UNICLOTH

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Agenda

- Company Overview and Problem Statement
- SWOT analysis
- Industry analysis
- Improving Profit
- Overcome the deficit
- Proposed Solution

Company Overview and Problem Statement

Company Overview

- Unicloth, is an Asian clothing retailer attempting to establish a profitable presence in the United States
- They have designs from their home country in Asia
- Manufacturing process takes place in China and Bangladesh

Problem Statement

- They have arrived in the U.S. almost five years ago and are still strugglinb to achive their goal

S
(Strengths)

- Unique designs: Designs are influenced by the home country in Asia
- Low Manufacturing costs: manufactured in China and Bangladesh and sold in the U.S.
- Stable Market: the market is stable, no economic downturns

W
(Weaknesses)

- Cheap Manufacturing: manufacturing in China and Bangladesh may hamper quality
- Designs Adaptability: strictly following designs from home market in Asia
- Additional costs: importing costs, supply chain disruptions, labor issues, etc.

O
(Opportunities)

- New Market
- E-commerce Growth: investing in online shopping platforms
- Product line Diversification: expanding the product range to include more high-margin items or trending fashion pieces can capture a larger market share and boost profit

T
(Threats)

- Competition
- Economic instability: until now the market is stale, but may not be in the future
- Regulatory changes: change in trade policies, tariffs, or labor laws in China and Bangladesh
- Supply chain risks: potential disruptions in the supply chain due to polical reasons, natural disasters, or health crises (COVID-19) could delay the production and delivery

Industry Analysis

Prodcut

- Casual Clothing: jeans, t-shirt, knit sweaters, dresses, etc.
- designs are followed from home country in Asia

Market

- The retail merket has been stable, no economic downturn

Revenue: **$125**M per annum

- avg price of the product is $40
- 3 mall stores and 1 flgship store
- 1 mall store sells 1375 items per day on an average; implies $55000 per day; implies $2,00,75,000 per annum.
- Hence, mall stores revenue: $60,225,000
- Flagship store sells 4500 items per day; implies $180,00 per day and $65,700,000 per year

COSTS: **$138**M per annum

- profit margin: 30%; implies cost margin per item is 70%
- cost of items per year = $125M * 0.7 = $87.5M ~ $90M
- RENT and miscellanous: $25M + $5M = $30M per annum ($18M for flagship and $7.2M for all 3 mall stores
- LABOR: $6M per annum
- STORAGE: sending unsold clothes back to warehouse, markdowns, etc: $12M per annum

Improving profit

COST:

- Shifting the shopping means from air to ship can cut 5% of cost of goosds sold(COGS) i.e. $90M *0.5 = $4.5M per annum (savings)
- Rent: sharing rent with another business (a coffee shop) within the store can cut 25% of their debt at the flagship store i.e. $7.2 * 0.4 = $1.75M savings per annum

REVENUE

- Since, staff is trained and prices cannot be cut, the only option is design and colours.
- Manufacturing designs separately for the american market will cost $12M annually, but it will provide $23M additional revenue per year
- Thus, a cost of $12M will earn $23 M, i.e. revenue = $11M per annum

Overcome the deficit

Current Revenue: $125M per annum
Current Cost: $138M per annum
deficit: $13M per annum

Total increment income:
Savings: $1.75M + $4.5M
Revenue Increment: $11M
Total = $17.25M

Proposed Solutions

	Shipping	**Rent**	**Designs**
Shipping from air to boat	Savings: $4.5M per annum		
Shared Rent		Savings: $1.75M per annum	
Additional american designs			increament in revenue: $11M per annum

THANK YOU