

2012 Fall

The Tail-list Marketing Plan



Yining Luo (Alan)

Stephanie Iannetta

Mengyang Ye

MKT 203

1.0 Executive Summary

According to the Bureau of Labor Statistics, the average weekly hours of nonfarm work has increased lately, as five of nine New York super sectors have recorded a rise in average hours for employees. It is reasonable to say that working professionals have less free time and they will possibly look for services that will save time and effort in the future.

(New York-New Jersey Information Office, 2012)

The "Tail-list" is a company that provides fashion services for consumers who wish to relieve long efforts spent on shopping. The "Tail-list" stands for "Tailor" and "Stylist". It is an automation of the clothes shopping process with staff members helping consumer pick the clothes most suitable for themselves.

The "Tail-list" has staff members creating clothing combinations that best fit the consumer. It picks out currently existing pieces and sees which combination would best match the consumer and their demands. If you're not a good dresser, then look for the "Tail-list" advice. The general concept is "you don't need to be an expert in fashion to dress fashionably". All you need to do is let the staff measure your size and they will decide what best fits on you.

The "Tail-list" will be geared toward integrated business, where staff members would be employees of the local department stores and would be trained by the "Tail-list" on fashion, design and service. This way, the company won't need to stock up on clothing or invest in physical stores. In other words, the "Tail-list" provides free training for department store staff and instead of charging the department store for training fee, it receives profit from the commission fee consumers spend on using the "Tail-list" service.

The business will start with department stores in Garden City, New York. This area has certain benefits for the business since it has a population of 21,721, an average annual median household income of \$144,239 and also 5 major department stores. It is also the heart of Nassau County being the center of transportation with five long island railroad stations. (City Data, 2009)

2.0 Situation Analysis

The "Tail-list" will be entering its first year of operation and a comprehensive marketing strategy will be the key to success of the business. The business will mainly be targeting female working professionals considering that this group appeal to fashion and are more likely to spend on clothing. The company hopes to establish integrated businesses with Nordstrom, Bloomingdale's, K&G Fashion superstore, JC Penny and Macy's. Being able to integrate with these businesses will be crucial since these stores hold reputation among consumers and will be closely linked to the "Tail-list" business. (Yellow Pages , 2012)

Now the challenges the "Tail-list" will face when entering the market are (1) Collaborating with department stores; (2) building consumer perception on the business.

Collaboration with department stores requires certain effort because the department stores will likely consider (a) the risk of collaborating business models with the "Tail-list", (b) how the training sessions work and also (c) how their consumers would be affected. However, the chances that "The Tail-list" succeeds in making deals with these department stores are

high. Department stores of today are forced to take strategic action due to threats from online shopping, limited geographic presence, fast changing fashion trends, price pressure and rising manpower costs. One example would be Nordstrom, though enjoying a 12.44% increase in annual profits during 2011, has possession of only 187 stores in 28 states. Nordstrom also faces heavy competition from huger department stores such as TJX, H& M and Gap, which were all 50% higher in revenue. If the “Tail-list” were to collaborate with Nordstrom and other department stores alike; with its operations running smoothly, it would significantly benefit these stores by boosting sales, providing free training, meeting consumer fashion demand and creating a differentiation. (Gale Business Insights, 2012)

As for building consumer perception on the business, the challenge is about shifting consumer mindset on fashion. When consumers learn about the existence of the “Tail-list”, questions pop onto their minds such as pricing and service quality. It is a new model of business and consumers would not easily accept it unless they were satisfied. Today, most consumers don’t usually get professional advice on fashion. For many, fashion advice comes from two sources: (1) friends and family, (2) magazine and other reading materials (including online material). The “Tail-list” has to convince consumers that though these advices may seem useful at first, they are not tailored to fit the consumer. Convincing the consumers to come and try the “Tail-list” and experience personal and professional fashion advice will be the main theme for the “Tail-list” marketing campaign.

2.1 Market Summary

The “Tail-list” is a unique fashion advice business that does not belong to an existing market category. However, it is clearly targeting the same target consumers of the women’s clothing industry.

If we were to project the growth of the market, it would be reasonable to look at the performance of apparel retail. According to Data monitor Industry Market Research, the US apparel retail industry had total revenue of \$329.4 billion in 2011, representing a compound annual growth rate (CAGR) of 2.7% between 2007 and 2011. The Womenswear segment was the industry's most lucrative in 2011, with total revenue of \$170.4 billion, equivalent to 51.7% of the industry's overall value. The performance of the industry is forecast to accelerate, with an anticipated CAGR of 3.1% for the five-year period 2011 - 2016, which is expected to drive the industry to a value of \$383.8 billion by the end of 2016. (Datamonitor, 2012)

The information above shows promising business profits for the “Tail-list”. Since it is targeting female working professionals and that the women’s purchasing on clothing is rising, the “Tail-list” would be able to promote its services more easily.

The business of “the Tail-list” will be established in Garden city and will attract consumers in neighboring areas within a 5 mile radius. Based on finding of the U.S. Census Bureau on female working population in this area, we estimate that the market size for the “Tail-list” is approximately 60,000. The general consumer profile is that these people are aged between 23 years old to 35 years old with an annual income above \$40,000+ and an occupation of working 37+ hours a week. Our target market also hits the category of Generation Y, who is assumed to be fashion savvy and are willing to spend more on fashion compared to elder working groups.

2.2 SWOT Analysis

The following SWOT analysis captures the key strength and weaknesses within the company, and describes the opportunities and threats facing the “Tail-list”.

STRENGTHS

- The business model is unique and creative. The company provides a unique service package which includes fashion advice, purchase assistance, styling and personal tailoring for its consumers.
- The “Tail-list” will enjoy the benefits of being first to establish a fashion service business by attracting the first group of consumers and setting industry standards.
- The “Tail-list” service gives the business more opportunities to understand consumer fashion perception which can be used as feedback for the business in the future.
- Integrated business model is a win-win for both department stores and the “Tail-list” where the “Tail-list” can avoid inventory management and the department store can generate more sales with the help of the “Tail-list”.
- Flexibility in establishing business since it relies on collaboration and training rather than physical stores

WEAKNESS

- Hiring/Training of the “Tail-list” will take effort since the company has to find a credible fashion advisor and devote time to train them on various fashion techniques before the business can truly start.
- The idea of charging an additional service fee may not appeal to consumers who are price sensitive.
- Consumers may not trust the business if first-time experience were unsatisfying.
- Limited by the location of a store since the business does not have their own physical store and relies on other department stores.

OPPORTUNITIES

- Jobs: making more jobs available for staffing. This could open the window to Fashion Graduates, Interns, and experienced Fashion Advisors
- Recovering Economy: more buying power
- Culture: Pop culture – bringing the world of expression to your wardrobe
- Increasing complexity of social life for younger generations

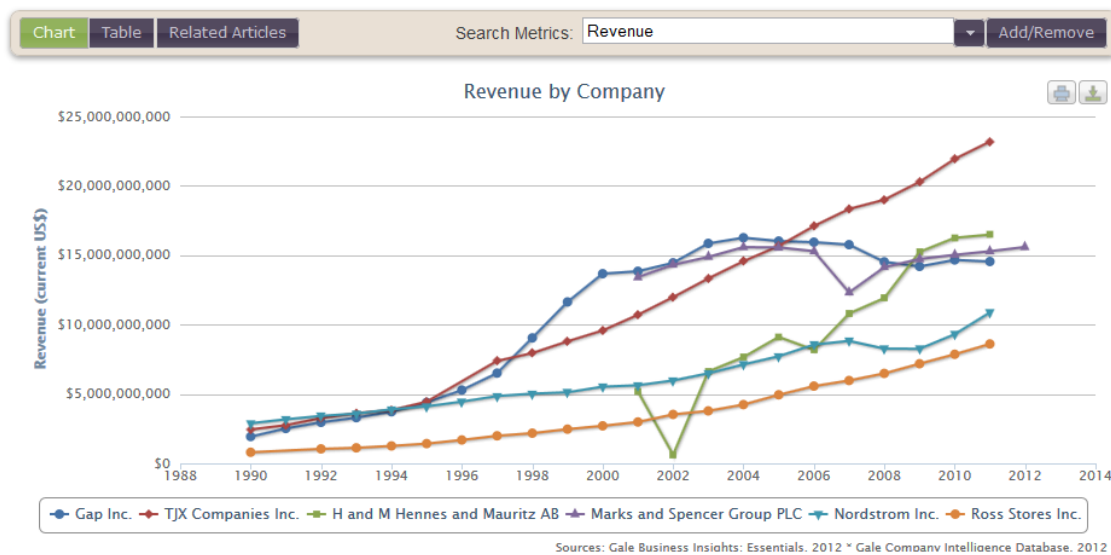
THREATS

- Other department stores with adequate capital duplicating the service
- Potential fashion related businesses duplicating the service and compete with the “Tail-list”

2.3 Competition

Competition are likely to come from two sources: (1) companies with enough capital to duplicate the “Tail-list” business model and (2) fashion related businesses are likely to enter the market.

Compare Companies



Potential competitors that have the capability to duplicate the “Tail-list” business include TJX, H& M and Gap. These companies have stores all across the United States and are able to cover a broader base of consumers. Owning the large number of stores gives them the opportunity to expand the business into their own retail chain. (Gale Business Insights, 2012)

TJX Companies Inc. is a global brand running operations around the Canada, Europe and the US. It profits from entering new locations and expanding quickly, mass marketing and covering as many consumers as possible. Under the corporation is T.J. Maxx and Marshalls, which are regarded as family brands. T.J. Maxx operated 983 stores at the end of 2011 whereas Marshalls operated 884 stores. (TJX Companies Inc., 2012)

H&M Hennes & Mauritz AB (H&M) operates over 1,500 stores in 28 countries that sell inexpensive fashion apparel for the entire family, as well as footwear, accessories, and cosmetics. H&M does not operate its own factories; the company acquires its merchandise from nearly 700 independent suppliers found mainly in Asia and Europe. H&M has partnered with fashion icons Karl Lagerfeld, Stella McCartney, Viktor & Rolf, and Roberto Cavalli, as well as music legend Madonna, to create collections for its stores. H&M relies

heavily on international expansion for growth. (H and M Hennes and Mauritz AB. Gap Inc. 2011)

Gap Inc. is a specialty retailer of apparel, accessories and personal care products for men, women and children. The stores of the company operate under the banners Gap, Old Navy and Banana Republic. The company is also engaged in wholesale and franchisee businesses. Gap operates about 3,246 stores in the US, Canada, France, Ireland, Japan and the UK. Of all the companies under their banners, Banana Republic can pose the most potential threat to the "Tail-list" since it has built a reputation for providing great styles for women's fashion. (Gap Inc.,2011)

The three department stores mentioned above are retailers who have enough capital and experience to duplicate the service of the "Tail-list" and compete with the company. It is essential that the "Tail-list" pay attention to the actions of these countries in the future.

Fashion related businesses also have the potential to enter and compete with the company. These businesses could be fashion design related companies (such as magazines or websites) who already have experience in fashion. For these companies, entry might not be too difficult since they already have management experience and human resources for training.

2.4 Product (Service) Offering

The "Tail-list" provides fashion services for consumers who are aimed at relieving long efforts spent on shopping. As an automation of the clothes shopping process, it speeds up the decision making process of clothes shopping so as to give consumers more time to shop for other products in the department store or do something else.

When a consumer walks into a store, the staff will ask if the consumer would require service of the "Tail-list". After approval, the consumers size and clothes preference would be taken into consideration and the staff will pick out a set of fashionable clothes to fit the consumer. The decision making process of the "Tail-list" will take time so the consumer can decide either to shop elsewhere or discuss more on the details during the process. For each purchase of clothing, a service fee will be charged and will be determined by how much the consumer spent buying clothes.

This service is contingent upon the amount of money a consumer would prefer to spend. The consumer will give a price range or set amount to their assigned "Tail-list" where the percentage charged is based off the price bracket in which this set amount falls into. This service will help young working professional who are deeming for an affordable service to control their spending but also receive the services they want.

Differences would not come from the service of the "Tail-list" but instead from the department stores themselves. Some stores are fashion oriented while others provide simpler dressing options. Thus, what kinds of clothing consumers end up with depends on the store they are willing enter. For the most part, the "Tail-list" will focus on middle to high end clothing stores. For the "Tail-list", collaborating with middle end and high end stores means more profit from commission fees and also more variety in fashion choices and clothing combinations provided for consumers. As we know, fashion is about dressing for occasion and delivering a message about personality. It changes with season, events and

also age. So it is important that department stores have a wide variety of clothes that the "Tail-list" can use to meet the various needs of the consumer.

The core benefits of the "Tail-list" is saving time and effort and the basic product is a service which will chose clothing to fit your style. Think of it like a "search engine" which filters unwanted clothes and chose the product that most suits your needs. The "Tail-list" is a business that promises simple shopping and professional service.

2.5 Keys to Success

Company Image

- Since the "Tail-list" is in the fashion service business, having an appealing company image is important to give consumers the idea that the company is extremely professional when it comes to fashion advice and service. Company image starts out with the logo and then expands to staff member attitude, service quality and advertising.

Quality of service

- The quality of service relies on the company's ability to manage the business. The company has to find a credible trainer who has deep knowledge in fashion and set service standards to maintain consistency.
- Staff attitudes towards consumers are extremely important since the "Tail-list" is likely to rely on repeat business. The target market is generally small and the "Tail-list" would have to profit from loyal consumers.

Integrated Business

- Integrating with the department stores is crucial to the success of the "Tail-list". Since the "Tail-list" wishes to avoid having a physical store, it has to rely on the resources of the department store. The problem is that department stores have limited inventory and the pieces may not be suited for the use of the "Tail-list". Thus the "Tail-list" will have to work with department stores and reorganize inventory in order to make their services more fluid and clothing more sellable.
- There is a chance that certain stores may not want to integrate its business with the "Tail-list" either because they seek to expand this business themselves or they just don't see value in it. It is important for the "Tail-list" to try and convince these companies on the many benefits it offers with collaboration, such as free training for store clerk, information on consumer buying behavior, fashion information and boost in clothing sales.
- The "Tail-list" wishes to avoid conflict with these stores, so instead of hiring and training staff members themselves, the training will go directly to store clerk. The "Tail-list" will generate revenue from the commission consumers pay for the service and receive no profit from the sales of clothing.

Advertising

- The key to advertising is creating fashion awareness. In order to have more consumers step into the store and require the service. The company has to make

people aware that dressing badly will affect first impressions and influence attitudes toward you. So it is important to dress well in different occasions.

- In order to reach consumers, the “Tail-list” will utilize direct marketing by purchasing mail-box addresses and sending letters directly to consumers. Online advertising will be combined with department stores. Since consumers are likely to browse the official website of these department stores, the “Tail-list” will be posting their ads on these websites.
- Store clerks will introduce the service directly to consumers when they are shopping, asking them if they would require the service of the “Tail-list”
- Social Media such as Facebook and Twitter

3.0 Marketing Strategy

The “Tail-list” marketing strategy will focus on direct marketing. The basic idea is to get the attention and interest of the audience, make them aware of the existence of the service and encourage them try out the service. As mentioned before, the first years of operation for the “Tail-list” will focus on a 5 mile radius around Garden City. Since the business is addressed to a limited target audience and a limited location, the marketing strategy of the “Tail-list” will start on a smaller scale in order to lower cost and also prevent reaching an audience the company cannot serve.

The direct marketing channels the “Tail-list” will be using are Direct Mail and Online Tools (social media networks); combined with this will be in-store promotions which will try to attract consumers who walk into the store to try out the service.

Specifically, the “Tail-list” will send 10,000 mails to different house-holds in the five mile radius of Garden city. The general idea is to scatter the mail to different communities but not cover every household since there will be a likeness that word of mouth would be generated amongst neighbors. For instance, Garden City holds up to 7,000 house-holds. The “Tail-list” could send 2,000 direct mails to cover the Garden City area and distribute the remaining 8,000 mails to other areas.

Online tools on the other hand would be a Facebook page and a Twitter account for the “Tail-list”. Social media accounts are generally low price and the best part of the social media is that it enables the “Tail-list” to tap into consumers who are following tweets and posts of their collaborators. If the “Tail-list” worked with Nordstrom, the “Tail-list” could ask Nordstrom to provide consumer information and reach out to these consumers.

As for the final tactic which is in-store promotion, it is required that staff members of these department stores proactively communicate with consumers and sell the service of the “Tail-list”. There is a more possibility for consumers to try out new products when promotion is down face-to-face.

3.1 Mission

The mission of the “Tail-list” is to relieve consumers from long efforts spent shopping for clothes by providing convenient fashion service that handles decision making for the consumers. The consumer of the “Tail-list” will be female working professionals aged

between 23 years old to 35 years old with an annual income of \$40,000+ and an occupation of working 37+ hours a week. The value of the “Tail-list” service is to save time for female working professionals with a highly active life style and who also have a desire to dress fashionably.

3.2 Marketing Objectives

- To generate a population of clientele from our target market:
 - Get 100-200 followers on twitter
 - 500 connections on Facebook
- Get 3 honorable mentions in local and state newspapers.
- To give the average shopper peace of mind when shopping and flexibility to have assistance filling their wardrobe needs without necessarily being present for the task.
- Allowing those with busy schedules the opportunity to fulfill their wardrobe needs when time does not permit and free time is scarce.

3.3 Financial Objectives

- With the average shopper spending about \$500+ per shopping experience our Tail-lists are subject from 8-12% commission on sales.
- The percentage of commission for our Tail-lists is dependent, like all others, on experience, tenure, and level of product
- We are expecting sales to about 1400 consumers in the Garden City area
- Therefore if we are a Tail-list at an 8% commission on roughly \$500 our variable is 40, then multiply 1400 consumers by 40 totaling \$56,000 in revenue based off commission in two months.

3.4 Target Market

As already mentioned in the Mission, the target market of the “Tail-list” will be female working professionals aged between 23 years old to 35 years old with an annual income above \$40,000 and an occupation of working 37+ hours a week who live in a five mile radius of Garden City. Based on our target market we can build a basic consumer purchasing behavior model, which is listed below:

Awareness

- Ads – Magazines, Billboards, Fashion Shows
- Celebrities; Celebrity Trends
- Television shows

Information Search

- Search Engines – keywords: fashion, trends, stores, purchase online, tailors, stylists

Evaluate Alternatives

- Asking friends/family for advice vs. Professional “Tail-list”
- Consulting the average store’s associates (un-trained professionals)
- Own Research

Purchase

- Make the trip, consult with the “Tail-list” and pay in store
- Make the trip, have the “Tail-list” take full responsibility and give them your full trust to make executive decisions based on personality, taste, and event. Then pay in store.

We can see that for our target market, magazine, television and internet play an important part in their lives. However, it is unnecessary for the “Tail-list” to invest in magazine and television ads since they do not directly reach the target market in Nassau County. However, it is important that the “Tail-list” provide useful information on the internet, since this would be the first place consumers would search for information. The “Tail-list” would have to build its own website once it is able to expand to other locations in the future. A website would be able to provide detailed information on how the company’s services work and what deals consumers would be able to make. For now though, the company should focus its efforts on direct marketing.

3.5 Positioning

People consider fashion to be expensive. Firstly, suitable fashion knowledge is difficult to acquire. You may be spending \$30 to \$50 buying 2 to 3 fashion magazines every season and not have the slightest clue on how to dress when the year ends. Secondly, consulting services are expensive. You would have to pay over \$200 to receive fashion consulting for 2 hours and would have to make purchases on clothing afterwards.

The “Tail-list” would position itself as a reasonable priced fashion service provider. The company recognizes how fashion services can sometimes seem overpriced for consumers and it is determined to provide professional service for consumers at an acceptable price. There is flexibility in market positioning of the company. It can be high end if consumers were to shop in a high end shop and medium end if the consumer were to shop in a medium shop. But no matter where you shop, the price for the company’s service will always be reasonable.

The “Tail-list” utilizes flexible positioning as a strategy to charge more on high income consumers and less on medium income consumers. Considering that different consumers have different budgets, such positioning is easier to meet consumer needs.

3.6 Strategies

The “Tail-list” utilizes three strategies to generate profits, which are integrated business, flexible positioning and direct marketing.

As mentioned before, the direct marketing strategy is social media and direct mailing. Both are able to provide detailed information for consumers that will benefit the other two strategies. Since the “Tail-list” is a new creative service, much explaining would need to be done in order to inform consumers what to expect out the service and much of that could be included in mail and posts.

For integrated businesses, marketing can inform consumers the existence of service in stores and encourage consumers to try it out. As mentioned before, the first step of

marketing is to create awareness. Since the target market is in a limited location, mailing to a group of people in a community directly would be effective in causing word of mouth and creating awareness. Once awareness is created, people will come to the stores and try the service. This may boost clothing sales quickly since the decision to buy is immediately made once the consumer uses the service, benefiting the partner of the "Tail-list" significantly.

As for flexible positioning, the marketing strategy is able to inform consumers which stores have the "Tail-list" service and what differences they would expect between medium and high end stores. This will lower the rate of confusion consumers experience when they are shopping in different stores since they were pre-informed of certain situations, such as differences in service and in pricing.

3.7 Marketing Mix Product

1. PRODUCT

- a. Brand Name: The Tail-list
- b. Features/attributes: Fashion stylist, provide service in choosing clothes
- c. Quality: Professional fashion advice
- d. Warranty: Provide expert training for department store staff, however the commission fee consumers pay will go directly to the "Tail-list"

2. PLACE

- a. Place: Department stores in Garden City
- b. Distribution: Direct distribution of service
- c. Level of market coverage: 5 mile radius of Garden City with a target market of 60,000

3. PRICE

- a. Type of strategy: Price Discrimination
- b. payment terms: 2% - 10% commission fee based on the amount of money spent by the consumer
- c. Financing options: Bank funding and investors

4. PROMOTION

- a. Advertising: Direct Mail
- b. types of media: Social Media
- c. personal selling: In-store
- d. message/theme: Relieving consumers from long efforts spent on choosing clothes
- e. budget: \$15,000

3.8 Marketing Research

The "Tail-list will use Test Marketing for its marketing research. After collaborating with stores and staff training is complete, the company will use only \$3000 of its budget to directly mail to households in Garden City. After that, the company will monitor sales of the company in two-months to determine if this marketing strategy is effective. The information the company will be analyzing will be volume of sales and revenue. After that if

the method is effective then it will expand its influence into outer regions. Research responsibility will mainly lie on the marketing team.

4.0 Controls

Control involves measurement, evaluation, and monitoring. Resources are scarce and costly so it is important to control marketing plans and be able to monitor marketing process. The control standards which managers will set to monitor marketing progress include consumer satisfaction surveys, staff reports and also financial reports. All staff members are required to hand in a report on how think of the service in the second week of the operation. After every service, consumers are asked to take time to rate the services on a scale of 1 to 5. Consumers can also leave comments if the feel that the “Tail-list” needs improvement. By looking at consumer reviews, staff reports and also financial performance, the “Tail-list” is able to search out any problems in its business.

4.1 Implementation

First month

Business negotiations with department stores

Set up Social Media account and distribute information that the Tail-list is coming soon

Second Month and Third Month

Fashion Adviser staff training (two months, Tuesday and Thursday Nights from 6 to 8, about 20 staff members each time)

Fourth Month

Direct Mail/Test Market (2000 mails sent)

Fifth Month

First Feedback and adjustments

Sixth Month

Full Direct Mail Strategy (distribute remaining 8000 mails to consumers)

4.2 Marketing Organization

Promotion staff (3): one person manages social media account while the other two are in charge of the Direct Mail Strategy which includes purchasing mail and distributing. They also manage consumer service when direct mail strategy has succeeded.

Fashion Advisor (1): one person in charge of training staff on how to dress consumers based on their looks

Managers (2): in charge of negotiations with department stores, feedback evaluation, quality control, booking classrooms to train staff

4.3 Contingency Planning

Risk1: Since this is a brand new business model, consumers might be hesitated in spending a relatively high amount of money to try the service.

Mitigation: The promotion department of our company needs to make our target audience feel that our service is worth the money they spend. The service level should maintain high because we are actually targeting the middle to high-income population.

Risk2: Tail-list is a collaborating business with the department stores and we do not have the physical store of our own, therefore our company brand and concept would be a little bit weak for the consumers to remember or be aware of.

Mitigation: Emphasize the brand image and concept of our company by ads in the direct mail strategy and social media. Give the costumers a strong yet unique impression of our company and service.

Risk3: The frequency of the same consumer coming to our shop for the fashion advice might not be very high, which means we need to capture more consumers in order to maintain the business.

Mitigation: In order to keep the loyal consumers as well as capturing new consumers, we need to attract them with new styles and fashion concepts, differentiate from other fashion services, and establish a strong relationship and unique brand image of our company.

5.0 Conclusion

To summarize, The "Tail-list" is a company that provides fashion services for consumers who wish to relieve long efforts spent on shopping. The business will start with department stores in Garden City, New York. \$56,000 in revenue based off commission in its first two months of business establishment. The marketing plan requires a budget of \$15,000 and the marketing strategy is projected to affect a geographical region in 5 mile radius of Garden City. In the future, the "Tail-list" will expand into other regions and collaborate with more department stores in order to generate revenue.

Reference

New York-New Jersey Information Office. (2012, June). *Average earnings and hours in New York* (12-1204-NEW). Retrieved from <http://www.bls.gov/ro2/aeeearnny.htm>

City Data. (2009). *Garden City, New York (NY) income, earnings, and wages data*. Retrieved from <http://www.city-data.com/income/income-Garden-City-New-York.html>

Yellow Page. (2012). *Garden City department stores*. Retrieved from <http://www.yellowpages.com/garden-city-ny/department-stores>

H and M Hennes and Mauritz AB. (2011, November). *Business Insights Essentials*. (Document Number: 492683).Retrieved from <http://bi.galegroup.com/essentials/company/492683?u=nysl li hofs>

TJX Companies Inc. (2012, January). *Business Insights Essentials*. (Document Number: 309534).Retrieved from <http://bi.galegroup.com/essentials/company/309534?u=nysl li hofs>

Gap Inc. (2011, January). *Business Insights Essentials*. (Document Number: 303747). Retrieved from http://bi.galegroup.com/essentials/company/303747?u=nysl_li_hofs

Gale Business Insights. (2012). *Compare Companies*. Retrieved from http://bi.galegroup.com/essentials/comparisonTool/company?u=nysl_li_hofs&entities=303747|309534|492683|1146856|306343|88036&metric=revenue

"United States - Apparel Retail." Datamonitor Industry Market Research. Datamonitor, 2012. Business Insights: Essentials. Web. 9 Dec. 2012.