



Lights, Camera, Fashion!

Your client is a fashion retail brand called Watson. They are based in the US and are looking to expand because the US market has matured. Identify which market they should enter and create a framework to devise a checklist for evaluating countries to streamline entry decisions.

CASE TYPE
Market Entry

COMPANY NAME
LEK Capability Network

DIFFICULTY LEVEL
★ ★ ★

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US no more a good market! Where do we go?

Case Type

Market Entry Case

Company Name

LEK Capability Network

Round

Partner

Difficulty Level



Problem Statement

Your client is a fashion retail brand called Watson. They are based in the US and are looking to expand because the US market has matured. Identify which market they should enter and create a framework to devise a checklist for evaluating countries to streamline entry decisions.

Okay, so I will start by dividing the answer into two parts – first, a framework to assess a prospective country for expansion and second, the decision regarding market entry.

Right, go ahead.

May I ask a few preliminary questions first?

Sure.

Are there any geographical constraints the company has to expand into any other country?

It has to expand from the USA.

Okay. What exactly does the company do?

It is an aggregator and has multiple brands listed. It also has both brick and mortar operations as well as e-commerce operations, with 30% of its revenue coming from brick and mortar and 70% coming from e-commerce.

Alright, understood. I would look at both qualitative and quantitative factors in order to decide whether a country is attractive enough to enter or not. In the qualitative aspects, I would consider the following factors in a country: Political, Economic, Social, Technological, Legal, and Environment in order to assess its macroeconomic environment.

Under quantitative, I would look at the target market size & the growth rate. So, the growth rate could directly be derived from the S-curve in the life cycle of the industry, that is a curve that represents the pattern of growth over time. The curve shaped like an "S," illustrates the phases of slow initial growth, followed by rapid expansion, and finally, a tapering off as the market reaches saturation or maturity. So, I will take a look at where exactly in the curve is the industry line. If the industry is in its growth stages then it will have a very high growth rate as compared to a mature industry and so on. Then, I will arrive at a particular growth rate.

And finally, I will consider the market size in the prospective new country and the market share that the client can acquire.

Fair enough, you may get to market entry now.

For market entry, I would be conducting a competitive analysis and would also consider whether this company had already engaged in diversifying in other geographies.

I will look at the following factors: financials, profitability, market share, split of the company in terms of brick and mortar and e-commerce, the number and type of brands that the company is dealing with, the marketing strategy employed and the customer loyalty.

Okay. What are the factors that you look for in these competitors?

Thank you, this case ends here.



**HERE'S
A TIP!**

An element of feasibility or convenience or accessibility could be added in terms of geographical proximity and the existent framework could have been tailored specifically with respect to this case.

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CASE FLOW

CASE FACTS

- 1 The company is currently located at the USA and wants to expand from USA into other countries.
- 2 Client is an aggregator and has multiple brands listed with it, both brick and mortar operations as well as on e-commerce .
- 3 30% of its revenue comes from brick and mortar and 70% of the revenue comes from e-commerce.
- 4 The client's market at USA has matured and wants devise a checklist for evaluating countries to streamline entry decisions.

