



Chic Expansion

You are based in London, UK, and own a chain of fashion retailers. You feel that you have saturated your market in the UK. The company wants you to identify the factors to be considered in this entire decision-making process.

CASE TYPE
Market Entry

COMPANY NAME
BOD Consulting

DIFFICULTY LEVEL
★ ★ ☆

Chic Expansion

How to tap into new markets?

Case Type
Market Entry Case

Company Name
BOD Consulting

Round
Partner

Difficulty Level



Problem Statement

You are based in London, UK, and own a chain of fashion retailers. You feel that you have saturated your market in the UK. The company wants you to identify the factors to be considered in this entire decision-making process.

That is an interesting case. I would like to take a few moments before asking the preliminary questions.

Sure, take your time

Firstly, what is the target market we cater to, and what variety of fashion do we sell?

You can assume the retailer to be an average store in the UK catering to both men and women.

Great. Secondly, what does our value chain look like? How many suppliers do we have?

You can make reasonable assumptions, keeping in mind the logistics and supply chain of an average UK fashion chain.

Could you provide some insights into the existing competitors and their market share?

Their main competitors include Company X and Company Y. Company X

holds a 40% market share, while Company Y has around 30%.

I will break this down into three categories – Financial Attractiveness, Operational Strategy, and Risks. We need to understand the expected profits in our particular time horizon so we will use the formula of Market Size X Market Share X Expected Profits – Fixed Costs – Fixed Investments.

Please elaborate on Market Share

We must consider factors such as the growth rate of the country, infrastructure, income levels, segmentation, and what kinds of customers are there. To calculate our market share, we need to factor in how differentiated our company is from other retailers in our target location.

Alright. Go ahead.

To estimate the profits, we have to ensure that our variable cost is minimum, and the selling price is maximum by applying cost-based pricing, competitor-based pricing, and value-based pricing. We also need to ensure that our fixed cost is also minimized.

It is a very good attempt till now. You can proceed.

If we talk about the operational strategies. We will have to consider our production, procurement, and distribution channels in this. We will design a comprehensive GTM plan come up with a way for customer pulling.

Go ahead

We can source our raw material either from the UK or from the local country. If we choose local, this would lead to various exemptions, as countries like to see their resources being utilized and income generation in their economies.

Please elaborate on this.

We need to see whether the company wants to carry on its existing products or wishes to do some research in the segment about the popularity of the brands worn and the types of clothes preferred? Another decision is whether laborers should be brought from the UK or locally trained. In my opinion, due to no special skill set required, it would be better to locally source the laborers.

You have comprehensively covered all aspects. Please Continue

In distribution, you have two channels: one is offline retail similar to the one in the UK, and the other would be e-commerce. In e-commerce, we could have our own distribution channel, or we could partner with Amazon if it's established in the target market.

Are physical channels better or E-commerce?

E-commerce is better due to low investment, but physical presence is also necessary to maintain the brand value.

Please tell me about your GTM plan

We need to be aware of what kind of clothes customers prefer, and we ought to target those segments first. We need to ensure the marketing is done at a huge scale, given that retailers are often segmented based on the popularity of the brand. We should have stores across the target market. Affordability has to depend on the class of products, luxurious or not, as well as the price sensitivity of the consumer.

We can end the interview here. Thanks

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CASE FLOW

CASE FACTS

- 1 The company is currently **located in the UK** and **wants to expand** from the UK into other countries.
- 2 Client owns a **chain of fashion retail** stores catering to both men and women
- 3 Client has **30% market share** in the UK with the remaining held by Company X and Y. Assume both companies have no immediate plans of expansion
- 4 The client's market at UK has matured and wants **devise a checklist** for evaluating countries to **streamline entry decisions**.

