Sales success factors of micro, small and medium sized brands located in the Netherlands

Final Thesis
Fashion & Management

Date: 10th January 2014
Candidate: Lisa Seibel
Student number: 500663731
Supervisor: Jose Olcina
# Table of contents

List of Tables and Figures ........................................................................................................... iii  
List of Abbreviations ................................................................................................................ iv  

1. **Introduction** ................................................................................................................... 1  
   1.1 Topic and main problem statement.............................................................................. 1  
   1.2 Research Methodology ............................................................................................... 2  
   1.3 Brief overview of the Dutch fashion market .............................................................. 4  
   1.4 Selection of brands ..................................................................................................... 7  
   1.5 Overview of the thesis ............................................................................................... 11  

2. **The sales strategy development process** ...................................................................... 12  
   2.1 **Building a successful sales strategy** .................................................................... 12  
   2.2 The right target customer ......................................................................................... 13  
      2.2.1 Customer needs .................................................................................................. 16  
      2.2.2 Customer experience ....................................................................................... 19  
      2.2.3 Customer buying behaviour ............................................................................ 24  
   2.3 The right markets ...................................................................................................... 28  
      2.3.1 Selection of markets ......................................................................................... 28  
      2.3.2 The choice of markets ..................................................................................... 34  
   2.4 The right channels ..................................................................................................... 37  
      2.4.1 The wholesale channels: Direct and indirect sales channels ......................... 40  
      2.4.2 The direct-to-consumer channels .................................................................... 50  
   2.5 The right marketing .................................................................................................... 56  

3. **Recommendation Micro brand** ...................................................................................... 73  
   3.1 The right target customer ......................................................................................... 74  
      3.1.1 Customer needs .................................................................................................. 74  
      3.1.2 Customer experience ....................................................................................... 74  
      3.1.3 Customer buying behaviour ............................................................................ 75  
   3.2 The right markets ...................................................................................................... 75  
      3.2.1 Selection of markets ......................................................................................... 75  
      3.2.2 The choice of markets ..................................................................................... 76  
   3.3 The right channels .................................................................................................... 77
3.3.1 The wholesale channels: Direct and indirect sales channels ........................................ 77
3.3.2 The direct-to-consumer-channels ............................................................................. 78
3.4 The right marketing .................................................................................................... 79
3.5 Limitations .................................................................................................................. 81

Appendices ...................................................................................................................... 82

Appendix 1 ....................................................................................................................... 82
Questionnaire ..................................................................................................................... 82
Case study analysis ............................................................................................................ 102
The right target customer: .............................................................................................. 102
The right markets .............................................................................................................. 111
The right channels ........................................................................................................... 117
The right marketing ......................................................................................................... 128
Wholesale initiative: Le New Black-Selected brands for selected buyers ...................... 132

Bibliography ..................................................................................................................... 133
List of Tables and Figures

Figures:
Figure 1: Overview fashion companies located in the Netherlands (Kamer van Koophandel, n.d.) ........................................................................................................................................................................ 4
Figure 2: Overview location of Dutch fashion companies (Kamer van Koophandel, n.d.) ........................................................................................................................................................................ 5
Figure 3: Positioning of case companies ................................................................................................................................. 9
Figure 4: Overview number of touch points case companies .................................................................................................. 23

Tables:
Table 1: Definition of company size (EU, 2003) .......................................................................................................................... 7
Table 2: Overview case companies ............................................................................................................................................... 10
Table 3: Distribution channels case companies .......................................................................................................................... 39
Table 4: Marketing tools micro brands ........................................................................................................................................ 63
Table 5: Marketing tools small brand .......................................................................................................................................... 64
Table 6: Marketing tools medium sized brand .......................................................................................................................... 65
Table 7: Social media channels micro brands .......................................................................................................................... 68
Table 8: Social media channels small brand .............................................................................................................................. 70
Table 9: Social media channels medium sized brand ................................................................................................................ 71
Table 10: Markets micro brands .................................................................................................................................................. 114
List of Abbreviations

SKU → Stock keeping unit
POS → Point of Sale
USP → Unique selling proposition
1. Introduction

1.1 Topic and main problem statement

The idea of the following thesis arose in my last semester, when I was as a member of the management team of the brand iNDiViDUALS.

iNDiViDUALS is the own brand of the Amsterdam Fashion Institute, run by Management, Design and Branding students. At that time, the micro brand already existed for 14 seasons and had been sold to several Dutch retailers.

The design driven brand put the focus on creating high-fashionable collections based on the student’s inspiration within the common Zeitgeist and never had the main intension to succeed in sales.

However, after an unsuccessful and failed sales period due to the minor focus on the sales performance, in which all existing customers rejected to buy the collection, a sales strategy had to be developed in order to save the future of the brand.

As a result of the failed season the brand had to face a gap in the financial background, and hence less capital was available to create and later on to promote the new collection. Moreover, the brand’s image was affected and the motivation within the team deteriorated. The insecurity over the future existence of the brand was always present during the whole semester.

The resulting struggle and threat to existence the brand had to face after only one failed sales period, points out the importance of a good sales strategy for a micro brand.

As part of the brand’s management team, I was involved in the development process of the sales strategy. Since the participation at iNDiViDUALS lasts only for one semester and we had to create the starting points for a sales strategy, my curiosity and interests about more knowledge was caught.

Therefore, in the following thesis, my aim is to find out the success factors of a selling strategy for a micro brand. Based on these insights I will suggest a sales strategy proposal for another Dutch micro brand.
To do so, the main research questions of this thesis are:

a) What are the sales success factors of micro, small and medium sized brands located in the Netherlands?

b) How do successful case companies implement the sales success factors?

c) Based on these insights, how should a sales strategy be built up for a selected micro brand?

1.2 Research Methodology

To answer the above research questions I used both primary and secondary data. The secondary information is based on business literature specialized on sales, marketing and retailing as well as internet sources of fashion businesses and trade associations.

The primary data was gained with the help of self-created interviews. To get insights of how successful brands are running their sales strategy, interviews were conducted with four micro brands as well as a small and a medium sized brand, which are all located in the Netherlands.

The interviews were conducted with sales representatives of the brands, the head of sales or the founders themselves.

Within a research period of two months, six interviews were conducted, out of which four took place face to face, and two via email.

The questionnaire (see Appendix 1 p.82) included 79 questions and the interview duration varied between 45 minutes to two hours depending on the information provided by the person in charge.
The questionnaire was divided into seven parts:

1. Customer
2. Market
3. Sales channels
4. Products
5. Pricing
6. Marketing
7. Company profile

The questionnaire contained both, multiple-choice and open-ended questions, so as to facilitate comparisons but also gain more in-depth knowledge.

Some of the multiple choice questions had to be rated by ticking different amounts of boxes:

- Best: ✧✧✧✧
- Excellent ✧✧✧
- Well ✧✧
- Satisfactory ✧

The interview provided significant practical insights about the individual sales strategies of the selected case companies. The goal of the interviews was to derive similarities between the companies and to figure out which sales strategy fits best to what kind and size of brand.

Based on the results of these interviews, I developed a sales strategy for a micro brand. This brand, which is called “Micro New” for confidentiality reasons, has launched its first collection in July and has so far not developed a sales strategy. Hence, the purpose of my thesis is to offer “Micro New” a sales strategy proposal in order to get the sales successfully started.
1.3 Brief overview of the Dutch fashion market

Since my aim is to make a sales strategy proposal for a Dutch micro brand and the investigated case companies are all located in the Netherlands, a brief overview of the Dutch fashion market is clarifying the underlying conditions.

Currently the Dutch fashion segment includes 2965 fashion companies out of which 21 are starters and 45 stoppers. The insecure and difficult economic climate, as well as the high competitor density can be reasons for fashion companies to stop their business.
Within the region Noord-Holland, Amsterdam counts 788 companies and can be seen as the heart of the fashion industry. Twice a year the national and international fashion crowd meets at the Amsterdam International Fashion Week.

The biggest part of the turnover of the Dutch fashion segment is generated by brand suppliers such as G-Star or private label suppliers, which offer products to retailers without the suppliers’ name, such as Teidem. The brands are either Dutch brands or foreign brands with their regional sales offices or headquarters located in the Netherlands.

Moreover, the Dutch fashion branch is well-known due to successful fashion designers as Viktor & Rolf, Spijkers en Spijkers and brands like G-Star, Gsus, Sandwich and Scotch&Soda.

The Dutch fashion and design academies generate well-educated, innovative young professionals and the Arnhem Mode Biennale, Amsterdam International Fashion
Final thesis: Fashion & Management  
Lisa Seibel

Week, Streetlab and the Dutch Fashion Awards pushed the Netherlands to become an international renowned fashion stage. (Hollandtrade, 2013)

It’s difficult to get correct turnover information about the fashion industry in the Netherlands due to inaccessible statistical data. Based on Statistics Netherlands (CBS) there were 4670 designers employed in 2009 including the fashion, interior design, graphic and furniture design sectors.

MODINT as the biggest Dutch textile and fashion industry organization holds around 800 members of which 595 members are fashion companies (brands, private labels, few independent designers). The total turnover of the registered fashion companies is nine billion Euros, of which 45 per cent results from export. Germany as one of the closest markets consumes 25 per cent of this export. (Hollandtrade, 2013)

Next to the big brands and private label suppliers, many micro, small and medium sized brands are located in the Netherlands. Their innovative, progressive and open-minded designs allow them to participate in the Dutch and global fashion industry. But what are their crucial sales success factors that allow them to compete and to make a contribution to the world’s top ten design industry? (Holland: pioneers in international business, 2013) The present thesis will shed more light on this question.
1.4 Selection of brands

In order to gain insights about successful practices in the industry, six case companies were selected. I aimed at analysing their sales strategy and receive valuable information about their sales success factors to draw conclusions for the sales strategy proposal for “Micro New”.

The interviewed companies were chosen due to several reasons:

a) Company size

All brands are either micro, small or medium sized brands. To make a proposal for a micro brand, I took mainly micro brands into consideration. The investigation of small and medium sized companies was also crucial for my analysis because it allowed me to understand the behaviour of brands that have already succeeded in becoming larger sized.

As defined in the EU law, a micro company has less than 10 employees and a turnover of less or equal than 2 million Euros. Small companies are determined to have less than 50 employees and a turnover of less or equal than 10 million Euros, whereas medium sized employ less than 250 people and generate a turnover of equal or less than 50 million (EU, 2003).

<table>
<thead>
<tr>
<th>Company category</th>
<th>Employees</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>&lt;10</td>
<td>≤ 2 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>≤ 10 m</td>
</tr>
<tr>
<td>Medium sized</td>
<td>&lt;250</td>
<td>≤ 50 m</td>
</tr>
</tbody>
</table>

Table 1: Definition of company size (EU, 2003)

b) Founding year

The investigated brands are founded either within the financial crisis or afterwards, which means between 2006 and 2012. Thus, the preconditions and circumstances to start a new company varied between the companies. Moreover, new as well as elder
founded brands have been selected, in order to get input from start-ups as well as from already established companies.

c) Country of origin

All case companies are located in the Netherlands, precisely in Amsterdam, since my goal is to develop as sales strategy for a Dutch brand which is located in Amsterdam as well. Hence, they all have the same geographical starting point which makes the comparison valid.

d) Price segment and fashion level

All investigated case companies except for “Small 1” positioned themselves between the mid-price segment and the premium segment, which is also the price segment of “Micro New”. “Small 1” positions itself at the upper premium segment, one step below the luxury segment.

The fashion level of the case companies ranges mainly between the medium and the lower-high fashion level. Only “Small 1” position itself on a high-fashion level.

Since “Micro New” positions itself between the medium and the high fashion level, respectively at the lower high-fashion level, it is interesting to get input from the levels above and below.
e) Innovation

All brands have innovative products, visions and different unique selling prepositions, which make them outstanding and successful. My aim is to investigate how different micro, small and medium sized brands with innovative product portfolios run their business.

Based on information obtained from different innovative "minds" in the industry, I aim at making a suitable recommendation for the newly launched brand “Micro New”.

Figure 3: Positioning of case companies
The subsequent table gives an overview of the selected case companies:

<table>
<thead>
<tr>
<th>Company</th>
<th>Company size</th>
<th>Founding year</th>
<th>USP</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Micro 1”</td>
<td>✓</td>
<td>2011</td>
<td>One of a kind bags made out of repurposed and recycled materials.</td>
</tr>
<tr>
<td>“Micro 2”</td>
<td>✓</td>
<td>2010</td>
<td>Organic, recycled and technological way of making denim.</td>
</tr>
<tr>
<td>“Micro 3”</td>
<td>✓</td>
<td>2012</td>
<td>Designs, inspired by a mix of graphics and colours of the Mediterranean culture and Northern Europe's minimalism.</td>
</tr>
<tr>
<td>“Micro 4”</td>
<td>✓</td>
<td>2006</td>
<td>3-dimensional elements: fashion, furniture, music.</td>
</tr>
<tr>
<td>“Small 1”</td>
<td>✓</td>
<td>2010</td>
<td>High fashionable designs, which vary from mature sophisticated luxurious to casual raw edge.</td>
</tr>
<tr>
<td>“Medium 1”</td>
<td>✓</td>
<td>2008</td>
<td>Experimental, resourceful innovation of making and designing denim and other garments.</td>
</tr>
</tbody>
</table>

Table 2: Overview case companies
1.5 Overview of the thesis

The goal of the thesis is to gain significant sales success factors of the investigated four micro brands, as well as the small and the medium sized brand. The resulting product is a sales strategy proposal for “Micro New” and should be a useful starting tool how to approach a successful way of selling.

The second chapter of the thesis describes how to build up a successful sales strategy in general and investigates how the interviewed case companies implement the sales success factors in their individual strategy.

The starting point of a successful sales strategy is the target customer, respectively the “Business-to-Business”-customer and the end-consumer when selling “Business-to-Consumer”. To avoid misunderstandings, the term “customer” is the “Business-to-Business” one in this thesis, while the consumer is the “Business-to-Consumer” respectively the end-consumer. In chapter 2.2 the customer needs, experience and buying behaviour are explored and reflected, since the right target customer is an essential key element to start with.

The selection and the choice of the right markets is one of the most important decisions when going to market. The positioning of the brand in the chosen segment and the definition of the main competitors are starting points. This facet will be evaluated in chapter 2.3.

After investigating the target customer and the markets, the right “route” to sell has to be figured out. The different sales channels are described and analysed and their performance is assessed. To be able to satisfy the customers’ buying behaviour the brands should align their channel strategy. Therefore, chapter 2.4 provides clarity about the right channel strategy.

Having a well-designed product, for the right target customer and market are minimum requirements. But what distinguishes the brands from their competitors is the development of a suitable marketing approach, which will be examined in chapter 2.5.
After each section, a conclusion is drawn regarding the positioning of the interviewed micro, small and medium-sized brands. Moreover, the findings of my case studies and theory are discussed.

Based on this reflection a recommendation for a sales strategy of a micro brand, located in the Netherlands is extracted in chapter 3.

The resulting product of the thesis is the sales strategy proposal for “Micro New” based on all my insights gained from the case companies, my own experience and the theory.

2. The sales strategy development process

2.1 Building a successful sales strategy

“A selling strategy is the planned selling approach for each relationship strategy” (Ingram, et al., 2006, p. 65) and has a crucial impact on the sales and profit performance of every company.

The sales strategy is decisive for many sales management decisions, like the selection of markets, the targeted customer, the selection of sales channels and an innovative product aligned with an appropriate marketing mix.

To sum up an elaborate sales strategy includes the following factors:

- the know-how of the target customer
- the selection of an appropriate target market
- the right mix of sales channels
- a valuable product

If these ingredients all fit together and a company is able to approach “the right customers, through the right channels, with the right products and the right value propositions” (Friedman, 2002, p. 20) a successful sales strategy is created. (Friedman, 2002)
In the following chapter, it will be analysed how a sales strategy is built up in general. It will also be reflected how the interviewed case companies are running their selling strategy. Furthermore, the differences and similarities between the sales strategies of micro, small and medium sized brands are investigated in order to draw a conclusion, respectively a recommendation for a micro-sized fashion company.

Based on the secondary and primary data input, sales success factors for a micro, small and medium sized brand are discussed after each chapter.

### 2.2 The right target customer

**a) Insights from theory**

“The success of every go-to-market decision you make and indeed your ability to make smart go-to-market decisions at all, depends on how well you understand your customers” (Friedman, 2002, p. 116).

The essential key element of a successful selling strategy is the know-how and understanding of the needs and requirements of the target customer. It is of great importance to know who the customers in the target market are and how to fulfil their needs and wishes.

To achieve a growth in sales, market shares, profits and more loyal customers, the starting point must be the analysis of how to find, attract and keep the best customers. (Friedman, 2002)

All information about the customers’ and end consumers’ needs must influence the products and services. The customers and end consumers buying behaviour must define the right choice of sales channels and the pricing of the products. All facts about the customers and end consumers should be gained from them, without guessing or assuming. (Friedman, 2002)

All brands have a clearly defined target end-consumer in mind, which is an inspirational starting point to design the collection. The case companies, which sell through direct-to-end consumer channels, also focus more on the end-consumer.
Since all investigated brands, except for “Medium 1” place their emphasis on wholesale channels, my aim is to find out how micro, small and medium sized brands generate sales with “Business-to-Business”-customers.

b) Resulting research questions

Based on the theory, following sub questions have to be answered:

1. How clearly defined is the case companies’ target customer?

2. What kind of analysis has been done by the case companies to get the information about the availability of their customers?

c) Case study analysis target customer

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms' approaches to the target customer can be found in the appendices (see Appendix 1, p.102).

**Micro brands:**

1. All micro sized brands have defined the target customer, respectively their retailers in terms of segment, fashion level, assortment and customer size.

2. The upfront research and analysis of the availability of the target customer is mainly based on former experiences of the founders. The founders worked in the same branch and segment before; either as a CEO, a freelancer, or as an employee and therefore gained a customer network and essential insights of the segment. Additionally, up-front-researches with the help of interviews, market research or trade associations have been done.
Small brand:

1. The investigated brand has defined the target customer, respectively the target retailers in terms of segment, fashion level, assortment and customer size.

2. The upfront research and analysis of the availability of the target customer is mainly based on the experience of the founder. As a former chef designer of a brand in the same segment with the same fashion level, the availabilities of the target customers were known.

Medium sized brand:

1. The case company has clearly defined the target customer, respectively its retailers in terms of segment, fashion level, assortment and customer size. Moreover, the brand segments its customers based on an 80/20 rule in key accounts and smaller accounts. The 80/20 rule means that 80 % of the turnover is generated by only 20 % of the accounts. Thus, 20 % of “Medium 1’s” customers generating the major turnover are treated as key accounts.

2. The upfront research and analysis of the availability of the target customer is based on former experience of the founder, who worked as an employee for a brand in the same segment.

d) Discussion of Findings

All case companies, regardless of their size define the target customer, respectively their retailers in terms of segment, fashion level, assortment and customer size.

The medium sized brand additionally segments their customers according to their turnover size, into key accounts and smaller accounts.

This shows the importance of having a clearly defined target customer in order to build up the sales strategy based on its needs.
The up-front research about the availability of the customers is conducted from all case companies, regardless of their size, mainly based on former experience and already existing networks of their founders within the same segment. An already existing constituency and valid contacts seem to be essential to reach the customers. The findings are also in line with theory since the essential key element and starting point of a selling strategy is the know-how and understanding of the customer. The insights of the founders provide necessary information to reach and attract the target customers.

2.2.1 Customer needs

a) Insights from theory

The customers of today have high demands, are well informed through social media, trade magazines and fashion fairs and have a huge choice of different products. If they spend money, they expect a shopping experience and several touch points, which fulfil their needs and are in line with their buying behaviour. (Friedman, 2002)

b) Insights from own experience

During several internships at premium segment sales agencies, I could experience that the power is not on the brand’s side anymore. The buyers usually do not signalize loyalty and do not secure that they will buy the collection next season again. Within the sales meetings the current situations of the customers, the pros and cons of the collection as well as the best- and slow sellers at their point of sales have to be reflected in order to approach their needs. The received data of the customers has been a main tool for the design department to adjust the next collections based on the customer feedback.

One issue of the failed sales season of iNDiViDUALS has been the ignorance of the customers’ needs. The collection has been created every season from scratch without taking the customers’ needs into consideration. The retailers criticized that
the last Fall/Winter collection has not fitted into their assortment and dismissed the brand of their brand portfolio.

Due to the high density of fashion brands and the increasing market saturation, the customers have a huge variety from which they can choose. Thus, if the brand is not able to fulfil its customers’ needs, it will be replaced by another one.

c) Resulting research questions

Based on the theory and my experience during internships and as a team member of the management department of iNDiViDUALS, it is crucial to have knowledge about the customers’ requirements.

In order to create awareness of the needs and requirements of the customers, the following sub question has to be asked:

1. How do the case companies align the customers’ needs with the product and service offerings?

d) Case study analysis customer needs

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the customer needs can be found in the appendices (see Appendix 1, p.104).

Micro brands:

1. All brands, except for the mainly design driven label “Micro 3”, align their collection to customers’ needs and derive it from customer information. The customer is an inspiration tool and starting point for the collection framework. Customer information is gained by sales analysis, reports and meetings within or after the sales period. The focus is on the needs of all customers.
Small brand:

1. The small brand creates the collection based on information of its most important customers that represent the different approaches of the collection most authentically. Based on the retailer needs, the collection is designed to fit to several different fashion styles. Furthermore, sales analyses are done in order to plan the collection framework.

Medium sized brand:

1. The collection is built up mostly on the needs of the key accounts, which generate the most turnover. However, twice a season face-to-face meetings are held to collect information about the needs of all customers. Weekly sales analyses of all customers are done in order to frequently extract the needs and use it for the collection planning.

e) Discussion of Findings

All case companies, except of one micro design driven brand, and regardless of their size, built their collection up on customer information and align it to their needs. The customers’ requirements are the starting point of the collection framework.

The micro brands consider the information of all customer needs, while the smaller brands focus on the customers which represent the collection most authentically. The medium brand differentiates between the key accounts and smaller accounts and weighs the needs of the bigger accounts higher. This can be traced back to the already established market positioning, which do not need every single customer opinion in order to succeed by rather focusing on the most important accounts which generate the highest turnover.

To build the collection based on the information and needs gathered from the customers is also in line with the theory. The customers of today have high demands and a huge variety of brands to choose; hence it is essential to align the collection with their needs in order to force the loyalty.
2.2.2 Customer experience

a) Insights from theory

Today’s customer expect a holistic customer experience which matches perfectly to their needs and buying behaviour even if it is more expensive. (Friedman, 2002)

The identification of the matching relationship with the customers influences the selling strategy with respect to the choice of the channel mix, the marketing and promotion and the offering of the right service and support policy. (Friedman, 2002)

Four different groups of customer experience, respectively customer relationship strategies, can be defined:

“The efficient, low-cost transactional experience” (Friedman, 2002, p. 128):

The customers want to experience a buying process which is efficient, easy, inexpensively and with few touch points. They do not expect expensive products, high-value services or face-to-face support. (Friedman, 2002)

“The high-touch, consultative experience” (Friedman, 2002, p. 128):

The customers expect high-value services and higher-touch channels which meet their needs and requirements. The relationship involves consultation and advice, frequent face-to-face contact and a complete range of services. (Friedman, 2002)

“Partnership relationship” or “Collaborative Relationship” (Ingram, et al., 2006, p. 64):

Within the “partnership relationship”, the customers expect a higher-value relationship, more complex and almost customized products and high-touch channels. A “collaborative relationship” is even stronger because customized products are expected only for a few exclusive customers. (Ingram, et al., 2006)
“The flexible, multi-access point experience” (Friedman, 2002, p. 129):

The relationship involves selling to many customers, inexpensively, flexibly and very efficiently. The customers expect to buy through many different sales channels to be more flexible and have a convenient process. They want to be able to buy whenever and whatever they like with value-added services. (Friedman, 2002)

b) Insights from own experience

Apparel is a product, which usually needs much contact. Customers want to feel, see and play with the product in order to get an experience. However, it depends on the kind of product that is going to be sold. Fashion companies offering simple mass products which are sellable without any explanation, support and less touch points, probably offer a relationship based on an “efficient, low-cost transactional experience”.

During my internship at a sales agency which sold jackets of a medium-sized brand in the premium segment and on a medium fashion level, I experienced a “high-touch, consultative experience”. The customers requested to be personally invited to sales meetings and to be visited at least once a season for making a consulted buying decision.

I assume that an increasing quality, fashion level and details in designs are connected to a higher-valued relationship. Moreover, more complex products require more touch points, service, support and face-to-face contact.

The relationship with its customers has been another issue of the weak sales of iNDiViDUALS. The collection is positioned in the high-fashion and high-premium segment and compares itself to successful big designers. However, the offered relationship with the customer has not included a high-value range of service. No pre- or after-sales activities, no retailer visits or long term care has been carried out. Moreover, due to cooperation with a sales agent, the consultancy and story-telling during the sales meetings was missing.
c) Resulting research questions

Based on the theory and my personal experience, I expect that all brands have a higher touch point relationship due to complex and high-valuable products. Following sub questions clarify if my assumption is conceding as true:

1. What kind of relationship do the customers maintain with the different case companies?

2. What kind of product requires which relationship?

3. Where are the touch points with the customers?

d) Case study analysis customer experience

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the customer experience can be found in the appendices (see Appendix 1, p.106)

Micro brands:

1. As assumed, all brands offering high-valuable and complex products require a high-value relationship with many touch points. Three micro brands define the relationship with their target customer as a “high-touch-consultative experience”. All the brands are offering complex products which need face-to-face explanations and many touch points in order to transport the brand’s visions. One micro brand offers an almost customized service with its one-of-a-kind piece strategy. In conclusion, the relationship can be defined as a “Partnership relationship” or “Collaborative Relationship”.

2. The products of the brands with a “high-touch-consultative experience” are all innovative and combined with sales supporting materials in order to offer a lifestyle concept. Thus, the story behind the products needs to be clearly explained in order to transfer the vision to the customers.
The products of the brand with a “Partnership relationship” or “Collaborative Relationship” are one-of-a-kind pieces based on a zero-waste-strategy, of which every piece has to be explained in detail.

3. The specific lifestyles of the brands need to be communicated authentically by the brand. Therefore, many touch points are required. Common touch points are brand awareness activities, presale-and after sales activities, long term care, customer support and customer service. Only two brands offer an ongoing purchase account in order to reorder stock and shift products between different accounts.

Tools to strengthen the customers’ relationships are events, retailer visits, collection briefings and staff training.

**Small brand:**

1. The small brand in the high fashion and almost luxury segment proves the assumption of offering a “high-touch- consultative experience”.

2. The brand offers high-fashionable clothes which can be styled and presented differently. Thus, in order to understand the different approaches of the collection, many touch points and guidance are required.

3. Several touch points like brand awareness, pre-and after sales activities, customer support-and service are offered. The brand is not providing an ongoing purchase management. To support the different styling ways of the collection, merchandise proposals are offered either at the national retailer spots or with the help of images.

**Medium sized brand:**

1. The medium sized brand also offers a “high-touch- consultative experience”. The brand focuses on a close relationship due to a higher experienced turnover result.
2. The complex and resourceful way of designing the collection and creating a whole lifestyle brand requires many touch points, face-to-face explanations and consultancy.

3. The aim of the brand to have a close relationship is reached by frequent face-to-face contact with all customers. The medium-sized brand has the standing to invite all customers to its head quarter twice a season. Events, retailer visits and collection briefings positively influence the loyalty. Moreover, brand awareness activities, pre-and after sales activities, long term care, customer support-and service as well as an ongoing purchase account is offered.

e) Discussion of Findings

![Figure 4: Overview number of touch points case companies](image)

All case companies regardless their sizes confirm that their high-valuable and complex products require a “high-touch-consultative” experience. The micro brand, which offers one-of-a-kind pieces, is even able to provide almost customized products and hence offers a “partnership or collaborative relationship.”
To provide high-touch experiences, all case companies offer retailer visits, pre-and or after sales activities, customer support and service. The close relationship, supported by frequent face-to-face contact is crucial for all of them.

All brands except of the design driven “Micro 3”, offer at least four touch points with their customers. “Small 1” offers five and “Medium 1” even seven touch points, which can be traced back that bigger and more successful brands offer more touch points in order to have regularly contact with their customers. (see Figure 4)

The medium brand moreover has the power to invite the customers twice a season to its head quarter to create a closer relationship and brand loyalty. This can be lead back to the already achieved success and the financial back up of the brand.

The results of the case companies is in line with theory since more complex and high-value products need more support, guidance and explanation and thus a higher touch point relationship.

In addition, the customers expect a close relationship with high-valued services in order to keep them attracted.

2.2.3 Customer buying behaviour

a) Insights from theory

To run a business successfully and generate profitable sales results, the customers’ buying behaviours have to be aligned with the brands’ offered buying conditions.

The buying conditions include the payment type and the pre-buying conditions with the partners as well as the offered sales channels. Since the offered sales channels are investigated in chapter 2.4, the focus is on the payment type and pre-buying-condition.

The buying conditions should be a win-win for both business parties. Since customers mostly want to pay as late as possible, the brands have to be careful what kind of conditions they offer and which consequences they will face.
Some customers demand consignment contracts of micro and small brands. A consignment contract means that a customer “borrows” the products and that the products remain brand’s property until they are sold. The revenues of the sold products are shared with the customers. If the products do not sell, the entire upfront costs and the financial risk are on the brand’s side. (Team, 2013)

b) Insights from own experience

One of the reasons for iNDiViDUALS’ critical financial situation were the consignment contracts with its customers. After a bad selling season, the collection came back and the brand had worthless assets with a resulting financial gap. A consignment contract can be a possible entrance ticket to target customers, although it only should be offered with a healthy financial backup.

A secure payment type for a brand is pre-payment since it provides a financial background for producing the collection. I assume that micro, small and medium sized brands have not the power to enforce the customers to pay before the arrival of the collection.

Another precondition is the budget size, which the brands demand of its customer. Is there an enforced minimum budget or can the customers buy as much as they want?

The experience of my internships at sales agencies, of which one has been a big brand and the other one a medium sized one, is that both brands forced the customers to buy for a certain minimum budget.

c) Resulting research questions

Based on the theory, my personal experience during the iNDiViDUALS’ sales season and two internships at sales agencies, I expect that micro, small and medium brands have difficulties to achieve profitable buying conditions. Thus, following sub questions should provide some clarity:

1. Which pre-buying-conditions do the micro, small and medium sized brands arrange?
2. Which payment conditions do the brands negotiate with the customers in order to be aligned with their buying behaviour?

d) Case study analysis buying behaviour

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the customer buying behaviour can be found in the appendices (see Appendix 1, p.109).

Micro brands:

1. Contrary to my expectations that micro brands do not have the power to enforce the customers to buy a certain minimum budget, 50 % of the micro brands demand a certain minimum budget. Based on my evaluations of the sales figures, the brands with the forced minimum budget requests are the stronger growing and more successful ones.

2. All micro brands, except of one brand, require pre-payment as a payment condition. Contrary to my assumption that customers want to pay as late as possible, pre-payment is a common requirement. Only one micro brand is offering consignment contracts. The design driven brand has the strategy to be presented at aimed spots and hence must commit consignment contracts. However, this brand seems not to focus on generating sales based on POS figures and market presence.

Small brand:

1. Also the small brand weakens my assumption that small brands are not in the position to negotiate profitable buying conditions. The brand does not demand a forced minimum budget, yet a required amount of styles in order to represent the brand’s vision originally.
2. The secure pre-payment is also accepted as a payment-condition by both parties. The risky consignment contracts are only committed if the brand desperately wants to be represented at a certain customer.

**Medium sized brand:**

1. As expected, the medium brand has the position to push the customers to increase their budgets based on successful selling seasons.

2. Prepayment is done by customers and the risky consignment contracts are only used for special pieces which the brand wants to present at customers for telling the collection story.

**e) Discussion of Findings**

50 % of the micro brands demand a forced minimum budget as a pre-condition for buying while the small brand demands a certain amount of styles, which can be also declared as a minimum requirement.

The medium brand pushes the customers to increase the budget aligned with their sales results, which can be also defined as a forced budgeting.

All case companies, except of one micro brand, require pre-payment as a payment condition. Only one design driven micro brand agrees to consignment contracts and the small brand in exceptional cases, which can be lead back to desperately wanting a presence at certain customers.

The medium brand offers consignment contracts on special pieces in order to strengthen the brand’s story-telling.

Contrary to my expectations all case companies, regardless of their size, expect a certain minimum budget of their customers. The forced minimum budget requirement is in line with my own experience. This can be explained by the fact that regardless of the company size, the customers agree that a brand is only successfully represented with a certain amount of styles.
All case companies except of one micro brand require pre-payment as a payment condition is not in line with my expectations based on my own experience. The insecure financial situation and the less financial back up can be reasons for the request.

Based on my experience, consignment contracts are demanded of a micro brand, which is only committed by one design driven brand. Hence, it can be assumed that design driven brands with less business intentions and experience can easily be forced to agree to consignment contracts in order to be bought.

2.3 The right markets

2.3.1 Selection of markets

a) Insights from theory

The selection of the right market is one of the most important choices of a company’s selling strategy. In short, to whom should the products be sold? This raises the following questions:

1. Which market segment still offers space to be positioned in?

2. Which geographic market is a strategic entrance opportunity and offers a selling potential?

3. Which vertical markets offer a selling opportunity?
   (Friedman, 2002)

Since the vertical market opportunities, respectively the sales channels will be considered in chapter 2.4, the focus is on the selected market segment and the geographic markets.

A good starting point to select the potential market is to define the main competitors. A brand must therefore answer the sub sequenced questions:
a) To whom are they selling the products?

b) In which geographical market are they present?

c) In which market segment are they positioned?

d) With what kind of channel strategies and activities do they reach the targeted markets? (Friedman, 2002)

Another simple source of information is the experience and input of the own employees. The sales forces are the people who are close to the customer with the knowledge about the needs, expectations and buying trends. Moreover, the communication with distributors who have an insight of market conditions and opportunities should be used. (Friedman, 2002)

When potential markets are defined based on the gained information of the employees, competitors, distributors or even market research companies and news, an evaluation has to be done.

To evaluate the focused target markets, common evaluation criteria can be used:

- Market size: “The total dollar volume that will be spent in a market for a type of product or service, in a specific year” (Friedman, 2002, p. 95).
- Market growth rate: “The expected growth in purchasing volume for a type of product or service within a market, from one year to the next” (Friedman, 2002, p. 96).
- Cost of market entry: “The initial expenses associated with becoming established and successful in a market” (Friedman, 2002, p. 97).
- Cost to serve: “The cost to serve the customers in the target market over time” (Friedman, 2002, p. 97).
- Channel availability: “The availability of an existing channel to reach and serve customers” (Friedman, 2002, p. 97).
Competitive density: “The concentration of competitors within a market” (Friedman, 2002, p. 98).

A selection of these criteria enables to evaluate the chosen markets and help to assess the potential markets. (Friedman, 2002)

b) Insights from own experience

After iNDiViDUALS’ failed sales season, we redefined the brand’s main competitors, because we recognized that the market, respectively the customers, positioned us differently than the brand itself.

The brand’s selected market segment has been the upper premium, almost luxury segment. However, the customers have not positioned and not presented iNDiViDUALS next to its aimed competitors.

The new defined main competitors brought the brand in a different position. The analysis of the main competitors has included the market segment (fashion and price level), the geographic markets and the vertical markets (sales channels).

c) Resulting research questions

Based on the theory and confirmed by the experience during the selection of new potential markets for iNDiViDUALS, following criteria and questions should be considered.

1. Which up-front research and evaluation has been done by the micro, small and medium brand in order to make a suitable market selection?

2. Which are the defined main competitors and hence in which market segment is the brand positioned?

3. Which geographic markets are a strategic entrance opportunity and offer a selling potential for a micro, small and medium sized brand?
4. How did the investigated brands enter the selected markets?

d) Case study analysis selection of the markets

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the selection of the markets can be found in the appendices (see Appendix 1, p.111)

Micro brands:

1. In contrast to the evaluation methods of the theory for selecting the right market, it appears that the upfront research has not been done very precisely. It rather seems that the market selection is based on the founder’s already existing market knowledge within the same segment. The already existing contacts of the brand’s founder with a sales agency have been the reason for one brand to enter the selected markets. Referring to the theory, the market evaluation is done by taking the "channel availability" into consideration. Furthermore, the founders experience in the same segment provides an indication that the “competitor density” has also been considered.

2. All brands have chosen the mid-price to premium segment and on a medium to lower-high fashion level. Hence, the market density has allowed the companies to position them in this price segment. Similar to the approach of the iNDiViDUALS’ restructured main competitor analysis the brands' defined main competitors are chosen based on a similar fashion level or price segment. Thus, it is clear with which other brands the case companies want to compete.

3. The first entered country for all micro brands were the Netherlands. Since all brands are Dutch it is a logical first step. Germany has been mentioned of three micro brands and Italy of two micro brands. Hence, the geographically close countries are entered next. Moreover, the market entry costs are lower due to less language, time and distance
barriers. Furthermore, the buying behaviour and customer experience could be described as similar.
The following mentioned countries are UK, Switzerland and Sweden.

4. For the most micro brands an own online store is a tool to enter new markets and to push the brand awareness.
Sales agencies are mentioned from two brands as the best way and most important instrument to enter new target markets. Agencies are local intermediates that are familiar with the market and already have an existing constituency.
Moreover, fashion fairs in the targeted entrance market were a common entrance strategy.

Small brand:

1. The small brand also selected and evaluated the markets based on the “channel availability” due to the existing contacts of the founder with a sales agency in the already known market. Moreover, the “competitor density” was also investigated due to the founder’s experience in the similar segment.
Since sales agencies are a low cost entry tool and the contacts were already available, the evaluation criteria “entry costs” and “costs to serve” have also been taken into consideration.

2. The small brand positioned itself in the upper premium and high fashion level.
The main competitors are defined based on the same fashion level, whereas their price level is used to compete.

3. The first entered markets were the Netherlands, USA, UK, Japan and Germany, based on the sales agent’s decision.

4. A successful sales agent with contacts to international customers and several sales agencies for different markets were a successful entrance strategy to be spread to international markets.
Furthermore, fashion fairs in the local and foreign market supported the market entrance.

**Medium sized brand:**

1. Also the medium brand has based the research and evaluation of the chosen markets on market insights and already existing contacts of the founder in the same segment. Hence, the evaluation criterion has been the “channel availability”, too. The founder’s experience in the same segment leads to the conclusion that he has been aware of the “competitive density”. Moreover, an existing network could have diminished the “market entry costs” and “costs to serve”.

2. The main competitor are defined due the fashion level and price level and additionally split into product groups. Thus, the competitors can be analysed with more details. The brand’s positioning is also in the upper-premium segment and between the medium and high fashion level.

3. The first entered countries the Netherlands, Germany and UK were been chosen due to already existing contacts and are also geographical close ones.

4. The local market was entered with own show rooms and fashion fairs, whereas for foreign markets a sales agency has been proved to be the best solution.

**e) Discussion of Findings**

All case companies, regardless of their size, have mainly selected the right markets based on the founder’s already existing market knowledge within the same segment. Hence the “channel availability” and the “competitor density” have been selection criteria. The already existing networks could also have taken the criteria “market entry costs” and “costs to serve” into consideration, since the existing contacts enable to make an assumption of how much financial back up is needed in order to reach and penetrate the target markets.
All brands, regardless of their size, have chosen the Netherlands as the first country to enter, which is a logical step as all brands are located in the Netherlands and familiar with the country.

Germany has been entered first by the majority of micro brands, the small and medium brand. As a geographical close country, the language barrier is low as well as the travel and time expenses. UK is mentioned by a micro brand, the small and medium brand. To sum up, geographically close first countries are a common approach of all case companies. I assume that less time and travel expenses as well as a similar customer experience support this decision.

For the majority of micro brands an own online store has been a handy tool to enter new markets. For 50 % of the micro brands, the small brand and the medium brand, sales agencies have been the best entrance tool. The familiarity with the market as well as the local knowledge of the agencies facilitates the market entrance.

All case companies, regardless of their size, have used fashion fairs as an entrance tool because it is a useful possibility to show case the collection to a broad audience and push the brand awareness.

Contrary to the theory, which recommends doing a lot of up-front research and evaluation of the selected markets, the main information source has been the knowledge of the founders. It seems that criteria like “Market size” or “Market growth” have not been considered. Instead, the in-house experience, which is also suggested in theory, has been the essential decision source.

2.3.2 The choice of markets

a) Insights from theory

Since the mid-1990s the Dutch fashion market has been growing internationally successful and can be characterised as “conceptual, open-minded, pragmatic, process-oriented and innovative”. (Hollandtrade, 2013).
b) Resulting research questions

Following sub questions should give an overview if the statement about the success and growth is also confirmed by the investigated Dutch micro, small and medium brands and how their market situation looks like:

1. In which markets are the micro, small and medium brands presented?
2. Which are the biggest markets of the micro, small and medium brands?
3. Which geographic markets provide future opportunities to grow?
4. Which geographic markets are future markets to dismiss?

c) Case study analysis choice of markets

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms' approaches to the choice of markets can be found in the appendices (see Appendix 1, p.114).

Micro brands:

1. The fact that Dutch brands are internationally successful is also confirmed by micro brands, since all are present in Europe and North America. Asia is a present market of three brands.

2. Europe is the biggest market for two of four brands, although two brands keep the figures confidential. The brands are spread internationally, yet the biggest country still is the Netherlands followed by Germany.

3. Three of four micro brands declare Japan as the future market for their brand. Japan is a future market due to a big buying power and the will to support European independent designers. (Mayer, 2010)

Moreover, the Japanese buyers tend to buy higher volumes and less styles. Therefore it is a good way to place bigger orders, gain better margins and make higher revenues. ("Micro4", 2013)
Asia, with some in buying potential underestimated countries, is mentioned of one brand.
USA is mentioned of two micro brands.
Scandinavia and the Middle-East countries are mentioned of one brand.

4. The micro brands have not mentioned markets to dismiss, which can be lead back to the dependency they have on every market, respectively account.

**Small brand:**

1. The brand is globally present in Europe, North America, Asia and Africa.

2. Europe is the biggest market. Even for the internationally expanded small brand, the biggest country is still the country of origin, the Netherlands. Countries which follow are USA, UK and Germany.

3. Future market plans are the expansion in Europe and USA in order to be able to attract Asian customers after that.

4. South European markets are markets to dismiss, based on the economic crisis.

**Medium sized brand:**

1. The brand is globally spread in Europe, North-America, Asia, Africa and Australia.

2. Europe is the biggest market. Also for the medium sized brand their country of origin, the Netherlands, is still the biggest market. Germany is on second position, followed by UK and Japan.

3. USA is the market for the future especially for their own retail strategy.
4. Spain is a market to dismiss, based on the too high prices for the economically badly affected country.

d) Discussion of Findings

All case companies, regardless of their size, are present in Europe and North America, while three micro brands, the small and the medium brand are additionally spread in Asia. The small and medium are also present in Africa and the medium brand in Australia.

The biggest market of all case companies, regardless of their size, is Europe, while the Netherlands is still the biggest country, followed by Germany. Hence, the geographically close countries with probably more face-to-face touch points are the most successful ones.

A future market for the majority of micro brands is Japan, due to a big buying power and the interest in European designed brand. Two micro brands, the small and the medium brand see the USA as a future market, which can be traced back on the market size and the potential growth rate.

The micro brands have not mentioned any countries to dismiss, probably because they are dependent of each country. The small and the medium brand mention South European countries as exit countries due to the economic crisis.

2.4 The right channels

a) Insights from theory

Channels are the “routes to market” (Friedman, 2002, p. 156) which connect a brand with its customers. To reach, attract and serve the target customers, a right selection of channels has to be made.

Making a suitable channel selection is a complex challenge and one of the most important activities of the sales strategy.
In the beginning, all kinds of possible sales channels which would be suitable for the target customers have to be identified. Furthermore, the selected channels have to be aligned with the customers’ needs and buying behaviours and have to fit to the offered products and services. Finally, the selection also has to meet the company’s business goals. (Friedman, 2002)

Today’s fashion brands are not limited to wholesale and bricks-and-mortar retail channels anymore. They have the possibility to sell across multiple sales channels in order to reach and connect the customers.

In order to address the customer through the right channel, it is crucial to know what kind of buying behaviour they have. Customers of today shift to brands which offer them the sales channels they prefer and usually use. They expect to buy products whenever and wherever they want to and through the channel which is most convenient for their buying behaviour. Some customers prefer buying face-to-face at show rooms and fashion fairs; while others prefer buying through online platforms or even on the phone. To succeed in selling, a brand has to meet the customers where they want to do business and not vice versa. (Friedman, 2002)

b) Insights from own experience

During my part-time job in a boutique in Balingen, Germany, which offers lower-high fashion clothing in the premium segment, I had the chance to experience the buying behaviour of the store owner. Twice a year the owner visits fashion fairs to be informed what her already existing brands offer in the upcoming season. Some brands sell at their stands on the fairs, others invite the customers for sales meetings to their show rooms in the same city in order to save costs and to avoid the hasty atmosphere of fairs.

Thus, the owner can visit both the fair and the show rooms and place orders within one go. Travel and time expenses are reduced, which makes it more convenient and easy for the boutique owner.

In case of open budget, the owner buys through field representatives who visit her store, or at visual online show rooms that some brands offer. Moreover, she buys at
the geographically close show rooms of the brands, which also have displayed their collection at the fairs.

The brand for which the owner spends the most budget is the one offering the most suitable channels for her buying behaviour: a fashion fair stand, a show room during the fair, a geographically close show room to her store and an online show room.

In this chapter the following different sales channels are investigated:

<table>
<thead>
<tr>
<th>Whole sale channels</th>
<th>Direct-to-consumer-channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct sales channels (Sales force)</td>
<td>Indirect sales channels (partners)</td>
</tr>
<tr>
<td>Major types</td>
<td>• Field sales representatives • Own showrooms • Fashion fairs</td>
</tr>
</tbody>
</table>

Table 3: Distribution channels case companies

c) Resulting research questions

Based on the theory and my own experience of a retail customer, I assume that all brands thrive for a multi-channel-method in order to be aligned with the customer’s needs and to offer the products and services most suitable.

Following sub questions should clarify the channel strategy of the investigated micro, small and medium sized brands:

1. Which sales channels do the micro, small and medium-sized brands use? What are the perceived strengths and weaknesses?

2. Which sales channels are the most successful ones regarding their concepts?

3. Which future channel initiatives do the brands plan?
2.4.1 The wholesale channels: Direct and indirect sales channels

The wholesale channel is a suitable starting point for small and upcoming brands. The upfront investments and the financial risks concerning the production and manufacturing process are reduced. Moreover, the immediate feedback of the products and the collection within sales meetings help to test the position. The paid retailers’ orders help to get access to capital and to finance the production of the products. (Team, 2013)

The direct sales channel (field sales force)

a) Insights from theory

The direct sales channel, respectively the sales force, is a company owned or company paid organization, which sells directly to the customers. An own company trained sales force is the most knowledgeable and informed representative of a brand. The story behind the products and services are best presented and communicated by an insider. A company owned sales force provides the “high-touch”-relationship, which is needed and demanded when selling high value products and services.

However, the field sales force is the most expensive way to sell and is not cost-effective when selling lower-priced offerings or selling to lower-customers. Moreover, it is difficult to cover a broader market and reach the full potential target market. (Friedman, 2002)

b) Resulting research questions

Following sub questions should give an overview if the statement about the strong representation of the direct sales force is also confirmed by the investigated Dutch micro, small and medium brands:
1. Which direct sales channels do the micro, small and medium-sized brands use? What are the perceived strengths and weaknesses?

2. Which sales channels are the most successful ones regarding their concepts?

3. Which future channel initiatives do the brands plan?

c) Case study analysis direct sales channels

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the direct sales channel can be found in the appendices (see Appendix 1, p.117).

Micro brands:

1. The investigated micro brands are all present at fashion fairs. The fashion fairs are chosen based on the markets the brands want to reach and due to the different buyers the fairs attract. All Dutch brands are presented at the local fair “Modefabriek”, since the Dutch market is the biggest of all brands.

   Strengths fashion fairs: The local brand system and the own sales force, which translate the brand’s mission most authentically are the key strength. Moreover, fairs are a good marketing tool to reach new and foreign customers.

   Weaknesses fashion fairs: High resulting costs and less attention on the single customer due to a hasty atmosphere.

   An own show room or a temporarily rented show rooms are used of two micro brands.
   Strengths own show room: Perceived strengths of the own show rooms are the own sales people who understand the brand and the story behind the best.
Weaknesses own show room: Sales result depends on the performance of the individual sales personality.

A field representative is only used by one brand in order to offer additionally high-touch channels and meet the customer’s buying behaviours.

2. The own show rooms are either assessed as the most or second most successful sales channel based on the own sales power. As assumed in the theory, the own sales force has the deepest knowledge about the brand and can represent the concept most authentically. The success of the fashion fairs vary concerning the sales results, which can be lead back to the atmosphere resulting in less provided customer care and service. Fashion fairs are more important for marketing reasons.

3. Future initiatives of one micro brands that is only directly selling on a fashion fair, a sales representative in order to offer a “high-touch”-channel. Other initiatives are own show rooms, since only temporarily have been offered so far, own sales groups in foreign markets or temporary show rooms during fashion weeks. To sum up, the future sales channels are all focusing on the expansion of high-value service-provided channels.

**Small brand:**

1. The small brand sells at national and international fairs and in order to reach and attract the customers where they want to do business.

An own local show room in Amsterdam to serve the biggest market and temporarily own show rooms during Paris Fashion Week align the buying behaviour of the national and international customers.

Strengths own show room: With the presence during the Fashion Week the international high fashion buyers are reached when and where they want to do business which helps to overcome time and distance issues.
Moreover, as described in theory, the story telling and the collection presentation by the in-house people is the best way to sell.

2. The own show rooms are the most successful sales channel and generate 50% of the turnover, because they are perfectly aligned with the customers' buying behaviour.

3. More own show rooms than agencies are a future initiative of the small brand in order to offer the customers a higher-valued service.

Medium sized brand:

1. The medium brand selects the fashion fair based on the markets to serve, the different attracted buyers and whether it is more suitable for the men or the women collection.
   The brand has an own local show room in Amsterdam to reach and attract its biggest market, the Dutch customers. Moreover, the brand runs an own show room in Japan in order to get to know the Japanese customers' buying behaviour and needs better. Another reason could be the fact that the brand gets a lot of its design input and inspiration from Japan. Additionally an in-house field representative is used to reach the customers in the key countries.

   Strength own show rooms: Based on the theory insights and confirmed of the brand the strength of the direct sales channels are the own sales force, which represent the brand's vision and collections best.

2. "Medium 1" assesses the own show rooms as the most successful sales channel based on the high-valued service at its head quarter. The fashion fairs are assessed as the fourth most successful sales channel and are rather used for marketing and brand awareness purposes.

3. A future plan is to expand the own show rooms and to decrease the agencies in order to strengthen the own sales force.
d) Discussion of Findings

Fashion fairs:

All investigated case companies, regardless their size, are present at fashion fairs. The fairs are selected based on the markets the brands wants to reach and the buyers the different fairs attract.

The local brand system and the own sales force, which translate the brand’s mission most authentically are reasons to participate. Moreover, they are a used regarding marketing purposes and to reach new and foreign customers and less in terms of sales success.

Own show rooms:

Own show rooms are used by two micro brands, the small brand and the medium brand and assessed as the most successful or second most successful sales channel. The force of the own sales people and the provided high-value services meet the customers’ needs and are aligned to their buying behaviour.

One micro brand, the small brand and the medium brand also offer show rooms (fixed or temporarily) in the foreign markets in order to meet the customers where they want to do business.

Field representatives:

Only one micro brand and the medium brand use field representatives additionally to their sales force. Both brands remark higher turnovers with close relationships to the customers, hence it is a suitable tool to enforce the face-to-face contacting.

All case companies have future direct sales channel plans in order to offer more high-value services provided by their own sales force.

In line with theory, the case companies have chosen the direct sales channel due the power of the own sales force and the most authentically and informative representation of the brand’s story and products.

The theory concern that it is an expensive way and not effective for selling low price products is not confirmed from the brands, since they only sell high-valuable products.
The indirect sales channels (business partners)

a) Insights from theory

Indirect sales channels have an intermediary function between the brand and the end-customer/consumer. Distributors, agencies or partner-owned retailers provide the service, customization and guidance within the sales process.

They offer the possibility to reach broad and geographically wide spread markets. Their local market knowledge and already existing local customer base make business partners as the most effective and efficient way to cover broad markets.

Furthermore, business partner are very cost-effective compared to an own sales force or own stores. No upfront investments to sell such as an own show room or own furnished stores have to be made.

To sum up, business partner are able to cover more markets than an own sales force and provide high-value services at lower costs. (Friedman, 2002)

Regardless of which chosen wholesale channel, it is crucial to stay close to the sales process. The wholesalers represent the brand and the product to the market and hence it must be assured that they meet the brand values.

Moreover, the gained buyers' reaction and feedback of the offered products and services within the sales period must be taken into consideration in order to improve the performance. (Team, 2013)

b) Resulting research questions

Based on the theory business partners allow to cover broad markets and provide high-value services at lower costs. Following sub questions clarify if theory is conceding as true:

1. Which indirect sales channels do the micro, small and medium-sized brands use?
   What are the perceived strengths and weaknesses?
2. Which sales channels are the most successful ones regarding their concepts?

3. Which future channel initiatives do the brands plan?

c) Case study analysis indirect sales channels

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms' approaches to the indirect sales channels can be found in the appendices (see Appendix 1, p.121).

Micro brands:

1. The micro brands sell all at partner-owned retail stores. Three brands sell through sales agencies. The two brands, which do not sell through sales agencies offer products which are maybe not as commercial and easy to sell. The one-of-a-kind bags could be too specific to fit in a multi-brand show room and the highly designed ones need too much guidance and explanation. Hence, within a multi-brand agency the products would not get the required attention of the sales agents.

   Strengths sales agencies: As assumed in theory, the sales agencies offer the possibility to represent the brand in a foreign market. They have the knowledge of the local market, an already existing constituency and are an entrance tool to new markets. Moreover, they create a trustful bound and provide the demanded security for the customers.

   Weaknesses sales agencies: Contrary to the theory that indirect sales channel provides service and guidance, the brands complain about the dependency of the sales agent's performance and the little focus on one specific brand.

2. All brands which use a sales agency assess it as their best or second most successful sales channel. The brands which sell not through sales agency but
directly to the customers, rank the retail stores as their best or second most successful sales channel and the own online store as third most successful.

3. The micro brands do not plan any future indirect sales channels.

**Small brand:**

1. The small brands sells through direct channels, several sales agencies and an online wholesaler (See Appendix 1, p.132) to partner owned retail and online stores.
   The sales agencies are spread to cover wide geographic markets.

   Strengths retail stores: As assumed in theory, the stores provide the opportunity to reach out to a wide geographic market. The big and global partner stores place huge orders.

   Weaknesses retail stores: The limited loyalty of the customers and the only partially bought collection which does not represent the brand’s vision and values are the main weakness.

   Strength sales agencies: The theoretical assumption that indirect sales channel offer the possibility to reach broad markets is also confirmed by the small brand, which assesses sales agencies as a good tool to enter new markets.

   Weaknesses sales agencies: Contrary to the theory that there is support offered during the sales process, the brand remarks the little focus on a specific brand. Moreover, the style of the agency has o fit to the products in order to meet the brand values.

   Strength online wholesaler: The visual online show room helps to serve global customers whenever and wherever they want to do business.
Weaknesses online wholesaler: The weakness is the less face-to-face guidance and support during the buying process.

2. The sales agencies are assessed as the second most successful sales channel and the online wholesaler as the fourth most successful one.

3. The small brand plans no future indirect channel initiative.

Medium sized brand:

1. The medium-sized brand sells through sales agencies, partner-owned retail and online stores. There were no perceived strengths stated concerning the retail stores.

   Weaknesses retail stores: The less translation of the brand’s vision and values due to the limited offered collection and knowledge of the partner staff.

   Strength sales agencies: As assumed in the theory, the sales agencies are the cheapest way to enter new markets.

   Weaknesses sales agencies: The less focus on one specific brand also weakens the assumption of service and support during the sales meetings. Furthermore, the limited collection the agent is selling to the customers is another mentioned issue.

2. Despite of the weaknesses, the sales agencies are assessed as the second most successful sales channel. The easy market entrance and the brand’s global expansion plans could be reasons for that fact.

3. A future plan is to lower the amount of retail accounts and sell more volume per account instead.
d) Discussion of Findings

Sales agencies:

50 % of the micro brands, the small brand and the medium brand sell through sales agencies. The two brands which do not sell through sales agencies offer products which are maybe not that commercial and easy sellable.

The possibility of the agencies to geographically spread into new markets, the provided local knowledge and the low-costs are reasons for their successful use. Hence, the sales agencies are either accessed as the best or second most successful sales channel.

Partner-owned retail and online stores:

All companies, regardless of their size, sell at partner-owned retail and online stores. Thus, the wholesale channel is the most used sales channel of all brands on which they all rely on. The stores provide the option to reach wide geographic markets. Nevertheless, the less loyalty of customers and the fewer brand identification of the sales staff are mentioned weaknesses.

Only the medium brand plans to diminish the partners in order to sell more volume per account and to enforce the own retail stores.

Online wholesaler:

An online wholesaler is only used by the small brand based on the fact that it is only for selected brands. The high fashion brand has the privilege to sell through the online show room and thereby offers a global, 24 hour-accessibility.

As assumed in theory, the sales agencies offer the possibility to represent the brand in a foreign market. They have the knowledge of the local market, an already existing constituency and are an entrance tool to new markets.

Furthermore, the low entrance costs due less up-front investments are confirmed by a case company.
Contrary to the theory that sales agencies provide high value services, the brands complain about their small focus on one brand as well as the lacking knowledge about the brand and products.

The partner-owned stores have an intermediate function between the brand and the end consumer and help to establish the brand.

2.4.2 The direct-to-consumer channels

a) Insights from theory

The direct-to-consumer channels are the “routes”, which directly reach the end consumer without any middleman in between.

Selling directly to end-consumers has several advantages:

Firstly, selling directly to the end consumers generates a much higher gross margin, because the retail margin is kept. When selling through wholesale, the retail margin is shared with the partner. The following example illustrates this difference:

<table>
<thead>
<tr>
<th>Wholesale</th>
<th>Own-Retail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost price: 25 €</td>
<td>Cost price: 25 €</td>
</tr>
<tr>
<td>Wholesale price: 50 €</td>
<td></td>
</tr>
<tr>
<td>Retail price: 125 €</td>
<td>Retail price: 125 €</td>
</tr>
<tr>
<td></td>
<td>➔ Profit: 25 €</td>
</tr>
<tr>
<td></td>
<td>➔ Profit: 100 €</td>
</tr>
<tr>
<td></td>
<td>➔ Additional profit: 75 €</td>
</tr>
</tbody>
</table>

Thus, selling directly to consumers enhances the entire profit; this is the major benefit compared to wholesale channels.

Secondly, direct-to-consumer channels allow to reach a broad market regardless how geographically spread they are and it is very efficient way to attract many customers.
In particular, every customer worldwide can be reached via the internet presenting the company globally.

Thirdly, the direct-to-consumer channels offer a pleasing convenience for the end consumers. Namely, they are able to buy flexible without any effort and sales pressure. Products with less touch points and sales support are preferable products for direct businesses. (Friedman, 2002)

Furthermore, these channels enable to create a strong brand identity, presentation and story-telling. The whole shopping experience can be influenced, controlled and aligned with the consumers. In addition, the whole collection can be presented and showcased, while wholesalers only present a fraction.

Nevertheless, direct channels with own retail stores require big upfront investments, human resources and the whole inventory risk is taken by the company. A bad selling season can result in serious trouble for the brand because high costs incurred. (Team, 2013)

Another disadvantage of the own online store is the lack of customer service and support. Complex products, which need sales support, touch points and face-to-face service, will struggle with less customization.

Thus, not all products are feasible to sell through direct-to-consumer channels; therefore the strategy must be complemented by additional service channels. (Friedman, 2002)

For most fashion brands the investment in the own retail is a future initiative. If it is run successfully the invested capital can sometimes be returned within one year and provide a healthy profit back up for the coming years. Additionally, the own retail presence can also push the wholesale and serve as an inspirational tool for merchandising or a prototype model for shop-in-shop installations. (Team, 2013)
b) Resulting research questions

Theory mentions many advantages when selling directly to the end consumers. Following sub questions should give an overview if the assumptions are also confirmed by the investigated case companies:

1. Which direct-to-consumer-channels do the micro, small and medium-sized brands use?
   What are the perceived strengths and weaknesses?

2. Which sales channels are the most successful ones regarding their concepts?

3. Which future channel initiatives do the brands plan?

c) Case study analysis direct-to-consumer channels

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms' approaches to the direct-to-consumer channels can be found in the appendices (see Appendix 1, p.125).

Micro brands:

1. Three micro brands use an own online store to sell directly to the end-consumer; pop-up-stores are used by three brands and only one brand sells through an own retail store.

   Strengths own online store: As stated in the theory all brands remark a strong branding and story-telling. Moreover, one brand confirms the convenience criterion for the end-consumer.

   Weaknesses own online store: The difficulty to reach and bind the target consumer.

   As mentioned in the theory, the struggle to sell complex products, which need to be tried on. However, to weaken the argument, “Micro 1” is a company
which sells complex products most successfully online. This success can be traced back to the good service offers and the well branded layout.

Strength own retail store: Referring to the theory, the brand state that an own store translates perfectly the brand’s story. The whole shopping experience can be offered as well as the whole collection.

Weaknesses own retail store: The bad location due to the costs for rent and investment.

2. The direct-to-consumer channels are in general assessed as less successful compared to the wholesale channels.
   Only one brand, which generates 80 % of the turnover online, rates the online store as the most successful one. The other micro brands assess it as either third or fourth successful. The own retail store is seen as the third most successful sales channel of the brand.

3. Contrary to the assumption, own retail stores are only a future plan for one micro brand.

**Small brand:**

1. The high-fashion brand sell through an own online store, pop-up-stores and events.
   Strengths own online store: The brand also supports the assumption that the direct-to-consumer channel, respectively, the own online store provides a basis for the storytelling and the brand’s aesthetics.

   Weaknesses own online store: Opposing the theory that an own online store creates convenience for the consumer, the brand remarks a complicated and too slow application.
2. The own online store is assessed as the third most successful sales channel and the other channels are not assessed as successful. Hence, the wholesale channel is the more successful one.

3. Based on theory it has been approved that the future ambition is an own retail store.

**Medium sized brand:**

1. The medium brand sells through own retail stores, which are spread internationally, an own online store and events.

   **Strengths own retail stores:** The brand also agrees on the theoretical assumption that a strong branding in own stores with own staff, is a key perceived advantage.

   **Weaknesses own retail stores:** Too high price ranges and thus not affordable for many end-consumers.

2. The own retail is assessed as the third most successful sales channel, which generates 25 % of the turnover. Hence the wholesale channel, making 70 % of the turnover, is still the more successful way of selling.

3. As in the theory assumed, the expansion of the own retail stores are a future plan in order to strengthen the key countries.

**d) Discussion of Findings**

**Own online store:**

All case companies, except of one micro brand, are selling through an own online store due to the strong branding and storytelling. However, it is as assessed weak in terms of sales result. This can be lead back to the complexity of the products and the fact that most of them want to be tried on first.
Only one micro brand, which mostly focus on the own online store, generates its most turnover with that. Yet, the brand is specialized on accessories which do not have to be tried on.

**Own retail store:**

An own retail store is only run by one micro brand and the medium brand. This can be explained by the high up-front-investments and the required establishment of a brand. “Micro 1” as a sub-company of a big fashion group probably has the required financial background and “Medium 1” is already internationally successful.

Hence, it is rather a future initiative once the market is reached, the brand is well-known of the end-consumer and the financial background is given. Both brands emphasise that within their own stores the whole shopping experience is offered and the brand’s vision and products are represented best.

Only one micro brand plans an own retail store, while the small brand has it on its agenda and the medium’s future strategy is to expand the own retail store concept.

Pop-up-stores and events are mainly used in terms of marketing reasons.

In line with theory, the direct-to-consumer channels are assessed as strong branding instruments.

The convenience of the online store as well as the offered shopping experience at the own retailers are confirmed by the brands.

The difficulties to sell complex products online are strengthened and weakened by two micro brands. Thus, it can be assumed that a well branded and service supported online store, as offered of “Micro 1”, successfully work. Theory suggests that it also works for complex products if other more service-provided channels are additionally offered.

As stated in theory the own retail strategy is more a future plan and hence the wholesale channel is the most successful one for micro, small and medium sized brands.
2.5 The right marketing

Having a well-designed and high-quality product is the minimum requirement for selling successfully. But what makes a fashion brand outstanding and separates it from the competitors, is how the brand’s story-telling reaches the customer and end consumer. (Team, 2013)

The right product needs to have a successful message and the right marketing. The message needs to be promoted through several media in order to deliver the targeted value proposition.

Having a strong value proposition is crucial for the consumers as well as for the customers. The customers have to sell the products and need a clear message, which emphasises the benefits of making business.

Hence, a good value proposition and a strong message that meet the interests and needs of the target customer and end-consumer have to be developed. (Friedman, 2002)

The 4P’s framework, product, place, price and promotion, is used as a fundamental structure. Since the place has already been investigated in the chapter “the right channels”, the case companies’ products, pricing and promotions are analysed in the subsequent chapter.

Product:

a) Insights from theory

When planning a marketing initiative in the fashion industry, it is crucial to know, if a specific product or the brand itself should be promoted.

As products generate the sales, it is wise to mostly focus on featuring the actual products.
b) Insights from own experience

During my involvement in the micro brand iNDiViDUALS, I have noticed the little focus of the marketing department on the actual products. The marketing department set itself apart from the product creation and sales selection process. One result has been a concept shoot which mostly show cased unique pieces and hardly pieces of the sales collection. Hence, the brands’ concept was visualised but not the actual sales generating collection.

When restructuring iNDiViDUALS’ sales strategy, key pieces of the collection which promote the concept most authentically have been defined. A discussion point was always the lack of sales supporting materials like accessories in order to sell the products more easily.

c) Resulting research questions

Based on the theory and my own experience to focus the marketing on the product and on key pieces in order to translate the brand’s concept, following sub questions have to be investigated:

1. Are there key pieces or features in the collection which promote the brand’s story-telling most authentically? Is there a special functionality or innovative design which needs to be communicated in details?

2. How do the brands create a certain feeling or lifestyle along with their products?

d) Case study analysis product

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the product can be found in the appendices (see Appendix 1, p.128).
Micro brands:

1. All brands have either key products or elements, which translate the life style and story and are key elements of their promotions. This is in line with the assumption, since the focus is set on the products.
2. Along with the products all brands offer sales supporting materials, which enforce the brand’s vision and transport a life style. Common sales supporting materials are hang tags, give-away items, tote bags and POS material.

Small brand:

1. The theory suggests focusing the promotion on the product, which is also approved by the small brand. The key product groups and materials of the brand, as well as the different collection approaches, are a content of the promotion.
2. Give away items in the key material and collection presentation proposals support the brand’s life style translation.

Medium sized brand:

1. The bestselling pieces as well as key pieces of the collection are separately promoted aligned with a story-telling. The innovations and resources of the product creation are the focus of the promotions.
2. The brand’s vision and lifestyle concept is created by many added features to the product and in the stores. Thus, it is not only about having an innovative product idea but also providing a whole lifestyle offer.

e) Discussion of Findings

Regardless of their size, all case companies have key products or features, which are highlighted in their promotions. The promotion mostly focuses on the product itself which suggests basing the promotion on the main intension, the selling of the products.
Moreover, it is not only about offering an innovative product rather than offering a whole lifestyle feeling. Along with the products, all case companies offer sales supporting materials that enforce the brand’s vision.

The case companies’ product related marketing approach is also in line with the theory, which suggests to mostly focusing on featuring the actual products.

**Pricing:**

a) **Insights from theory**

The pricing in the fashion industry is not only based on the cost price of a product. In fact, it refers to the “value equation” (Team, 2013) that a consumer perceives in terms of price, quality and shopping experience. (Team, 2013)

b) **Insights from own experience**

The pricing of the iNDiViDUALS collection was also a reason for the failed sales season. The prices were mainly calculated from the cost price to the retail price. Small production volumes and less negotiation power on the brand’s side resulted in high cost prices and again in too high retail prices. Thus the “value equation” for the offered styles and qualities, of a less established brand name in such a high price segment, was not accepted by the retailers and end-consumers.

The aim of the new developed pricing strategy was to raise the production volume in order to get better prices and compete with the prices of the main competitors. Hence, with some prices margins could be won and with others lost. Moreover, a detailed analysis of the best price ranges has elaborated.
c) Resulting research questions

Referring to the theory to not only base the prices on the cost prices and my own experience to approach the prices of the main competitors, following sub-questions will clarify the pricing strategy of micro, small and medium-sized brands:

1. How do the micro, small and medium-sized brands calculate their prices?
2. How do the brands run their sales discount strategy?

d) Case study analysis pricing

The following sections summarize the case study results for micro, small and medium sized brands. A detailed description of the individual firms’ approaches to the pricing can be found in the appendices (see Appendix 1, p.130).

Micro brands:

1. All micro brands calculate their prices from cost price to retail price, however three brands align the prices with their main competitors’ ones. The prices are not based on the value equation as expected in the assumption but rather approached to the value of the main competitors as experienced with iNDiViDUALS. Only the design driven brand believes in its own valued prices, which can be traced back to the fact that there is no directly comparable competitor.
2. All micro brands give sales discounts at the end of the season. Only one brand gives additionally mid-season and one brand regularly discounts.

Small brand:

1. Contrary to the theory the prices are currently only calculated from cost price to retail price. As own experienced, the future prices will be calculated from retail price to cost price, to be more competitive.
2. The small brand gives end-season sales discounts in order to keep the season as long as possible and the gain value from the products.

**Medium sized brand:**

1. The medium brand weakens the assumption to take the value equation into consideration. The prices are mostly calculated from cost price to retail price and some competitors are approached.
2. The sales discount strategy is an end-season sale to keep the value proposition.

**e) Discussion of Findings**

All case companies, regardless of their size, are calculating the products from cost price to retail price. Additionally, all brands except of the design driven one, approach the prices of the main competitors. This suggests that it is a good a starting point to start calculating from cost price onwards and later adjust it to the main competitors’ ones in order to be competitive.

All case companies give end-season sales discounts in order to keep the season as long as possible and the value of the products, which suggests keeping a late sales discount strategy. Only one-micro brand offers mid-season sales and one brand regularly discounts.

Theory suggests calculating the prices based on the brand’s value the customer or end-consumer perceives in terms of quality and shopping experience. This is not in line with my investigations and own experience to rather check what the main competitors offer than believe in the own valued prices.

**Promotion:**

**a) Insights from theory**

The most successful fashion brands use traditional marketing tools like print, TV, and CO-OPs as well as new media.
Print, TV, radio and online advertising are the more expensive marketing channel and also known as paid media. However, print media in well-known magazines can push a brand and put it on a higher level.

Online advertising is less expensive and an efficient placement and design can support the sales performance, especially in the own web shop. Moreover, the online advertisements can be measured and targeted more effectively than traditional ones.

CO-OPs are marketing initiatives at retailer’s stores or in their advertisements. It is an effective tool to for in-store promotion and to challenge the competitors on spot.

Nevertheless, the new media, particularly the internet, are the dominant new marketing channels. “Today’s Internet-era consumers have more power than ever before and interact with the brands they deem worthy of their time via a number of new channels” (Team, 2013).

Social media is used by brands to share increasing amounts of pictures and announcements via Facebook, Twitter, Instagram, Pinterest and Tumblr.

Hence, the brand’s communication across digital and social media should reach directly the needs of the customers and end consumers. The goal is a strong, pure and trustworthy story across multiple channels, which create brand awareness, customer or end consumer interest and a long-term brand value. (Team, 2013)

b) Insights from own experience

As a micro brand with less financial back up iNDiViDUALS’ main promotion tool has been social media. The brand’s marketing department started to weekly post insights of the members, the creation process and sales activities on Facebook. Hence, the brand awareness has been pushed through a low-cost channel.

c) Resulting research questions

Theory suggests using traditional and new media. My experience of a micro brand assume that low cost media is the more suitable approach of a micro, small and
medium-sized brand. Subsequent research questions should provide insights about their promotion strategies:

1. Which promotion tools do the case companies use?

2. Which promotion tool is the most successful one?

d) Case study analysis promotion

**Micro brands:**

<table>
<thead>
<tr>
<th>Social media</th>
<th>Shop window</th>
<th>Newsletter</th>
<th>Give away</th>
<th>Events</th>
<th>Fashion shows</th>
<th>Exhibitions</th>
<th>Online magazine placement</th>
<th>Magazine placement</th>
<th>Fashion blogger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi 1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>XXX</td>
<td>XXX</td>
<td>XX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mi 2</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>XXX</td>
<td>X</td>
<td>XX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mi 3</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>XXX</td>
<td>XX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mi 4</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>XXX</td>
<td>XX</td>
<td>XXX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Marketing tools micro brands

1. As assumed in theory and contrary to my own experience, micro brands use both traditional marketing tools and new media.
   As expected from theory social media is the dominant marketing tool and is used by all brands. One brand is also using online fashion blogger.
   Contrary to my assumptions traditional marketing tools are also used. Although it is expensive, three brands are using magazine and online magazine placements.
   CO-OPs at the retailers, respectively shop windows are used by three brands.
   Give-away items are used by three brands. Events, fashion shows and exhibitions are also suitable for some brands.
2. As expected from theory and own experience, social media is the most powerful marketing tool. All micro brands assess social media as the most successful one, followed by fashion shows, newsletter and give-away items.

**Small brand:**

<table>
<thead>
<tr>
<th>Social media</th>
<th>Shop window</th>
<th>Newsletter</th>
<th>Give away</th>
<th>Events</th>
<th>Fashion shows</th>
<th>Exhibitions</th>
<th>Online magazine placement</th>
<th>Magazine placement</th>
<th>Fashion blogger</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>XXX</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Marketing tools small brand

1. As expected from theory the small brand also combines traditional media with new media, respectively social media. Contrary to my own expectations, the brand uses placements in online and printed magazines. Moreover, shop windows at the partner retailers, give away items, events and newsletter are the used promotion channels.

2. The online magazine placements are assessed as the most successful marketing tool and increase visits and the sales results of the own online shop. The shop windows at the retailers are the second most successful one followed by give-away items.
Medium sized brand:

<table>
<thead>
<tr>
<th>Social media</th>
<th>Shop window</th>
<th>Newsletter</th>
<th>Give away</th>
<th>Events</th>
<th>Fashion shows</th>
<th>Exhibitions</th>
<th>Online magazine placement</th>
<th>Magazine placement</th>
<th>Fashion blogger</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Marketing tools medium sized brand

1. As theory suggests, the medium brand also combines traditional media and new media, respectively social media. Contrary to my own expectations, also the medium sized brand uses placements in online and printed magazines. Additionally, shop windows at the partner retailers, events, exhibitions and newsletter support the promotion.

2. The shop windows at the own and partner-owned retailers are the most successful marketing tool. The social media is rated as the second most successful one by the company, followed by events and newsletter.

e) Discussion of Findings

All case companies regardless of their size use both traditional and new media to promote themselves.

The majority of micro brands, the small brand and the medium brand place products in online and print magazines, which suggest taking the more expensive approach also into consideration.

Moreover, cooperation at retailers in terms of shop windows are used of all case companies except of one. Hence, it is a successful low cost marketing tool to strengthen the sales and the customer relationship.
Newsletter are also used by all case companies, except of the one with no own online store. This suggests to offer the newsletter option on the own online store in order to bind the end-consumer.

Give away items, events, exhibitions, fashion shows and fashion blogger are suitable for some brands.

Social media is the most successful marketing tool and used by all brands. Hence, the focus should be on the new and low cost media.

The marketing strategies of the case companies are in line with theory, since it suggests combining the traditional marketing tools, cooperation and new media.

**Promotion via social media:**

As social media is the dominant used marketing tool of the investigated case companies and linked to generating sales, a detailed analysis is done in the following chapter.

a) **Insights from theory**

To choose the suitable social media for a fashion brand depends on the understanding of its target customer or end consumer.

Facebook might not be useful for promoting designer dresses, while highly visual social media channels like Instagram and Pinterest could work. However Facebook is a handy tool to combine texts and images.

For small brands Instagram is an efficient platform as highly visuals enable to communicate a brand’s story based on images. It has a boosting effect on the fashion industry, although it is hard to generate sales due to missing live links. (Team, 2013)

Twitter is a handy tool to communicate brand’s contents and announcements of other social media channels. Moreover, it is an instrument to communicate and interact with the customers and end consumers.
Tumblr is a platform, which provides options to highly visualize a brand’s story and content. High fashion brands focus more on communicating brand awareness and content than on product merchandising (Indvik, 2011).

To sum up, a social media strategy only works if the accounts are actively maintained and reach the targeted audience. Moreover, social media is a conversational platform, which should be used as source of information and interaction with the customer or end consumer. (Team, 2013)

b) Resulting research questions

Based on the theory different social media channels are used for different purposes and to reach different audiences. The following questions should clarify how the case companies are running their social media strategy:

1. Which social media channel are the case companies using and how do they assess the channels?

2. What kind of activities do the brands initiate through which channels?

3. Which audience do the case companies reach with which social media channel?
c) Case study analysis promotion via social media

Micro brands:

<table>
<thead>
<tr>
<th>Social media channels micro brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
</tr>
<tr>
<td>Mi 1</td>
</tr>
<tr>
<td>Mi 2</td>
</tr>
<tr>
<td>Mi 3</td>
</tr>
<tr>
<td>Mi 4</td>
</tr>
</tbody>
</table>

Table 7: Social media channels micro brands

1. All micro brands use Facebook and assess it as the most successful social media channel. In addition, it is the most frequently and actively used social media platform.

Twitter is also used by all brands, however rated as the weakest social media. It seems that it is only used to additionally announce what is promoted in the other social media channels.

Tumblr is used by all brands except of “Micro 4” and less successful for the brands.

Pinterest is used by three brands and only of the design driven brand evaluated as successful.

Instagram is used by all micro brands and assessed as the second most successful sales channel.

Only “Micro 3” uses an App to push the brand awareness.

VIMEO and Sound cloud are used by “Micro 1” and “Micro 4” but no rating was given.

2. Through Facebook all brands promote new arrivals, sales activities in their partner stores, press activities, fashion fairs and sales discounts.
Through Twitter the brands communicate partner store activities, fashion fair attendance, web shop actions or look book announcements.

Tumblr is used as a platform to visualize the brands’ stories and activities. Furthermore, it is used as a portfolio where look books and sales activities in the partner stores are visualized.

The assumption that high fashion or design brands focus more on communicating brand awareness and content than product merchandising is also confirmed by “Micro 3’s” behaviour.

Pinterest is used as a platform to present look books, promote styles and products as well as storytelling.

Instagram, as also described in the theory part, is used to visualize brand insights and activities.

VIMEO shows videos about the brand’s vision and collection.

Sound cloud provides the brand’s music in order to translate the brand’s concept.

3. As stated in theory, the choice of social media is also dependent of the target end consumer. The target end consumer of the Micro brands varies between the “Innovators”, “Early adopters” and “Early majority”. As all end consumers belong to a well informed and educated society, it can be assumed that the target group uses social media. Due to the fact that Facebook announces all kinds of activities, it seems that both the customer and the end-consumer are reached.

The announcements on Twitter seem to be more customers related.

The visualizations and activities on Tumblr focus more on reaching the customers than end consumers.

Pinterest’s focus on look books and visualization reaches the interests of the customers.

Instagram seems to be used to keep the customers updated, since the focus is on brand insights and partner store activities.

VIMEO and Sound cloud are also more customer related, since the concept and vision is in focus of the activities.
Small brand:

<table>
<thead>
<tr>
<th></th>
<th>Facebook</th>
<th>Twitter</th>
<th>Tumblr</th>
<th>Pinterest</th>
<th>Instagram</th>
<th>App</th>
<th>VIMEO, Soundcloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>S 1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>XXXX</td>
</tr>
<tr>
<td></td>
<td>XXXX</td>
<td>XXX</td>
<td></td>
<td>XX</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Social media channels small brand

1. The small brand uses Facebook and assesses it as the most successful social media. It is also the most frequent used social media.
   Twitter is used and ranked as the second most successful social media, although it is not used regularly.
   Tumblr and Pinterest are used, but not assessed as successful.
   Instagram is used and assessed as the third most successful social media tool.

2. Facebook is used two to three times per week with focus on brand activities, sales activities in partner stores, sales discounts promotions, look books and less on product placements.
   Twitter is mostly aligned with Facebook and promotes sales activities in the partner stores, fashion fairs and sales discounts.
   On Tumblr look books, invitations for fashion fairs, sales activities of partner stores and brand activities are highly visualized, as stated in the theory.
   Pinterest presents the brand’s look books.
   Instagram activities are visualizing the promotion of sales activities, brand activity, look books, fashion fair attendance or web shop actions.

3. Theory states that the social media selection is also based on the target end consumer. “Small 1’s” target end consumers are “Innovators”, which stand out of a crowd and are cultural interested. Thus, they can be reached through several social media channels.
   The Facebook announcements are focusing on activities, which are interesting for the end-consumers and customers.
The Twitter activities focus on the customer, since the announcements are customer related.
The Tumblr activities such as the look books and inspiration are customer related.
The visualization of the look books on Pinterest seems to be a customer related activity.
Instagram seems to be used to keep the customers updated, since the focus is on brand insights and partner store activities.

**Medium sized brand:**

<table>
<thead>
<tr>
<th>Social media channels medium sized brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
</tr>
<tr>
<td>🟢</td>
</tr>
<tr>
<td>M 1</td>
</tr>
</tbody>
</table>

Table 9: Social media channels medium sized brand

1. The medium brand uses Facebook and assesses it as the second most successful social media.
   Twitter is used but not rated as successful. The brand does not want to use it in the future anymore. Contrary to the theory that it is a handy tool to communicate, the brand thinks it is not of great value. Costumers request a conversation on Twitter which the brand does not want to provide.
   Instagram is the most successful and most used social media.

2. Facebook activities are focusing on the promotion of new arrivals, the presentation of new products, the announcement of store openings and hardly on partner store activities.
   The Twitter activities are mainly promoting brand activities or sales activities in the partner stores.
   On Instagram the brand daily promotes the products, story-telling, sales activities of the partner stores or insights of the brand. As mentioned in the theory it enables to highly visualize the brand’s story.
3. Theory suggests focusing the social media selection also on the end consumer. “Medium 1’s” end consumer belongs to the “Innovators” who get their information through multiple sources. Therefore, a multi-channel social media selection is handy.

Due to the fact that Twitter is emphasising brand activities in the partner stores, it is more customer based.

Facebook hardly promotes partner store activities, thus it seems to be more end consumer related.

Instagram promotes the products, story-telling, sales activities of the partner stores or insights of the brand and hence attracts both end-consumers and customers.

d) Discussion of Findings

Facebook is used by all case companies regardless their size and assessed as the most successful social media channel.

The network is used for all kinds of brand activities, which are both end-consumer and customer related.

Instagram is also used by all brands and rated as the second most successful social media tool. Instagram highly visualizes brand insights, fashion fair attendance, products and partner store activities. The activities seem to be more customer than end-consumer approached. Only “Medium 1” which focus is also on the own retail, seems to reach both customers and end-consumers with the activities.

Twitter as the third most successful social media is used by all companies and is rather used in addition to other social media. The demanded conversations of a Twitter account made “Medium 1” quit Twitter.

Tumblr is used by the majority of micro brands and the small brand, while the medium brand is not using it. Since Tumblr is a platform to highly visualize the brand insights, look books and partner-store activities, it is useful to push the story telling and portfolio. Therefore, it is also a good tool to keep the customers updated and is also recommendable for “Medium 1”.

72
Pinterest is a handy tool to present look books, while VIMEO presents videos or Sound cloud music.

Theory suggests aligning the social media strategy to the needs of the customers and end consumers which is done by all brands. Some channels are more customers targeted and others reach both the end-consumer and customer.

**To sum up the findings of this chapter, the secret of a successful sales strategy is to reach the right customers, with the right message in the right markets. In addition, the products and value proposition have to fit with the markets, customers and channels.** (Friedman, 2002)

### 3. Recommendation Micro brand

The previous chapters have shown the sales success factors in theory and the implementation by my investigated case companies.

Based on foregoing analysis of theory and several case studies of micro brands, a small and medium sized brand, a recommendation for a micro sized brand located in the Netherlands is revealed in the following chapter. The assumption is that the micro brand is also positioned in the premium segment and between the medium and lower-high fashion level. Moreover, the brand offers innovative and high-value products in order to be able to make it comparable to the investigated case companies.

The recommendation is also built up on taking the right “target customer”, “markets”, “channels” and “marketing” into consideration.
3.1 The right target customer

Theory states that the essential key element and starting point of a successful selling strategy is the know-how of the customer which is also implemented by all case companies. Based on the insights of the foregoing analysis it is recommendable for a micro brand to clearly define the target customer in terms of segment, fashion level, assortment and customer size.

To additionally segment the customers in big and small accounts is a subsequent step and should not be considered in the very beginning.

An already existing constituency and valid contacts are essential to check the availability of the customers and to reach them. The already existing contacts in the fashion industry must be extracted and evaluated regarding the suitability for the defined targeted customer. Events, retailer visits and social media such as LinkedIn help to meet the right people.

3.1.1 Customer needs

Based on an analysis of existing theory and case study insights I recommend, when having a customer network, to identify the customer needs first and then translate it to the collection. The collection framework, respectively the planning of the collection should be the starting point for the design process.

3.1.2 Customer experience

My case study analysis have revealed that if the micro brand offers high valuable products based on innovative resources, the products need consultancy and explanation during the sales process. Moreover, it is recommended to offer the customers high-value services like frequent visits, pre-and after sales activities, events and customer support and service. An on-going account management, where the brand is always reachable, would be a valid tool.
Based on the products that need high-value services and support, the “high-touch-consultative experience” is recommended.

### 3.1.3 Customer buying behaviour

Since a forced minimum budget is a common pre-condition to buy, based on the investigations of the brands and my own experience, I recommend it for a micro brand. An argument for a forced minimum budget is the necessity of a certain amount of styles in order to be represented authentically in the store. The statement that product pressure results in sales pressure is hence supported by the case companies. Moreover, a micro brand should not offer consignment contracts as it does not stand for business knowledge and a strong belief in the brand’s success.

Pre-payment is a used pre-condition of all case companies and can warmly be recommended to a micro brand. The advantage of having a financial starting point in order to produce makes the production process much easier. Moreover, a smoothly delivery of the collection can be assured to the customers since the financial back up is secured.

### 3.2 The right markets

#### 3.2.1 Selection of markets

The foregoing analysis of several case studies has shown that, if a micro brand has an in-depth market overview and a lot of in-house experience, respectively, sufficient information about the “channel availability” and is therefore able to assume the resulting “market entry costs” and the “costs to serve” the selection can be based on the own experience. Without enough experience, I suggest basing the selection on an in-depth market research. As a starting point, I would check in which markets the main competitors are succeeding and evaluate the markets concerning “Market size”, “Market growth rate”, “Cost to serve”, “Channel availability” and “Competitive
density”. Additionally, business magazines of the fashion industry and market research industries deliver valid information.

Since the micro brand is located in the Netherlands, the Dutch market is the most suitable country to start with. Germany is also a suitable country, since language barriers, time and travel expenses are low. The customers in Germany can easily be visited within a few hours and hence a “high-touch”-relationship can be provided. UK as a starting country cannot be really recommended unless there are already existing contacts.

As an entrance strategy, an own online store is favoured since it is a must have to be internationally reachable and to push the brand awareness. Based on the investigations, a sales agency is the best way to enter new markets. The market knowledge and the already existing constituency of the agencies support to enter the markets more easily.

A fashion fair in the target market helps to push the brand awareness, show case the collection and reach potential customers. Since the Netherlands is a recommended starting country the “Modefabriek” in Amsterdam is a suitable entrance tool. Germany offers many fashion fairs, depending of the fashion and style level of the brand.

3.2.2 The choice of markets

Since the biggest market of all case companies is Europe, I recommend putting the main focus on European countries, except of South European ones, since they are assessed as markets to dismiss.

Asia is also a potential market, due to a high buying power, sales growth potential and an interest in European products. However, I would define Asia as a future market, since Japan is also future goal of three micro brands.

The main focused countries should be the Netherlands and Germany as they are still the biggest markets of all case companies. Moreover, it is much easier to provide a high-touch relationship with face-to-face service to geographically close countries.
3.3 The right channels

3.3.1 The wholesale channels: Direct and indirect sales channels

Direct sales channels:
My insights of the case companies and theory have confirmed that direct sales channels are powerful due to the own sales force and the most authentically and informative representation of the brand’s story and products.

Since fashion fairs are a handy tool to represent and show case the brand to a big audience in order to meet new customers, I highly recommend it to a micro brand. The choice of fashion fairs depends on the targeted market, the style and fashion level and the attracted buyers. Moreover, a good stand positioning on the fair is crucial in order to be present at a highly frequented spot. Up-front research about the different fairs has to be done in order to make the right choice and to return the investments by successful new sales contacts.

Based on the investigated brands, the own show room is the most or second most successful sales channel due to the own sales force. As in-house people have more brand insights and knowledge about the products they enable a brand to sell more authentically. However, there must be a sales force available or a strong founder on top of the brand who is able to represent the brand. Moreover, the show room location must be available or the financial budget to rent a space.

Field representatives can be additionally added to the own sales force, if the financial power is given. Otherwise it is not essential, since a showroom is offered.

Indirect sales channels:

Since sales agencies are used by all case companies, except of two brands which do not offer very commercial products, it is a highly recommended possibility to reach
the market. The choice of sales agency is dependent of the style of the agency, the customer constituency as well as of the other offered brands.

The fact that sales agencies are a low cost entry tool since with few upfront-investments and an existing customer base enforces the recommendation. A close relationship to the agencies, collection briefings and benefits could overcome the mentioned little focus on one brand at a multi-brand show room.

To be present at partner owned retail and online stores is a logical result of the whole sale channel research. In order to overcome the weaknesses, such as less knowledge and brand identification of the sales staff, staff training and retailer visits are crucial and must be done from a micro brand.

### 3.3.2 The direct-to-consumer-channels

My analysis of theory and several case companies assessed direct-to-consumer-channels as strong branding instruments.

Based on the insights of the case companies an own online store is recommended due to a strong branding and storytelling. In times of the Internet era an online store is a must have to be globally reachable. Nevertheless, the sales results are not very well assessed and I would only offer it as an additional sales channel when selling complex products. The importance of the online store is to provide convenience for the consumer. Thus a range of services, detailed product information and highly visuals must be offered.

An own retail store is a future initiative and not recommendable due to high investments and no establishment on the market of a micro brand.
3.4 The right marketing

**Product:**

According to my investigations, I recommend a micro brand to set the promotion focus on the products itself. The key items of the collection, the special features and innovations should be mainly emphasised.

Moreover, sales supporting materials in order to translate a whole lifestyle are crucial. This could be done by adding special hangtags, providing POS material and give away items.

**Pricing:**

Based on my insights it is recommendable for a micro brand to calculate the prices from cost price to retail price and align it with the competitor ones. This could be done by in-depth research about the competitors price ranges of the different product groups, the used materials and details of design.

To keep the season as long as possible and the prices valuable, an end-of-season sales discount-strategy is highly recommended.

**Promotion:**

My investigations further suggest that a micro brand should combine cooperation with new media. As the product placement in online and print magazines is expensive and the financial background is not known, the focus is on Co-Ops and new media.

Shop windows at partner retailers are an efficient way to increase sales, get in touch with the retailers and thus strengthen the relationship. Moreover, give away-items push the brand awareness and motivate the staff in the store.

New media as the dominant marketing tool should be the focus of a micro brand since it is a low cost tool. Instead of magazine placements, a fashion blogger promoted through several social media channels could be a powerful initiative.
Social media:

Based on my gained insights, the social media strategy has to include several different channels in order to reach different audiences.

Facebook should be used to reach both the customer and end-consumer and I recommend to frequent post brand insights, products, as well as partner-store activities.

Instagram highly visualizes brand insights and can be both customer and end-consumer related. In order to do so, brand activities, products, fashion fair attendances and partner store activities can be announced. If the target is to mainly reach the customers, the people behind the brand can be shown; otherwise the focus should be on the product.

Twitter can be recommended in order to post announcements on other channels; however the account has to be frequently visited to answer the possibly resulting conversations.

Tumblr as a highly visualizing platform is a handy tool to push the portfolio of the brand and nicely present the brand’s story. In my opinion, it is the most pushing social media for a fashion brand which wants to show cases their brand in an aesthetic way.

Pinterest can be used to present the look books, however I would rather use Tumblr due to a much nicer layout and visualization.
3.5 Limitations

Despite these insightful findings, the present research is subjected to some limitations.

Firstly, the qualitative nature of results allows different interpretations. Consequently, my proper understanding of explicit and implicit information provided by respondents influences the findings. Although the very specific questionnaire minimizes the issue of misinterpretation, especially in the email interviews it can hardly be entirely avoided.

Secondly, as the interviews were conducted with well-known brands, I had to face some limitations due to confidentiality obligations. One limitation is the assessment whether the brands are “successful”. As the fashion companies revealed in which turnover range they perform, they could be categorized in micro, small or medium sized brands. Nevertheless, it is not obvious how profitable, growing and finally successful the brands are.
Appendices

Appendix 1

Questionnaire

“Sales success factors of micro, small and medium-sized brands located in the Netherlands”

Final thesis

Bachelor of Fashion Technology

Amsterdam Fashion Institute (AMFI)

Lisa Seibel

Company name:

Name of the interviewer:

Position of the interviewer:

Issued on:
Dear ,

Thank you very much to be able to participate in the interview. Your information is of great importance to gain some practical insights about your brand and your individual sales strategy. It will support me to achieve a significant result for my final thesis and to graduate successfully.

In return, I will provide your brand the consolidated anonymous results of my study.

**Instruction for completing the interview**

The interview is structured in seven parts:

8. Customer  
9. Market  
10. Sales channels  
11. Products  
12. Pricing  
13. Marketing  
14. Company profile

The questions are structured either in multiple-choice where you have to tick a box, or opened questions. Please answer as specific as possible in order to gain a significant result.

Some of the multiple choice questions you have to evaluate by ticking different amounts of crosses:

- Best: ☑️ ☑️ ☑️ ☑️
- Excellent ☑️ ☑️
- Well ☑️
- Satisfactory ☑️

For further questions, please feel free to contact me: lisa.seibel@gmx.de

*Thank you very much for your support and have fun with answering the questions!*
1. Customers

How would you define your target end consumer?

☐ Innovators – venturesome, educated, multiple info sources
☐ Early adopters – social leaders, popular, educated
☐ Early majority – deliberate, many informal social contacts
☐ Late majority – skeptical, traditional, lower socio-economic status
☐ Laggards – neighbours and friends are main info sources, fear of debt
(Rogers, 2003)

Gender?

☐ Female  ☐ Male

What age do your consumers have?

☐ Teenagers : 13-19  ☐ Young-middle aged: 35-49
☐ Young adults: 20-34  ☐ Older middle-aged: 50-64
(Diamond, 2006, p. 83)

To which social class do they belong?

☐ Upper-Upper Class: Socially elite  ☐ Lower-Upper Class: New rich
☐ Upper-Middle Class: High earners  ☐ Lower-Middle Class: Conscientious workers
☐ Upper-Lower Class: Blue-collar worker  ☐ Lower-Lower Class: Welfare recipients
(Diamond, 2006, pp. 84-86)

Where do your target customers live?

☐ City  ☐ Suburb  ☐ Countryside

What profession do they follow?

☐ Executive manager  ☐ Junior manager
☐ Young professional  ☐ Employed
☐ Student  ☐ Freelancer
At which stage are the target consumers in the family cycle?

☐ Childless singles under 45
☐ Childless singles 45 and over
☐ Single parents
☐ Multiple-member/shared households
☐ Single-earner couples with children
☐ Dual-earner married couples with children
☐ Childless married couples
☐ Empty nesters

(Diamond, 2006, pp. 86-89)

Which buying behaviour is shown by your target group?

☐ Rational
☐ Compulsive
☐ Impulsive
☐ Free-spending
☐ Price-sensitive

How did you find out if your target consumer exists?

☐ Governmental Agencies
☐ Trade Associations, e.g. NRF (National Retail Federation)
☐ Market research institutes
☐ Field research e.g. interviews
☐ Other:

Customer experience: How regularly are you in touch with the customers/end consumers? Where are the “touch points”?

☐ Brand awareness
☐ After-sales activities
☐ First contact
☐ Customer support
☐ Pre-sales activities
☐ Customer service
☐ The first purchase
☐ Ongoing purchase
☐ Longterm care

How would you define your target customer (wholesaler)?
How do you know the needs of your target customer (wholesaler)?

How would you define the relationship with your customer?

Four different groups of customer experience, respectively customer relationship strategies, can be defined:

- **“The efficient, low-cost transactional experience”**
  The customers want to experience the buying process efficiently, easy, inexpensively and with less touch points. They don’t expect expensive products, high-value services or face-to-face support.

- **“The high-touch, consultative experience”**
  The customers expect high-value services and higher-touch channels which meets their needs and requirements. The relationship involves consultation and advice, frequent face-to-face contact and a complete range of services.

- **“Partnership relationship” or “Collaborative Relationship”**
  Within the “partnership relationship”, the customers expect a higher-value relationship, more complex and almost customized products and high-touch channels. A “collaborative relationship” is even an increase, where customized products are expected only for a few customers.

- **“The flexible, multi-access point experience”**
  The relationship involves selling to many customers, inexpensively, flexibly and very efficiently. The customers expect to buy through many different sales channels to be more flexible and convenient. They want to be able to buy whenever and whatever they like with value-added services.

(Friedman, 2002, pp. 128-129):

2. Markets:

In which markets is the brand presented?

Europe:
☐ Netherlands
☐ Belgium
☐ France
☐ Italy
☐ Spain
☐ Portugal
☐ Greece
☐ Ireland
☐ Iceland
☐ Poland
☐ Croatia
☐ Bulgaria
☐ Romania

☐ Germany
☐ UK
☐ Austria
☐ Switzerland
☐ Denmark
☐ Norway
☐ Sweden
☐ Finland
☐ Czech Republic

Asia:

☐ China
☐ Japan
☐ India
☐ Taiwan

☐ Thailand
☐ Vietnam
☐ Korea
☐ Indonesia

☐ Other:

North America:

☐ USA
☐ Mexico

☐ Canada
☐ Other:

South America:

☐ Brazil
☐ Argentina

☐ Columbia
☐ Other:

Australia: ☐
Middle East:
- United Arab Emirates
- Israel
- Kuwait
- Egypt
- Lebanon
- Other:

Africa:
- Egypt
- South Africa
- Other:

Which were the first countries you have entered? How did you choose those countries?

Which are your biggest markets sales wise (in %)?

Europe:
- Netherlands:
- Belgium:
- France:
- Italy:
- Spain:
- Portugal:
- Greece:
- Ireland:
- Iceland:
- Poland:
- Croatia:
- Bulgaria:
- Romania:
- Germany:
- UK:
- Austria:
- Switzerland:
- Denmark:
- Norway:
- Sweden:
- Finland:
- Czech Republic:
- Turkey:
- Hungary:
- Russia:
- Other:
Asia:
- China: □
- Japan: □
- India: □
- Taiwan: □
- Other: □

Thailand: □
Vietnam: □
Korea: □
Indonesia: □

North America:
- USA: □
- Mexico: □

Canada: □
Other: □

South America:
- Brazil: □
- Argentina: □

Columbia: □
Other: □

Australia: □

Middle East:
- United Arab Emirates: □
- Israel: □
- Kuwait: □

Egypt: □
Lebanon: □
Other: □

Africa:
- Egypt: □
- Other: □

South Africa: □

How did you enter these markets?
- Agencies □
- Online stores □
- Own show room □
- Fashion fairs □
- Other: □
In which market segment is your brand present?

☐ Luxury segment  ☐ Mid-price segment
☐ Premium segment  ☐ Price segment

Who are your main competitors?

Which markets do you want to reach next? Why?

Are there any markets you are planning to exit? Why?

3. Sales channels

How do you plan your production volume?

☐ Programmed approach (producing only that part of the collection that has already been sold)

☐ Running approach (producing the collection that is planned on the basis of sales forecast)

(Saviolo & Testa, 2002, p. 203)

Which sales channels do you use to reach your target consumer?

Direct sales channels (Sales force):

☐ Show rooms  ☐ Fashion fairs
☐ Field sales representatives  ☐ Other:

Indirect sales channels (partners):

☐ Sales agencies  ☐ Online stores (partner-owned)
☐ Retail stores (partner-owned)  ☐ Other:

Direct-to-consumer channels:

☐ Own online store  ☐ Pop-up stores
Retail stores (company-owned)

Telesales

Pre-sale

Social media

Catalogues

Events

Apps

Other:

(Jenster, et al., 2005, p. 273), (Friedman, 2002, p. 158)

Contract type with partners:

Soft-Shops (partner store equipment, but brand’s merchandise tools)

Shop-in-Shop (own store equipment and merchandising)

Franchise

Concessions (partner store rents a sales area to the brand, which is run by the brand)

Store-in-Store (own store, located in the partner store, own entrance)

Other:

Pre-conditioning to buy for partners:

Forced minimum budget

On consignment

Purchase by issuing release orders

Pre-payment

Other:

How can the customers reorder stock?

Phone

Online

Fax

Face-to-face

App
Which is the most successful sales channel related to the selling volume?

Tick crosses (best: ☑️ ☐️ ☐️, excellent ☐️ ☐️ ☐️, well ☐️ ☐️, satisfactory ☐️ ☐️)

**Direct sales channels (Sales force):**
- ☐️ ☐️ Show rooms
- ☐️ ☐️ Fashion fairs
- ☐️ ☐️ Field sales representatives
- ☐️ ☐️ Other:

**Indirect sales channels (partners):**
- ☐️ ☐️ Sales agencies
- ☐️ ☐️ Online stores (partner-owned)
- ☐️ ☐️ Retail stores (partner-owned)
- ☐️ ☐️ Other:

**Direct-to-consumer channels:**
- ☐️ ☐️ Own online store
- ☐️ ☐️ Pop-up stores
- ☐️ ☐️ Retail stores(company-owned)
- ☐️ ☐️ Catalogues
- ☐️ ☐️ Telesales
- ☐️ ☐️ Events
- ☐️ ☐️ Pre-sale
- ☐️ ☐️ Apps
- ☐️ ☐️ Social media
- ☐️ ☐️ Other:

Which are the most profitable sales channels related to the selling costs?

Which sales channel makes the highest revenues? Tick crosses (best: ☑️ ☐️ ☐️, excellent ☐️ ☐️ ☐️, well ☐️ ☐️, satisfactory ☐️ ☐️)

**Direct sales channels (Sales force):**
- ☐️ ☐️ Show rooms
- ☐️ ☐️ Fashion fairs
- ☐️ ☐️ Field sales representatives
- ☐️ ☐️ Other:

**Indirect sales channels (partners):**
- ☐️ ☐️ Sales agencies
- ☐️ ☐️ Online stores (partner-owned)
- ☐️ ☐️ Retail stores (partner-owned)
- ☐️ ☐️ Other:

**Direct-to-consumer channels:**
- ☐️ ☐️ Own online store
- ☐️ ☐️ Pop-up stores
- ☐️ ☐️ Retail stores(company-owned)
- ☐️ ☐️ Catalogues
Which target consumer do you reach with your direct-to-consumer-channels?

What are the distinguished strengths and weaknesses of your direct-to-consumer sales channels?

Strengths:

Weaknesses:

What are the distinguished strengths and weaknesses of your direct sales channels?

Strengths:

Weaknesses:

What are the distinguished strengths and weaknesses of your indirect sales channels?

Strengths:

Weaknesses:

Do you perceive any channel conflicts?

Do you have any new channel initiatives planned? If so, what are the plans?

Are there any sales channels which have been dismissed or will be dismissed next?

What kind of pre-sales support do you offer?
What kind of post-sales support and service do you offer?

How is your on-going account management organised?

4. Products:

How would you define your fashion level?

- [ ] High-fashion
- [ ] Medium-fashion
- [ ] Lower-high fashion
- [ ] Classic

Which products are you selling?

- [ ] Ladies clothing
- [ ] Children clothing
- [ ] Shoes
- [ ] Men clothing
- [ ] Accessories, such as:
- [ ] Other:

Which product groups are you selling? How big are the segments in %?

Women clothing, in %:

- [ ] T-shirts and tops:
- [ ] Knitwear:
- [ ] Coats and jackets:
- [ ] Suits:
- [ ] Denim:
- [ ] Accessories:
- [ ] Blouses and shirts:
- [ ] Dresses:
- [ ] Blazers:
- [ ] Pants and shorts:
- [ ] Skirts:
- [ ] Other:

Men clothing, in %:

- [ ] T-shirts and tops:
- [ ] Shirts:
How many collections do you offer per year?

How many SKUs do your collections have?

Do you offer NOS collections?

What additional product support do you offer with your product?

Which products are bestselling (pieces)?

Which sold products have the highest margins?

Which products sell best through what kind of sales channel?

Which products don’t sell through what kind of sales channel?

How would you define your USP (Unique selling preposition)?
5. Pricing

Price segmentation of the collection:

On which price range is your first, second and third focus?

<table>
<thead>
<tr>
<th>Price Range</th>
<th>First Focus</th>
<th>Second Focus</th>
<th>Third Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100-150 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>150-200 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200-250 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>250-300 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>300-350 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>350-400 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>400-450 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>450-500 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500-550 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>550-600 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>600-650 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>650-700 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>700-750 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>750-800 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>800-850 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>850-900 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>900-950 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>950-1000 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;1000 €</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Which are the three best selling price ranges? Please tick only three crosses!

<table>
<thead>
<tr>
<th>Price Range</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50-100 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100-150 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>150-200 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200-250 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>250-300 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>300-350 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>350-400 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>400-450 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>450-500 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500-550 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>550-600 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>600-650 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>650-700 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>700-750 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>750-800 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>800-850 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>850-900 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>900-950 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>950-1000 €</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;1000 €</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Do your prices differ between the different sales channels?

Which price range sells best through which sales channel?
Pricing strategy: How do you calculate the prices? Bottom-up pricing (from cost price to retail price) or Top-down pricing (from retail price to cost price)?

Do you approach your prices to the competitors’ ones?

How is your sales discount strategy?

- Mid-season sale
- End-season sale
- Regularly sale
- Other:

Do you have the same sale strategy for every sales channel?

6. Marketing

How do you promote yourself? Which marketing tools do you use?

- Social media
- Leaflets
- Newsletter
- Events
- TV
- Cinema
- Other:

Which marketing tool suits best to your target group? Tick crosses (best: ☑️, excellent ☐️, well ☐️, satisfactory ☐️)

- Social media
- Leaflets
- Newsletter
- Events
- TV
- Advertisements
- Shop window
- Give away
- Fashion shows
- Radio
- Exhibitions
Which marketing tool is the most profitable one concerning input/output?

What kind of social media do you use to promote yourself?

- Facebook
- Twitter
- Tumblr
- Pinterest
- Other:

- The hidden world
- Linkedin
- Apps
- Instagram
- Other:

How works social media in your target market? Does it provide buying activity from the target customers in the target markets?

How do you measure if social media attracts the buying activity of your target customer?

How many followers/likes have you already gained through social media?

Which is the most successful social media for your brand? Tick crosses (best: ☑️ ☑️ ☑️, excellent ☑️ ☑️, well ☑️, satisfactory ☑️)

- Facebook
- Twitter
- Tumblr
- Pinterest
- Instagram
- Linkedin
- Apps
- Other:
Are there any social media initiatives in planning? If so, what kind of innovation?

7. Company profile

Founded in:

First launched collection:

Corporate organization:

Number of employees:

Sourcing countries fabrics/haberdasheries:

Production countries:

Sales performance:

Turnover per year in million €:

- □ < 1 m
- □ 2.5-5 m
- □ 7.5-10 m
- □ 15-20 m
- □ > 25 m
- □ 1-2.5 m
- □ 5-7.5 m
- □ 10-15 m
- □ 20-25 m

Turnover by region in %:

- □ Europe:
- □ North-America:
- □ Middle East:
- □ Australia:
- □ Asia:
- □ South-America:
- □ Africa:

Sales grow by region in %:

- □ Europe:
- □ Asia:
<table>
<thead>
<tr>
<th>Area</th>
<th>North-America</th>
<th>South-America</th>
<th>Middle East</th>
<th>South-America</th>
<th>Africa</th>
<th>Australia</th>
</tr>
</thead>
</table>

Turnover by channel in %:

**Direct sales channels (Sales force):**
- [ ] Show rooms
- [ ] Field sales representatives
- [ ] Fashion fairs
- [ ] Other

**Indirect sales channels (partners):**
- [ ] Sales agencies
- [ ] Online stores (partner-owned)
- [ ] Retail stores (partner-owned)
- [ ] Other

**Direct-to-customer channels:**
- [ ] Own online store
- [ ] Pop-up stores
- [ ] Retail stores (company-owned)
- [ ] Catalogues
- [ ] Telesales
- [ ] Events
- [ ] Pre-sale
- [ ] Apps
- [ ] Social media
- [ ] Other

Which are the three most growing channels sales wise? Please tick only three crosses!

**Direct sales channels (Sales force):**
- [ ] Show rooms
- [ ] Field sales representatives
- [ ] Fashion fairs
- [ ] Other

**Indirect sales channels (partners):**
- [ ] Sales agencies
- [ ] Online stores (partner-owned)
- [ ] Retail stores (partner-owned)
- [ ] Other
Direct-to-customer channels:

- Own online store:
- Pop-up stores:
- Retail stores (company-owned):
- Catalogues:
- Telesales:
- Events:
- Pre-sale:
- Apps:
- Social media:
- Other:

Thank you very much for participating in the interview and supporting the thesis with your significant answers! As soon as I have finalized the results, you will hear from me.

Kind regards,

Lisa Seibel
Case study analysis

The right target customer:

Micro brands:

“Micro 1”:

1. “Micro 1”’s mentioned target customers are national and international high end denim stores, such as “Hutspot” and “Tenue de Nimes” in Amsterdam, “Solid ID” in UK or “Bloomingdale” in the US. (See Appendix 2, “Micro 1”, p.1)
2. The brand has done no upfront market research. However, both founders have worked in the denim segment of the fashion industry. Based on this information, it can be assumed that the prevailing knowledge from former and current experience is used. (See Appendix 2, “Micro 1”, p.1)

“Micro 2”:

1. “Micro 2”’s target customers are national and international high fashion multi-brand retailers, which focus on innovative denims and street wear, such as “Bendorff” and “Hutspot” in Amsterdam, “14oz” in Berlin and “Atrium” in New York. (See Appendix 2, “Micro 2”, p.10-11)
2. The brand has done an up-front market research and also employed the information from an already existing network of its founder. “Micro 2”’s founder was the former CEO of Kuyichi and was already familiar with the target customers. (See Appendix 2, “Micro 2”, p.11)

“Micro 3”:

1. “Micro 3”’s target customers are innovative national and international on- and offline sales platforms, which sell only selected brands and multi-brand retailers, such as, “We are selecters”, or “NOT JUST A LABEL”. (See Appendix 2, “Micro 3”, p.21)
2. The information about the availability of the customers is gained with the help of Trade Associations. (See Appendix 2, “Micro 3”, p.21)

“Micro 4”: 
1. “Micro 4”’s defined customers are national and international mid high segment multi-brand boutiques with one or more shops, such as “Coming Soon” in Arnhem, “Shopaholic” in Edgewater and Seoul, and “Francesco Albano” in Milan. (See Appendix 2, “Micro 4”, p.29)

2. The up-front research has been done with the help of interviews. Moreover, I assume that the existing in-house-experience and networks are used based on the fact that the brand belongs to the “Ilja Visser”-group. (See Appendix 2, “Micro 4”, p.29)

Small brand:

“Small 1”:

1. “Small 1”’s customers are national and international high-end multi-brands and big department stores, such as the “Bijenkorf” in the Netherlands as well as big multi-brand stores such as, “SPRMRKT” in Amsterdam, “Margreet Olsthorn” in Rotterdam and “Open ceremony” in New York. (See Appendix 2, “Small 1”, p.37)

2. “Small 1” gained its information about the availability the target customers based on former experience of its founder. The founder is a former designer of Victor&Rolf and hence the target customers are similar. (See Appendix 2, “Small 1”, p.38)

Medium brand:

“Medium 1”:

1. “Medium 1”’s target customers are national and international multi-brand retailers and department stores. Examples for big department stores are the “Bijenkorf” in the Netherlands, “Barneys” in New York and “Peek & Cloppenburg” in Germany, which place massive orders. Multi-brand-stores are for example “14 oz” in Berlin, “American Rag” in Los Angeles, and “Selfridges” in London. The brand segments its customers in main account customers, which generate the most turnover and smaller accounts. Based on an 80/20 rule meaning that 20 % of the customers generate 80 % of the turnover, the retailers have been positioned efficiently. (See Appendix 2, “Medium 1”, p.50-51)
2. The knowledge about the customers is also based on previous experience of the “Medium 1” founder. As a former employee of the blue blood brother, he already has an existing network. (See Appendix 2, “Medium 1”, p.51)

Customer needs:

Micro brands:

“Micro 1”:

1. “Micro 1” mentions that with its one-of-a-kind-piece strategy, the brand is able to offer the high-end customers a unique piece which is without any competition. Each handmade bag is an exclusive piece and hence can be ordered customized and aligned to the customers’ wishes. The ability to offer customized products creates a desire and high-value service for the customers. However, the brand does not offer an organized ongoing account management due to the small men power of only two employees. (See Appendix 2, “Micro 1”, p.4)

“Micro 2”:

1. “Micro 2” describes that based on customers’ information, feedback and analysis during the sales seasons, the next collection is built up. The inspiration for the collection is based on retailers’ environments and on customers’ requirements, e.g. high fashion denims are designed for the most fashionable clients. An ongoing account management run by the agents offers the customers a quickly approachable service instrument for their needs and requirements. (See Appendix 2, “Micro 2”, p.14)

“Micro 3”:

1. “Micro 3” has not given any clear information how the company considers its customers’ information. When analysing the brand, I got the impression that the owner is more design driven than focused on the commercial needs of its customers when designing his collection. The inspirations shown on Tumblr
are very artificial and free-minded. Thus, I assume that his aim is to design progressive collections, which should offer the customers uniqueness.

“Micro 4”:

1. “Micro 4” stated that fashion fairs are a good tool to reach many potential customers and to assess their needs. Moreover, sales analysis and reports are crucial to investigate the customers’ requirements and wishes. Weekly reports of the sales agencies, feedback of the retailers, end-of-season-sales meetings help to evaluate the collection and extract the customers’ needs. (See Appendix 2, “Micro 4”, p.30)

Small brand:

“Small 1”:

1. “Small 1” designs its collection having different customers in mind. The collection is designed for high fashion retailers, which can be either more mature sophisticated, more young and edgy or a mixture of both. To get to know the customers’ needs the brand is in close face-to-face contact with its most important customers. (See Appendix 2, “Small 1”, p.38)

Medium sized brand:

“Medium 1”:

1. “Medium 1” gets information about the customers' needs on a weekly basis. Moreover, twice a season, all customers are invited to the head quarter in Amsterdam to gain information, evaluate the sales season and to extract customers’ needs. As stated, “Medium 1” focuses on an 80/20 rule. Thus, the needs of the 20 % biggest customers will be stronger taken into consideration, when planning the collection. (See Appendix 2, “Medium 1”, p.51)
Customer experience

Micro brands:

“Micro 1”:

1. “Micro 1”’s one-of-a-kind products sell best in a “partnership/collaborative relationship”. The handmade and unique bags can be reproduced if the desired bag is not on stock anymore. Hence, customer needs and wishes can be taken into consideration when making the bags. The service offer of requesting a similar product if the desired one is sold out, could even be seen as customization. (See Appendix 2, “Micro 1”, p.1)

2. The handmade bags made of vintage material based on a zero waste philosophy require explanation and storytelling. The focus is on the handcraft, use of material and design. (See Appendix 2, “Micro 1”, p.1)

3. The touch points with the customers are brand awareness activities, after sales activities, customer support and a long term care. (See Appendix 1, Table 1)

“Micro 2”:

1. “Micro 2” defines its relationship as a “high-touch-consultative experience” due to a focus on strong and close relationships with its customers. (See Appendix 2, “Micro 2”, p.11)

2. The products are innovative denims which are made in an organic, recycling and technological way. In addition to the core products many sales supporting materials are offered to better communicate the brand’s vision. (See Appendix 2, “Micro 2”, p.10)

3. The brand’s touch points with its customers are brand awareness activities, pre-sales and after sales activities, customer support, long-term care and an ongoing purchase management. Moreover, sales events, retailer visits and staff training push and enforce the customer relationship. (See Appendix 1, Table 1)

“Micro 3”:

1. “Micro 3” has not defined the relationship with its customers. Since “Micro 3” sells temporarily in international show rooms and offers complex high-valued
products it can be assumed that the buyers also expect a higher-valued relationship. Hence, the “high-touch-consultative experience” would be a logical conclusion for me. (See Appendix 2, “Micro 3”, p.21)

2. The brand offers a fashionable design driven collection which is mostly focusing on dresses. The products are not ordinary; they are highly designed. The inspiration source for the artificial collection needs to be explained in order to understand the vision. (See Appendix 2, “Micro 3”, p.21)

3. The touch points with its customers are pre-and after sales activities. As it is a more design driven brand which is run by two persons, not much spare time for customer services is given. Moreover, since the collection is mainly sold on temporarily platforms a long term care, customer service and support is not necessary. (See Appendix 1, Table 1)

“Micro 4”:

1. “Micro 4” defines its relationship with the customers as a “high-touch-consultative experience” as well in order to sell the brand most authentically. (See Appendix 2, “Micro 4”, p.29-30)

2. The brand’s three dimensional approach, including fashion, furniture and music requires consultancy to explain it to the retailers. Due to the fact that the furniture dimension is overlooked at most retailers, the concept has to be supported by music, clothing and many touch points. (See Appendix 2, “Micro 4”, p.29)

3. The touch points are pre-sales and after sales activities, long-term care, customer support, customer service and an ongoing purchase management. Furthermore, events, collection briefings, retailer visits and fashion show invitations lead the relationships towards a higher loyalty. (See Appendix 1, Table 1)

Small brand:

“Small 1”:

1. The brand’s relationship to the customers is a “high-touch-consultative experience”, based on frequent face-to-face contact with the most important national customers and seasonal contacts with international ones. (See Appendix 2, “Small 1”, p.38)
2. The brand’s tribe, vision and design need explanation, guidance and support. The different approaches of the high fashionable collection and ways of styling require consultancy. (See Appendix 2, “Small 1”, p.37)

3. The touch points with the customers are brand awareness activities, pre-and after sales activities, customer support and service. Additionally, events, retailer visits and visual merchandising supports are organised. The visual merchandising service is offered to illustrate the variety and playfulness of the collection. The support is either offered with images of rack presentation proposals or support at the retailers’ spots. (See Appendix 1, Table 1)

**Medium sized brand:**

**“Medium 1”:**

1. The brand remarks that the best turnover is generated with the closest relationship to its customers and defines the relationship as a “high-touch-consultative experience”. (See Appendix 2,”Medium 1”, p.51)

2. The brand offers experimental and innovative denims and clothing based on a resourceful making and designing. Every piece has an own story which needs to be translated to the customers. Thus, explanation, consultancy and guidance are required in order to represent the brand’s vision and transfer it to the customer. (See Appendix 2, “Medium 1”, p.50)

3. Touch points are brand awareness activities, pre-and after sales activities, long term care, customer support- and service and an ongoing purchase management. Events, retailer visits, invitations to the head quarter twice a season for collection briefings and evaluations are tools to create a close relationship. (See Appendix 1, Table 1)
Customer buying behaviour:

Micro brands:

“Micro 1”:

1. Micro1 forces the customers to buy for a certain minimum budget. The one-of-a-kind piece strategy can be a reason to demand a certain amount of bags in the store, in order to represent the uniqueness of every bag. (See Appendix 2, “Micro 1”, p.2)
2. Information about the payment condition was not provided.

“Micro 2”:

1. The innovative denim brand forces its customers to buy for a certain minimum budget. The lifestyle concept, provided by the core denim collection and added sales supporting materials, needs to be bought in order to implement the concept authentically. (See Appendix 2, “Micro 2”, p.12)
2. The brand demands pre-payment from new customers, since the paying behaviour of the customer is unknown. (See Appendix 2, “Micro 2”, p.12)

“Micro 3”:

1. “Micro 3” is not forcing the customers to buy for a forced minimum budget. I assume that the artificial outstanding pieces do not have to be presented within a whole collection, to translate the designer's DNA.
2. The brand demands pre-payment of some customers in order to secure the production. Moreover, consignment contract are used with some customers, probably to be able to sell at a desired spot. (See Appendix 2, “Micro 3”, p.22)

“Micro 4”:

1. The three-dimensional brand is not forcing the customers to buy for a certain minimum budget. (See Appendix 2, “Micro 4”, p.32)
2. The brands' demanded payment condition is pre-payment, which enables a secured production process. (See Appendix 2, “Micro 4”, p.32)

Small brand:

“Small 1”: 
1. Instead of a forced minimum budget, the high fashion brand pushes the customers to buy at least 12 styles in order to be able to represent the brand’s story. (See Appendix 2, “Small 1”, p.40)

The brand avoids consignment contracts with customers and rather waits until the customer has available budget to buy. Only if the brand really wants to be placed at a certain target customer, consignment contracts are signed.

2. Pre-payment is a common condition for the small brand as well. (See Appendix 2, “Small 1”, p.40)

**Medium sized brand:**

“Medium 1”:

1. The progressive denim brand pushes the customers to increase their budgets based on the sell through and sales growth. (See Appendix 2, “Medium 1”, p.53)

2. Pre-payment is demanded from the customers as a payment condition. Consignment contracts are only done for several outstanding pieces in order to also represent the special high-end pieces at the retailers and not only at the brands own retail stores. (See Appendix 2, “Medium 1”, p.53)
The right markets

Selection of markets:

Micro brands:

“Micro 1”:

1. “Micro 1” stated to have done an upfront-research. Information about the used method was not shared.
2. “Micro 1”’s defined main competitors are “Forestbound”, “Stanley & Sons”, “Bexardrygoods”. The company positions itself in the premium and lower high-fashion segment. (See Appendix 2, Micro1, p.2)
3. Micro1’s first entered countries were the Netherlands, Germany, and UK, followed by the USA and Australia.
4. The markets have been entered via the own online store and social media activities. (See Appendix 1, Table 2)

“Micro 2”:

1. The market evaluation was based on the channel availability, since the choice has been made based on former experience and already existing contacts of the head of the brand with sales agencies.
2. Nudie jeans and Denham are the defined main competitors and therefore “Micro 2” positions itself between the mid-price and premium segment. The fashion level includes both classic and high fashion approaches. Hence, the fashion level is a mixture. (See Appendix 2, “Micro 2”, p.15)
3. The Netherlands, Germany, Switzerland and Sweden were the first entered countries.
4. Sales agencies have been “Micro 2”’s most important instrument to access a new market. To enter a new market successfully locals are needed who are familiar with the market and already have an existing constituency. ("Micro2", 2013, p. Anhang), (See Appendix 1, Table 2)

“Micro 3”:  

111
1. “Micro 3” has not given any information about up-front research and market evaluation.

2. Micro3 positions itself in the premium and medium fashion segment next to main competitors as House of Holland, Vivetta and Co-Te. (See Appendix 2, “Micro 3”, p.22)

3. The first entered countries were Italy and the Netherlands. Italy is the designer’s country of origin and the brand is based in Amsterdam.

4. “Micro 3” entered the markets through an online store (NOT JUST A LABEL), fashion fairs such as “Modefabriek” and show rooms. (See Appendix 1, Table 2)

“Micro 4”:

1. “Micro 4” has not given any information about up-front research and evaluation.

2. The brand positions itself in the premium segment and on a medium fashion level. Mentioned main competitors are Acne, Hope, Forte Forte, Filippa K, Rag & Bone, Paul & Joe Sister, T by Alexander Wang and Helmut Lang. (See Appendix 2, “Micro 4”, p.31)

3. The Netherlands, Germany and Italy were the first entered countries.

4. Sales agencies and trade shows in the first entered countries like “Premium” in Berlin and “White Trade Show” in Milan were entrance tools. Moreover, sales agencies as local intermediates are the best way to reach new target markets for the company. (See Appendix 1, Table 2)

Small brand:

“Small 1”:

1. The selection and evaluation of the markets is based on the existing contacts of the chosen sales agent, respectively the “channel availability”.

2. The brand positions itself one step below the luxury segment in the so called contemporary segment and on a high-fashion level. The aim is to be presented next to main competitors like Acne, 3.1 Phillip Lim and Alexander Wang, but being on a lower price level. (See Appendix 2, “Small 1”, p.39)

3. The first entered markets were the Netherlands, USA, UK, Japan and Germany.
4. “Small 1” entered the worldwide markets with the help of a very successful agent. The agent helped the brand to get into eight worldwide known multi-brand-stores, like “Opening ceremony” which is internationally spread. Moreover, five sales agencies which are responsible for several different markets were used. Additionally, the participation at fashion fairs like “tranoi” in Paris, “CIFF” in Copenhagen, “Premium” in Berlin and “Modefabriek” in Amsterdam supported the market entrance. (See Appendix 1, Table 2)

Medium sized brand

“Medium 1”:

1. The evaluation criteria for the first entered markets were the knowledge of the local market and the foreign market based on already existing contacts of the founder. The founder is from England and hence already had good relationships to agencies in the UK, which again had good relations to an agency in Germany. Thus, the evaluation criterion has been the “channel availability”.

2. “Medium 1” positions itself in the premium segment, although the highest price range already approaches the luxury segment. The women collection can be positioned on a high fashion level and the men collection on a medium level. Main competitors for the denim products are Nudie, Diesel, Replay and PRPS. For outerwear “Medium 1” mentions brands like Stone Island and CP Company. (See Appendix 2, “Medium 1”, p.52)

3. “Medium 1”’s first entered countries were the Netherlands, Germany and the UK.

4. “Medium 1” claims that having the right agencies “is the only way to enter the market” as well as the cheapest one. The Dutch and the Japanese market were entered with own show rooms and fashion fairs, like “Modefabriek”. (See Appendix 1, Table 2)
The choice of markets:

Micro brands:

1. All micro brands are present in Europe and North America. Asia is a present market of three brands. Africa and Australia is a potential market for two brands.

<table>
<thead>
<tr>
<th>Company</th>
<th>Europe</th>
<th>Africa</th>
<th>Asia</th>
<th>North America</th>
<th>South America</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Micro 1”</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>“Micro 2”</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>“Micro 3”</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Micro 4”</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Markets micro brands

“Micro 1”:

2. The biggest markets, of the one-of-a-kind-concept brand, are the Netherlands (30 %) and Germany (30 %), followed by UK (10 %) and USA (10 %). Thus, the biggest market is Europe.
3. Markets of the future are the US and Japan, because “Micro 1” believes that the products would sell very well there.
4. A market to dismiss is not mentioned.

(See Appendix 1, Table 2)

“Micro 2”:

2. The biggest markets of the innovative denim brand are the Netherlands (44 %), followed by Germany (32 %), Sweden (11%) and Switzerland (10%). Thus, Europe is the biggest market as well.
3. For “Micro 2” Asia is the future market. The brand states that underestimated countries like Cambodia, Vietnam and Bangladesh have huge market
potentials. People in these countries are willing to buy their products even for the regular retail price. “Micro 2” could already place huge orders in Asia and will be focusing much more on these markets.

4. No plans to dismiss a market by “Micro 2”.
   (See Appendix 1, Table 2)

“Micro 3”:

2. The biggest markets of the design driven brand are Italy and Taiwan, however the figures are kept confidential.

3. Japan and USA are mentioned markets, where the brand wants to be more present in the future.

4. Again, market dismissal are not planned.
   (See Appendix 1, Table 2)

“Micro 4”:

2. The biggest markets, of the three-dimensional concept brand, are first the USA, followed by Italy and the Netherlands. However, the precise figures are kept confidential.

3. As future markets, “Micro 4” wants to focus on Scandinavia, respectively Denmark, Finland and Sweden. The brand mentions that its vision would fit very well to the Scandinavian lifestyle. Moreover, the Mid-East countries like Turkey, Dubai and Lebanon are interesting due to high revenues. Japan as a future target market provides high buying power, high revenues and big production volumes. The Japanese buyers place big orders on less styles and hence better prices with suppliers can be negotiated.

4. “Micro 4” not mentioned a market to dismiss.
   (See Appendix 1, Table 2)

Small brands

“Small 1”:

2. The high fashion brand is present in Europe, Africa, Asia and North America. The biggest markets of the brand are the Netherlands (20 %), followed by
USA, UK and Germany (all 15 %) and Belgium, Italy, China, Korea (all 5 %). Hence, the biggest market is still Europe.

3. The future focus is on establishing the brand in well-known multi brand and big department stores in Europe, USA and UK in order to make the Asian customers aware of the brand.

4. Some stores in South European markets are going to be dismissed because of the bad economic situation and the expectable high risks of payment defaults. Only big internationally well-known stores will be kept.

(See Appendix 1, Table 2)

**Medium brand**

**“Medium 1”:**

2. The progressive denim brand is present in Europe, North-America, Asia, Africa and Australia.

   The brand’s biggest markets are the Netherlands (40 %), followed by Germany (20 %), UK (10 %) and Japan (10 %). Hence, Europe is the biggest market.

3. The market for the future will be USA, where “Medium 1” is already present in the best multi-brand stores. A strategic plan will be to be positioned in the market with own stores.

4. A planned market to exit is Spain due to the economic crisis and “Medium 1”s too high price range.

(See Appendix 1, Table 2)
The right channels

The wholesale channel: Direct and indirect sales channels

The direct sales channel:

Micro brands

“Micro 1”:

1. The one-of-a-kind piece-concept does sell at the local fashion fair “Modefabriek” in Amsterdam.

   Strengths: The strength of the fashion fair is to show the strong story behind the products and its originality.

   Weaknesses: Fashion fairs are expensive and there is not enough mark-up given, when selling through whole sale channels.
   (See Appendix 2, “Micro 1”, p.3)

2. The fashion fair is assessed as the weakest sales channel of “Micro 1”.
3. A future plan is to find a good sales representative for the brand. (See Appendix 1, Table 3)

“Micro 2”:

1. The innovative denim brand is selling through an own show room located in Amsterdam, own field representatives and at fashion fairs.


   Strengths: The strength of the direct sales channels, indeed the own showroom and the representation on fashion fairs, is the local brand system. Own sales people who understand the brand and the story behind, translate the brand’s mission most authentically.
Weaknesses: Mentioned weaknesses are only personal weaknesses of the sales force. (See Appendix 2, “Micro 2”, p.13)

2. “Micro 2” assesses the own showrooms as the second most successful sales channel and the fashion fairs as the third most successful one.
3. No direct sales channel initiatives planned. (See Appendix 1, Table 3)

“Micro 3”:

1. The design driven brand is selling through temporary show rooms, such as “Spazio Genova/Temporary Showroom” in Italy and the “So Dutch Fashion” show room in the Netherlands. Moreover, they offer their products at the fashion fair “Modefabriek” in Amsterdam.

There was no information provided about their experienced strengths and weaknesses.

2. “Micro 3” assesses the show rooms as the most successful sales channel, whereas equal to the indirect sales channel, the retail stores.
3. In the future, the brand wants to expand to new markets by an own show room and more frequent participation at fashion fairs. (See Appendix 2, “Micro 3”, p.23)

(See Appendix 1, Table 3)

“Micro 4”:

1. The three-dimensional-approach concept is selling at international fashion fairs, such as “Modefabriek” in Amsterdam, “Premium” in Berlin and “White Trade Show” in Milano.

Strengths: Fashion fairs are a good marketing tool in order to reach new and also foreign customers. When displaying the collection at a fair, a good and authentic brand feeling can be created.
Weaknesses: The perceived weaknesses of a fair are that the stressed and fast moving atmosphere and that not enough attention can be provided for the individual customer. (See Appendix 2, “Micro 4”, p.32)

2. “Micro 4” ranks the fashion fairs as the second most successful sales channel.
3. Future sales channel initiatives are own sales groups in the different markets, which are representing the brand instead of sales agencies. Moreover, a temporary own show room during the fashion weeks, e.g. Berlin Fashion week is planned. (See Appendix 1, Table 3)

Small brand

“Small 1”:

1. The high fashion brand sells through an own show room located in Amsterdam from which the brand sells to the Dutch, Asian, Middle East and South European customers.

Additionally, four times a year during the Paris fashion week, a temporary own show room is rent. In times of the Paris Fashion Week, the buyers from all over the world are placing their orders. For internationally well-known stores, Paris is the place to buy.

Strengths: The strength of the own showroom is that it creates visibility and gives the customer the feeling to get established. All information, the storytelling and the attendance of the head designer and the team is given and create the best way to present the collection.

Weaknesses: A weakness is that the brand is not presenting at the Fashion Week, but only selling at their show room.

Furthermore, International fashion fairs such as “Premium” in Berlin, “CIFF” Copenhagen or “Tranoi” are used in Paris as well as the local fair “Modefabriek” in Amsterdam.
2. “Small 1” rates the own show rooms in Amsterdam and in Paris as the most successful sales channel which generate 50 % of the brand’s turnover.

3. An ambition for the future will be to open more own show rooms instead of working with agents. (See Appendix 1, Table 3)

Medium-brand

“Medium 1”:

1. The progressive denim brand is selling through own show rooms in Amsterdam and Japan.

Moreover, at international fashion fairs, such as “Bread & Butter” in Berlin, mainly for men and only a small part for women, “Jacket required” in London, “Scoop” in London for women and at the local fair “Modefabriek” in Amsterdam.

In addition, field representatives are used for customers in the Netherlands, UK and in Japan.

Strengths: The strength of the direct sales channels are the own sales force, which know the brand’s vision and the story behind the products best. Due to the close distance to the design team, the sales team is also involved in the collection creating process. Hence, the own sales force knows the collection from the resourceful starting points.

Weaknesses: No weaknesses were mentioned.

(See Appendix 2, “Medium 1”, p.54)

2. “Medium 1” assesses the own show rooms as the most successful sales channel and the fashion fairs as the fourth successful one. (See Table Appendix p.)

3. A future plan is to have more own show rooms than multi-brand agencies. (See Appendix 1, Table 3)
The Indirect sales channel:

Micro brands

“Micro 1”:

1. “Micro 1” wholesales its unique products to partner-owned retail and online stores.
   Strengths: The strength of the partner-owned retailers and the online shops are the strong story behind the products and its originality.
   Weaknesses: A mentioned weakness is the loss of mark-up when selling through whole sale channels.
   (See Appendix 2, “Micro 1”, p.3)

2. “Micro 1” assesses the partner owned retail stores as the second most successful sales channel which generates 20 % of the turnover. The partner-owned online store is the third most successful sales channel.

3. No future indirect sales channel is planned. (See Appendix 1, Table 3)

“Micro 2”:

1. “Micro 2” sells its sustainable products through direct sales channels and sales agencies to partner-owned retail and online stores.

   Strengths: The strength of the indirect sales channels is the representation in a foreign market. Local sales agencies that have the knowledge of their market and customers and an already existing constituency, provide the entrance in those markets.

   Weaknesses: The sales result depends on the sales agent and some agencies could position the brand better.
   (See Appendix 2, “Micro 2”, p.13)
2. “Micro 2” assesses the sales agencies as the most successful sales channel.

3. There is no future indirect sales channel initiative planned. (See Appendix 1, Table 3)

“Micro 3”:

1. “Micro 3”’s creations are wholesaled to partner-owned retail and online stores. There was no information given on perceived strengths and weaknesses.

2. The brand evaluates the partner-owned retail stores equal to the own show rooms as one of the most successful sales channel. The partner-owned online stores are assessed as the second most successful sales channel. There is no future indirect sales channel initiative planned. (See Appendix 1, Table 3)

“Micro 4”:

1. “Micro 4”’s lifestyle concept is sold through direct sales channels and sales agencies to partner-owned retail and online stores.

   Strengths: “Micro 4” remarks that sales agencies are the perfect connecting channel between the brand and retailer. Nowadays, buyers require trust and security from a brand. Thus, a sales agency creates a trustful bound and offers knowledge of the local market.

   Weaknesses: A sales agency always represents more labels and is not concentrating and pushing one specific brand.
   (See Appendix 2, “Micro 4”, p.32)

2. “Micro 4” assesses the sales agencies as the most successful sales channel.

3. There is no future indirect sales channel initiative planned. (See Appendix 1, Table 3)
Small brand

“Small 1”:

1. “Small 1” sells its high fashion collection through direct channels, sales agencies and an online wholesaler to partner owned retail and online stores. Different sales agencies serve different markets, e.g. the brand has an agency for the market in Belgium, Luxembourg and France, an agency for Scandinavia, an agency for Russia, an agency for UK and agency for the US market.

Strengths retail stores: The strength of the partner-owned retailers is that the brand is able to sell to big department stores which place massive orders.

Weaknesses retail stores: Retailers have a very strong opinion and make only a certain selection. Moreover, it is not assured that they will rebuy the collection next season.

Strengths sales agencies: Sales agencies are a very handy tool to enter markets. Being sold in the same agency as other well-known brands increases the brand awareness more easily.

Weaknesses sales agencies: The sales agencies do not focus only on one brand. They have to generate the sales for several brands and the total result is important, not a single one. It also depends on what kind of brands an agency is focused on. “Small 1” changed the agency in Germany which was focused on high fashion brands, because the styles were different. With the shift to the new agency, they doubled the turnover in Germany.

Strengths online wholesaler: The collection is offered in a visual online show room for selected buyers. Moreover, a customized selection of an order can be created and proposed to the buyer in advance. Hence, the collection can be ordered from wherever and whenever the customers want. (See Appendix 1, p.132)
Weaknesses online wholesaler: The buying process cannot be supported by explanations, guidance and consultancy of a sales person. (See Appendix 2, “Small 1”, p.40-41)

2. The several sales agencies are assessed as the second best sales channel and generate 40 % of the turnover. The online wholesaler is the fourth most successful sales channel and generates 4 % of the turnover.

3. There is no future indirect sales channel initiative planned. (See Appendix 1, Table 3)

Medium brand

“Medium 1”:

1. “Medium 1” sells its resourceful collections through direct sales channels and sales agencies to partner-owned retail and online stores.

Strengths retail stores: There are no strengths noticed by “Medium 1”.

Weaknesses retail stores: The sales staffs are not transporting the brand’s story and vision as it is demanded and fulfilled in the own stores. Moreover, the stores never sell the whole collection.

Strengths sales agencies: They provide the cheapest way to enter new markets.

Weaknesses: The brand claims that the sales agencies are the biggest weakness of its sales strategy. The multi-brand show rooms sell many brands and are not focused on one brand. Additionally, the show rooms never sell the whole collection to the customers. (See Appendix 2, “Medium 1”, p.54)

2. Despite the mentioned weakness, the sales agencies are assessed as the second most successful sales channel.
3. A plan for the future would be to diminish the amount of multi-brand stores while selling a higher volume per account. (See Appendix 1, Table 3)

The direct-to-consumer channel:

Micro brands

“Micro 1”:

1. The one-of-a-kind-concept sells through an own-online store.

   Strengths: The strength of the own online store is the good branding, the strong story and the clear structure of the website. Especially a "request a bag"- function, where end-consumers can request a similar bag if the favoured bag is sold out, creates a close customer-relationship.

   Weaknesses: The difficulty to make people come back to the online shop and to reach the target group are perceived weaknesses by “Micro 1”.

   (See Appendix 2, "Micro 1", p.3)

2. The own online store is assessed as the most successful sales channel and generates 80 % of brand’s turnover.

3. No future direct-to-consumer-channel is planned. (See Appendix 1, Table 3)

“Micro 2”:

1. The innovative denim brand sells through an own online store, events and pop-up stores.

   Strengths of the online store: The easy and convenient order for the end consumer.

   Weaknesses of the online store: The first denim purchase is rarely done online because consumers want to do a fitting.
Pop-up-stores and events support the brand awareness and create exclusiveness.  
(See Appendix 2, “Micro 2”, p.13)  
2. The brand sees the own online store as the fourth successful sales channel.  
3. For the future the innovative denim brand plans an own retail store. (See Appendix 1, Table 3)

“Micro 3”:

1. The design driven brand sells through a pop-up-store from time to time.  
No strengths and weaknesses are mentioned.  
2. The pop-up-store is not rated as a successful sales channel.  
3. No future direct-to-consumer-channel is planned.  
(See Appendix 1, Table 3)

“Micro 4”:

1. The lifestyle concept sells through an own retail store, an own online store, pop-up-stores and events.  
Strengths of the own retail: The own retail store perfectly translates the brand’s lifestyle. At its own store, the brand showcases the whole collection surrounded by own selected music and furniture. Thus, the three dimensional concept comes to life and the end-consumer can feel the brand’s vibe.  
Weaknesses of the own retail: The small number of locations of the own retail stores.  
(See Appendix 2, “Micro 4”, p.32)  
2. The brand assesses the own retail store as the third most successful sales channel and the own online store as the fourth most successful one.  
3. No future direct-to-consumer-channel is planned. (See Appendix 1, Table 3)

Small brand
“Small 1”:

1. The high-fashion brand sell through an own online store, pop-up-stores and events.

   Strength of the own online store: The story-telling, look book visualization and aesthetics.

   Weaknesses of the own online store: The slowness and complicated structure of the website.

   (See Appendix 2, “Small 1”, p.40-41)

2. The brand assesses the own online store as the third most successful sales channel.

3. An ambition for the future will be to open an own mono brand store.

   (See Appendix 1, Table 3)

Medium brand

“Medium 1”:

1. The progressive denim brand sells through eight own retail stores, which are located in Amsterdam, UK and Japan. In addition, they sell through an own online store and events.

   Strengths of the own retail: The own staff in the stores know the products best and is able to sell the product with its individual story. Moreover, the whole store atmosphere, the location and equipment supports the brand’s vision.

   Weaknesses of the own retail: The expensive price range of the brand.

   Strengths of the own online store: The brand presentation and story-telling.

   Weaknesses of the own online store: The expensive price range of the brand.

   (See Appendix 2, “Medium 1”, p.54)
2. The brand assesses the own retail store as the third most successful sales channel, which generates 25% of the turnover. The own online store is not assessed as successful, since only 5% of the turnover is generated.

3. The future plan is to open more own retail stores in the key countries the Netherlands, Germany, UK and Japan. 

(See Appendix 1, Table 3)

The right marketing

Product:

Micro brands

“Micro 1”:

1. The brand offers male one of a kind bags, vintage clothing and leather goods, which all translate the story telling of being a unique piece.
   The special feature of a one-of-a-kind-product and the zero-waste strategy is in-depth communicated.
2. Sales supporting materials like hang tags numbering the unique piece and describe the ingredients create an exclusive feeling.
   (See Appendix 2, “Micro 1”, p.4)

“Micro 2”:

1. The brand offers organic and innovative denims and clothing for women and men. Key pieces of the denims, clothing, and accessories are separately, promoted along with a story-telling concept.
2. Sales supporting materials like special hangtags, tote bag, repair kits, envelops and POS materials are crucial for the brand to present a corporate design.
   (See Appendix 2, “Micro 2”, p.14)

“Micro 3”: 
1. The brand offers women clothing, shoes and accessories. The key piece of the collection is the dress and the focus is on tops which are also highlighted in its campaigns and promotions.

2. Sales supporting materials are hangtags and POS material like posters.
   (See Appendix 2, “Micro 3”, p.24)

“Micro 4”:

1. The brand offers women clothing, furniture and music. The collection focuses on high quality fabrics, flowing silhouettes and details which is also reflected by promotions.

2. The brand provides many sales supporting materials in order to translate the brand’s vision and lifestyle.
   Hang tags, give away items, look books, collection books, sales manuals and music is offered to the customers. Hence, the two dimensional approach can also be fulfilled for the customers.
   (See Appendix 2, “Micro 4”, p.33)

Small brand

“Small 1”:

1. The brand is offering both ladies and men clothing.
   The collection is build up in three parts: basic, contemporary and high fashion pieces. The playfulness of the collection and the key pieces leather, knitwear and jersey are the focus of the promotions.

2. Sales supporting materials, like merchandise proposals on how to present the collection more playfully and give away-items in the key material leather, transport the brand’s aesthetics.
   (See Appendix 2, “Small 1”, p.42)

Medium brand
“Medium 1”:

1. The brand offers women and men denim and clothing collections. The bestselling piece is the denim and the innovative resources of the creation process are the main focus of the promotion. Moreover, key pieces of the collection are separately promoted along with a story.

2. Sales supporting materials are also a crucial tool to communicate the corporate brand vision. The interior of the own stores includes many storytelling displays to discover and create a shopping experience. Additional items like hangtags with a story about the product and branded drinks underline the life style concept.

(See Appendix 2, “Medium 1”, p.55)

Pricing:

Micro brands

“Micro 1”:

1. “Micro 1”’s prices are calculated from cost price to retail price, and always approached to be similar or a bit lower than the competition.
2. The best selling price ranges are from 0-50 €, 200-250 € and 300-350 €.
3. Sales discounts are given at the end of the season.

(See Appendix 2, “Micro 1”, p.4)

“Micro 2”:

1. “Micro 2”’s prices are calculated from cost price to retail price, but always aligned with the competitors’ ones.
2. The best selling price range is from 119-169 €, followed by the prices up to 200-250 €.
3. Sales discounts are given in the middle and at the end of each season.

(See Appendix 2, “Micro 2”, p.14-15)
“Micro 3”:

1. “Micro 3”’s prices are calculated from cost price to wholesale price and not positioned in dependence of any competitors.
2. The best selling price ranges are from 100-150 €, 150-200 € and 200-250 €.
3. Sales discounts are only given at the end of the season.
   (See Appendix 2, “Micro 3”, p.24)

“Micro 4”:

1. “Micro 4”’s prices are calculated from cost price to retail price, but always with respect to the competitors’ ones.
2. The best selling price is from 150-250 €, which is also the best-selling one.
   Sales discounts are given regularly and at the end of each season.
   (See Appendix 2, “Micro 4”, p.33)

Small brand

“Small 1”:

1. Since now the prices are calculated from cost price to retail price, but in future the prices will be calculated from retail price to cost price, to be more competitive.
2. The best selling price range is from 200-250 €, followed by 300-350 € and 50-100 €.
3. “Small 1”’s customer have end season sales.
   (See Appendix 2, “Small 1”, p.43)

Medium brand

“Medium 1”:

1. The prices are mostly calculated from cost price to retail price, but in order to be more competitive some prices are calculated from a defined retail price back to the cost price.
2. The best selling price ranges start from 100-200 € and from 400-450 €.
3. The sales discount strategy is a targeted end-season sale.
   (See Appendix 2, “Medium 1”, p.55)
Wholesale initiative: Le New Black-Selected brands for selected buyers

“The virtual B2B fashion platform tailored to cutting-edge brands and influential buyers” (Le New Black, 2013)

Le new black is an online platform, where 150 selected international high-end brands, can sell and show case their collections in a virtual private wholesale showroom to international retailers. Only pre-approved international retailers (2500 registered) are allowed to have access to the show rooms. Moreover, the placed pre-orders have to be confirmed of the individual brand in order to have everything under control.

Le new black offers the revolutionary service that buyers can place orders from everywhere at every time and a new value-added channel opportunity for brands to align customers’ buying behavior.

The B2B fashion platform overcomes geographical and time barriers in times of the increasing globalization of the traditional and emerging fashion markets.

(Le New Black, 2013)
Bibliography


Available at: http://www.brighthub.com/money/personal-finance/articles/32354.aspx
[Accessed October 20 2013].


[Accessed 4 November 2013].

Available at: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/
[Accessed 18 September 2013].


Kamer van Koophandel, n.d. *KvK*. [Online] Available at:


<table>
<thead>
<tr>
<th>Pre-sales</th>
<th>Long-term</th>
<th>Customer</th>
<th>Early</th>
<th>Blue-collar</th>
<th>Founding</th>
<th>awareness</th>
<th>activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small:</td>
<td>Mi 1</td>
<td>10 m</td>
<td>≤</td>
<td></td>
<td>Mi 1</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Medium:</td>
<td>Mi 2</td>
<td>20 m</td>
<td>≥</td>
<td></td>
<td>Mi 2</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Large:</td>
<td>Mi 3</td>
<td>30 m</td>
<td>≥</td>
<td></td>
<td>Mi 3</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Extra:</td>
<td>Mi 4</td>
<td>40 m</td>
<td>≥</td>
<td></td>
<td>Mi 4</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

### Table 2: Markets

<table>
<thead>
<tr>
<th>Market</th>
<th>POS total</th>
<th>Own fairs</th>
<th>Fashion</th>
<th>Clothing</th>
<th>Fashion Europe</th>
<th>Fashion Middle-America</th>
<th>Fashion Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>UK</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>USA</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Japan</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Sweden</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Italy</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>China</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Korea</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Table 3: Sales channels

<table>
<thead>
<tr>
<th>Sales channel</th>
<th>Own online store</th>
<th>Online wholesale</th>
<th>Online agencies</th>
<th>Online exhibition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi 1</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Mi 2</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Mi 3</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Mi 4</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

### Table 4: Pricing strategy

<table>
<thead>
<tr>
<th>Pricing strategy</th>
<th>Sales discount strategy</th>
<th>Marketing tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi 1</td>
<td>Mi 2</td>
<td>Mi 3</td>
</tr>
<tr>
<td>Mi 4</td>
<td>Mi 5</td>
<td>Mi 6</td>
</tr>
</tbody>
</table>

### Table 5: Actions per week

<table>
<thead>
<tr>
<th>Actions per week</th>
<th>Online magazine</th>
<th>Social media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi 1</td>
<td>Mi 2</td>
<td>Mi 3</td>
</tr>
<tr>
<td>Mi 4</td>
<td>Mi 5</td>
<td>Mi 6</td>
</tr>
</tbody>
</table>

### Table 6: Bottom-up, Top-down

<table>
<thead>
<tr>
<th>Bottom-up, Top-down</th>
<th>Competitor analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi 1</td>
<td>Mi 2</td>
</tr>
<tr>
<td>Mi 3</td>
<td>Mi 4</td>
</tr>
<tr>
<td>Mi 5</td>
<td>Mi 6</td>
</tr>
</tbody>
</table>
Sales success factors of micro, small and medium sized brands located in the Netherlands

Appendix 2

Embargo 📞

Date: 10th January 2014
Candidate: Lisa Seibel
Student number: 500663731
Supervisor: Jose Olcina