
Gross Profit	RMB '000	13,208,363	10,541,611
Operating Profit	RMB '000	3,962,503	2,824,165
Profit attribute to Equity holders of the Company	RMB '000	3,424,531	2,533,499
EPS - Basic	RMB cent	40.60	30.04
- Diluted	RMB cent	40.60	30.04
Dividends - Interim	RMB cent	15.00	3.50
- Final	RMB cent	16.00	4.00
Total Assets	RMB '000	20,832,032	18,624,731
Total Liabilities	RMB '000	3,717,231	3,301,730
Total Equity	RMB '000	17,114,801	15,323,001
Number of shares at end of period		8,434,233,000	8,434,233,000

Also, it needs to disclose the financial accounts (annual report) to the public. From the website: [http://www.belleintl.com/tc/ir/belle\\_report.jsp](http://www.belleintl.com/tc/ir/belle_report.jsp), we can search all the annual reports since it was listed.



On 23/5/2007, Belle went listed on the main board of Hong Kong Exchange and Clearing Ltd (HKEx). Since Belle has a profitable track record, it can go listed on the main board.

On 9/6/2010, Belle became a constituent of the Hang Seng Index and was recognized as blue chips. As a result, Belle is a well-established and financially sound company with high asset values. The subscription stock price was \$6.2, the stock price was already \$17.04 on 8/7/2011.

## Belle's products and services

Because of scarcity, three basic economic problems about allocation of resources and distribution of goods and services exist.

*What to produce?*

Belle's products are mainly women shoes and sportswears. Belle is famous for its shoes. The annual production quantity is over 25 million pairs of shoes. It produces a lot more quantities of women shoes than men shoes due to the higher demand for women shoes market. So, Belle allocates more resources for producing women shoes, that means fewer resources for sportswears and accessories.

On the other hand, Belle also sells handbags, they are in mainly Italian style.

Belle has 10 own brands such as Belle, Staccato, Millie's which sell its products.

Belle helps distribution of sportswears including Adidas, Nike, Puma, etc.

This year, Belle invites a dessert chef to design some desserts which match to its products. It leads the customers to enjoy the Italian style more.



Belle-women shoes



Belle-handbag

# Factors of production of Belle

*How to produce?*

## Entrepreneur

Being an entrepreneur, he/she is responsible for making decisions and bearing risks in production. The income may be positive or negative as the sales volume is not secure.



Mr. Tang Yiu is the Executive Director, Chairman of Belle and the founder of the Group. He is originally a shoes designer, so he familiarizes with the shoes business, he markets and develops his products more easily. Mr. Tang is primarily responsible for our Group's overall strategic planning.

Mr. Tang Yiu, Mr. Sheng Baijiao, Mr. Tang King Loy and Mr. Sheng Fang are the Executive Directors of Belle. They play active roles in production.



Mr. Gao Yu, Ms. Hu Xiaoling, Mr. Ho Kwok Wah, Mr. Chan Yu Ling and Dr. Xue Qiuzhi are the Non-executive Director and Independent Non-executive Directors of Belle. They play passive roles.

## Labour



There are total 71,789 employees in Belle up to 2010. Belle also employs 22 analysts from different banks or company to make analysis about the financial and marketing situations of Belle.

## Capital

Capital refers to man-made resources used by producers to help production.



Belle's retail network is divided and managed by 11 geographical regions. They are Northeastern region, Northern region, Northwestern region, Shandong & Henan region, Eastern region, Central region, Southwestern region, Southern region, Guangzhou region, Yunnan & Guizhou region, and Hong Kong & Macau region. These are the fixed capital.



5 manufacturing bases in Shenzhen and Dongguan of Guangdong province, Jianhu of Jiangsu province, Zigui in Hubei province and Suzhou of Anhui province respectively, world-class product development facilities, efficient production lines and quality control system. These are the fixed capital of Belle to help production too.

There are other capitals like working capital-raw materials (e.g. leather, cloth), money capital, human capital-skills, knowledge of human beings, machineries, factories, Belle's brand name, designs of the products, etc.



*For whom to produce?*



The target customers of Belle are mainly the middle-class women. Since Belle sells a large amount of women products and set the price at a quite high range (about \$1000 per pair), its target customers must be them.

For shoes products, the target customers are mainly women, especially young women.

Belle's shoes are stylish and trendy, it is suitable for young ladies. Although men are its target customers too, the main target is women. So, there are just a small part of men shoes.

For handbags and accessories, the target customers are also young women. The designs are modern and unique, the designs are for youngsters.

For sportswears, although Belle helps distributing the sportswears, its distributing brands are popular to young people. The target customers are young people too. As they love playing sports and they are very active, so the sportswears market's customers are mainly youngsters.



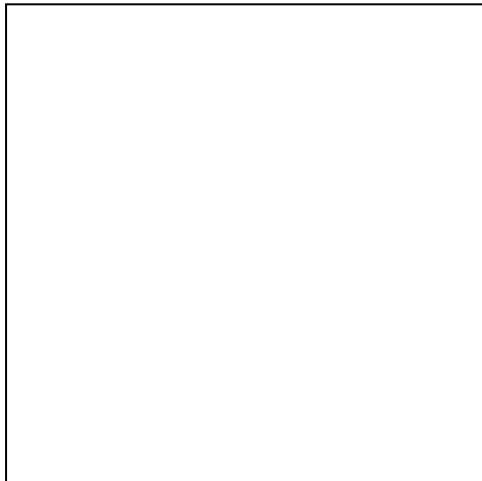
[hypebeast](https://www.hypebeast.com/)



## Demand and Supply of the Products

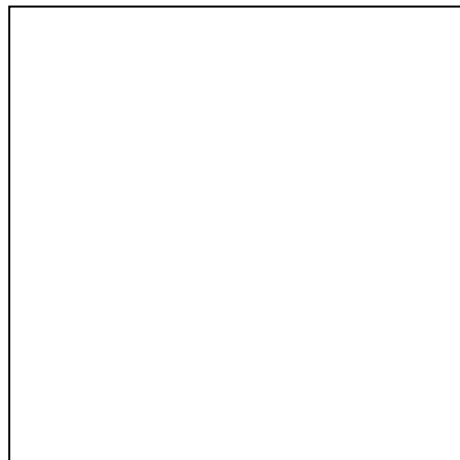
Since Belle International Holdings Limited engages in different production stages of popular shoes wear and sportswear, it possess great market share and makes great net profit which is \$13,208,363 in 2010. This indicates that Belle International Holdings Limited has done a great job in the market. However, is it the maximum net profit the company can earn?

I suggest the company to develop complements such as sports equipment or clothing. These products are complements of sportswear and shoes wear respectively.



Selling complements can bring to an increase in demand because they have to be used together in satisfying a particular want. Therefore, developing complements is a method to increase the demand for the products and thus the company's income and competing power.

Besides, there is one more advantage of developing the complements mentioned above. The complements are related but not competing products, so the company which develops complements engages in lateral expansion. This leads to a phenomenon which is economies of scales. As a consequence, the firm can enjoy a lower average cost and the net profit will increase.



# Market Structure of the clothing industry

The clothing industry is monopolistic. There are a large number of sellers of shoes wear and sportswear. Sellers can enter the market freely. Sellers supply heterogeneous products. Moreover, both sellers and buyers have no perfect market information.



Since the clothing sellers sell heterogeneous goods and both sellers and buyers have no perfect market information, so sellers are price searchers who can affect the market price and find the price that will maximize the profits.

In addition, sellers under monopolistic competition engage in non-price competition in order to attract customers. For example, Belle International Holdings Limited can use value added such as better service to treat customers.



# SWOT Analysis

SWOT Analysis can evaluate the Strengths, Weaknesses, Opportunities and Threats of a company. The former two are internal factors and the others are external factors.

## Strength:

Belle is a whole-sale retailer, so, it has a good management in the whole production system and a high-level of specialization. Belle has 5 manufacturing bases in different provinces, they have good and efficient production facilities and also quality control system. Once there is a problem about their products, they can find out the reasons more quickly. Also, it can secure the supply of inputs and market outlets for outputs.

Extending the brand name, Belle has developed many brands such as Joy & Peace, Millie's, Staccato. Moreover, Belle distributes sportswear's brands such as Nike, Puma...

Tenant	Location	Tel. No.	LP Card / Cash Voucher / iPhone / Unipay	
PLATA	B1.01	3422 8726	🔵	📱
ESPERANZA	B1.02	3514 9115		📱
BeLLE	B1.03	3514 9411	🔵	📱
STEVE MADDEN	B1.05	3514 9491		📱
STACCATO	B1.06.07	3514 4280		📱
MILLIE'S	B1.08.09	3156 2007		📱
Vanilla suite	B1.10.11	3514 4578		📱
Jipi Japa	B1.12.15	2440 4738		📱
etel	B1.16	3514 9320		📱
CAMPER	B1.16	3514 9320		📱
RABANCO	B1.17	3514 4500		📱
Joy & Peace	B1.18	2994 0467	🔵	📱
GEOY	B1.18	3514 9293		📱
GUESS	B1.19	3427 9647		📱
Clarks Originals	B1.20	2625 4307	🔵	📱
acupuncture	B1.21.23	3514 4198	🔵	📱

A big strength of Belle is the sites of the retailing outlets. Belle's different brands can open in an area, so that they can attract more customers. In Langham Place, B1 is a floor for shoes and Bags, among the 17 shops, Belle has six with six different brands. In Tuen Mun Town Plaza, it also has 4 outlets on floor 2. Concentrating on opening different brands but similar products in a specific area can attract more customers.



The reputation of Belle is good. Belle is one of the most valuable Chinese Brands(28<sup>th</sup>). It is called “company with Outstanding Contribution with Shenzhen Special Economic Zone”. Belle and Senda won “2009 King of China Leather Shoes”. Six Belle's brands ranked top ten by revenue in PRC in 2009. Also, Belle is a blue chip, which is well-established, it can raise capital easily.

### Weakness:

Although Belle is a whole-sale retailer, its products are very similar, some of them are even identical. It is over-concentrated on the shoes business (over 90%), undifferentiated products do not give any surprise to the customers. So it is a main reason that Belle's reputation is not as well-known as other famous brands such as DKNY, Gucci, etc.

On the other hand, Belle promotes intellectualization, but shoes business is a labour-intensive industry, so Belle has to buy a large amount of machines and employ a lot of workers at the same time. This will increase the cost of production.

### Opportunity:



Belle's business is only in China, it may invest in other profitable market (fashionable cities) such as Paris, Milan, etc. In these markets, people's purchasing power are usually high, fashion media pays close attention to these cities. So Belle can gain celebrity and become more popular in the fashion industry, and also reduce advertising cost.

Moreover, if one market's demand drops gradually, the other's may cover the loss, so it can diversify the risks to different markets.



Belle may merger some of its brands with some casual clothing retailers such as H&M, since their main products are different, so Belle can extend its brand name to other products. A better reputation may lead to a rise in the demand and increase in the revenue.

Since Belle has many production bases and market outlets in China, comparing to its competitors such as Aokang Group, Belle has a stronger power to develop internal brands and acquire external brands. So, it can raise the market shares(now: 22%) and become a dominant seller, and then it will have a greater power to affect the market price.

At the same time, the continuous increase in household disposable income, especially for the low-and-middle income groups will increase the demand for Belle's products as they are superior goods.



Apart from the women shoes business, Belle can put more resources in the potential sportswear business. Sportswear retailing market keeps improving, many young people are attracted by sports brands as they are comfortable, the market demand keeps rising. It can diversify the risks too.

**Threat:**

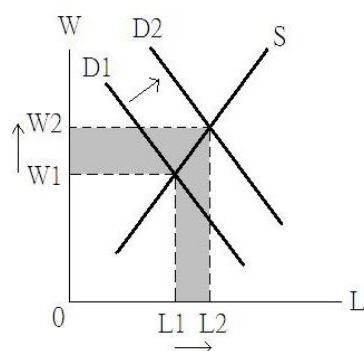


Belle's shares are transacted in the stock market freely. The shares price is easily affected by Heng Seng Index or other economic news such as Chinese financial policies. If there is a bear market, Belle's shares price may fall, so the company may get loss.

In the future, Belle has to invest on different markets and businesses, these require a large amount of capital, and may not gain a profit in a short period, its businesses may not have a stable growth.



The change in effective corporate income tax rate is a big threat. In Chinese business, the tax rate in 2010 is 11%, but it will drastically increase 24% in 2011, and rise to 25% in 2012. If there is no preferential tax policy, the income tax will definitely increase.



The cost of production in the following years will increase too. While Belle is expanding its businesses, meanwhile, it has to maintain the market competitiveness, so the company has to employ more skillful and productive labour for a higher wage. It brings a rise in the demand for labour, so the expenditure will increase.

The lack of labour in the Pearl River Delta increases the wage rate too. Although Belle turns the sites of production to some cities which have higher labour supply, but the contribution is very small. So the cost of production will increase in the coming years.

Lastly, since Belle is one of the leaders in shoes industry, so it may be the competitive target locally, if those small shops merger with each other and become a big seller, Belle's effect on the market price will be weakened.

### **Conclusion:**



From the SWOT analysis, Belle is one of the prime leaders in Chinese shoes industry. It keeps a high competitiveness, other firms do not hang over at this moment. As it has a lot of different brands, advanced technology and wide market outlets, it has a great potential to develop its businesses into various markets. If Belle can hold its strengths and develop different businesses but not only shoes, it is not difficult to become the prime leader and an international brand.

However, Belle is a listed company, it may be affected by the unstable financial market. For the other external factors, the taxation policy and increase in the wage rate are negative and definitely increase the cost of production. Also, more and more shops will take Belle as a target of competition, the above factors will be the big stumbling blocks of Belle's development.





## The 4P Marketing Strategy (Belle)

### Product Strategy

The main aim of product strategy is product differentiation. There are two differentiations, horizontal and vertical. Horizontal differentiation focuses on consumer's preferences while the latter focuses on the quality of goods.



As there is a variety of shoes in the market, if a company wants to grab consumer attention, its products must be identical and unique. Thus, as Belle is selling shoes as its mainstream, I would create some comfortable high-heels for female, in order to attract more buyers.



Moreover, it also sells teenager's outfits. I would produce some T-shirts with different color and patterns. As each consumer has one's taste and preference, so different products can satisfy different consumer's wants.





## Price Strategy

There are four common price strategy, penetration pricing, fair pricing, premium pricing and discount pricing. Let's introduce all of them.



Penetration pricing is a strategy that the firm set at the lowest price in the market place. It aims at selling high volume (to maximize the market share) so as to seize other's market share.

Fair pricing is a strategy that the price is set according to the quality of the good or near to the market price. It is widely adopted by the common firms in the market.

Premium pricing is a strategy that the price is set above the market price. It is usually used when the product is a superior good or the latest good.



Discount pricing is a strategy that used to achieve advertising and clearing stock objective. The price set maybe at zero profit.

As the company is selling high-class shoes, it may choose to adopt premium pricing. Some of the shoes are selling at above \$1000. Although the price is set above the market price, some people will still buy its shoes because they are willing to buy superior goods, superior goods are goods that quantity-demanded increases with income.



Furthermore, it also sells sports clothes. It may choose to use the penetration pricing strategy. The firms are selling Adidas, Nike, etc products. As there are many competitors are selling the same product, it is a monopolistic competition. There are many small and not associated firms. If it set the products below the market price, there will be more quantity-demanded for the good. Thus, their market share can be increased.

## Place Strategy

The main aim of place strategy is to efficiently produce and get goods into the market.



For producing goods, the firm can set factories in the developing countries, such as China and Vietnam, which it can hire labor at a lower cost. However, setting up the factories in China like Dongguang will be better because the transportation fee can be lower. Also, there are some others shoe making factory there. They can enjoy external economies of scales which lower the average costs. They can buy inputs and use back-up services at a lower price.



For selling goods, the firm can rent shops at a popular district. For instance, they can put their shops at Mong Kok, Tsim Sha Tsui and Central. There are many well-known shopping mall and streets like LangHam Place, Harbor City, the Landmark ,etc. If they rent a shop there they can also enjoy external economies of scale which lowers the advertising costs.



## Promotion Strategy

It is the same as marketing. Its main aim is to increase the demand of the goods.

First, it can advertise its products to the public through mass media: newspaper, TV commercials, magazines, banners and so on. With the help of these advertisements, people will know more about its products. The products become more well-known among the competitors. Some people may try the products. Due to Herd Behavior, the others may follow suit.



Second, when a new product is produced and the firm wants to boost its sales. The firm may cut its price to attract more consumers. Due to the law of demand, the lower the price, the higher the quantity-demanded, ceteris paribus. The firm can enjoy the market share maximization and have a goodwill on the product.





## Expansion and Integration

Originally, Belle was only a shoe manufacturer, from 1991-2011, Belle expanded its business into a wholesale shoes business by both expansion and integration. In September 2008, Belle was No. 8 in the Businessweek's annual ranking of top Asian companies in Business Week Asia 50.

### Internal expansion:

#### *Horizontal expansion:*

Belle expands into a business that is engaged in the same production stage of the same product. It creates a lot of brands including Belle, Staccato, Teenmix, Tata, JipiJapa, Basto and Bata from 1991 to 2009.



Belle expanded its retailing business to Hong Kong and Macau in 1998 and 2003 respectively. In 2007, there were 3,828 retail outlets in 150 cities in Mainland China. Until July, 2010, Belle operated 10,315 branches in 300 cities in China such as Guangzhou and Yunnan. From 2007 to 2010, the number of retail outlets in Hong Kong and Macau increased from 35 to 200. Until 2011, Belle becomes the No.1 woman's shoe retailer in China, it has 22% domestic market shares in the shoes retailing market in China.

#### *Vertical backward:*

Belle expands into a business that is engaged in preceding production stage (shoes manufacture) of the same products (shoes). In 1994, BLai Kong Footwear (SZ) Limited was set up as a shoes manufacturer for Belle.

#### *Vertical forward:*

When Belle was set up, it was a shoe manufacturer. In later 1991, it expanded its business to a later stage- retailing in Mainland China. (wholesale business)

#### *Lateral:*



Belle also sells handbags in a lot of branches, it expands into a business of related but not competing products.

*Conglomerate:*



In 2011, Belle offers some Italian desserts to match with the theme in this year- Taste of Italy. Since the desserts are not related to the shoes, so it belongs to conglomerate expansion.

**External expansion (Integration):**

*Horizontal integration:*

Belle took over a lot of shoes retailers since 2007. On 27/10/2007, Belle took over Millie's (a high class Italian shoes retailer) and it became one of the brands in Belle.

On 11/11/2007, Belle acquired Senda (including its 5 subsidiaries such as Basto) for \$16hundred billion.



On 22/2/2008, Belle took over Mirabell and Joy & Peace.

In 2008, Belle got the distribution right in China of Geox, and later put this brand under Mirebell.

*Lateral integration:*



On 14/8/2007, Belle acquired the PRC trademarks of Fila.