A Marketing Plan for ST. by Olcay Gulsen in Hong Kong: A Promising Start

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EXECUTIVE SUMMARY

How can ST. by Olcay Gulsen become commercially successful in Hong Kong within two years? This question is the central research question in this final paper and reflects the ambition of ST. to become a big retail player in the fashion market of Hong Kong. ST. Studio (previously called Supertrash) is a well-known Dutch fashion brand founded by Olcay Gulsen in 2004. In the market of Hong Kong ST has chosen to use the name : ST. By Olcay Gulsen, because this sounds more attractive to an international audience.

Currently, ST. has two stores in two shopping malls (Pacific Place and Festival Walk). Furthermore, ST. has the ambition to open more stores. Their first priority is the International Financial Center (IFC) and the second priority is Hysan Place. To answer the central research question a marketing plan for ST. Studio has been formulated. This plan is written for the current stores and the two future stores.

The methodology applied to this research was primarily field research. In other words my knowledge is based on the opinions of experts both in the private sector and the public sector (expert method). A considerable amount of research was conducted too. An observation analysis has been added to the research to investigate what people really do inside and outside the shops. Based on interviews, research, and literature study, the plan of ST is promising and the ambition to become successful in the market of Hong Kong can be realised. This conclusion is based on the following seven arguments: cooperation with a local partner (Fairton) is useful; ST. can be seen as a desirable European brand in the Chinese market; China, especially Hong Kong, is highly developed regarding e-commerce; the biggest group in society is women between 16 and 64, which means that there is a market for affordable luxury womenswear in Hong Kong; the first selling period in the two current stores shows that ST. fits the preferences of the customers in Hong Kong; the two stores are making a good impression according to the ghost shoppers who visited the stores in Festival walk and Pacific Place.

To conclude, the theoretical brand key model describes that the brand ST. has a very distinctive position and shows that people in Hong are well aware of fashion and consider style important. Hong Kong is described as a place for original fashion and trendsetters.

Apart from the promises, there are also serious challenges for ST. in the market in Hong Kong. Six challenges can be mentioned. The first challenge is the competitive threats. The competition is very severe. Furthermore, the rental price of retail space is extremely high. That is why many sales are needed. The other challenges are related to social and societal responsibilities, the cultural dimension, the dependence on the local partner and the absence of a website / webshop.

To overcome these challenges a concrete plan of action is required. Thirteen recommendations are formulated. These are: write a marketing plan; determine the (financial; marketing and societal) objectives; convert objectives into (24) actions; make a list of (four) priorities; make use of (two) management reports; continue the cooperation with the local partner (Fairton); focus on social media; provide excellent customer service (with the help of the Dutch start-up TryLikes); focus on the online sales; cooperate with NGOs (Ocean Recovery and Nature Conservancy); cooperate with a leading provider in the visual merchandising and brand services (Blue Mount); cooperate with market research experts (HKDTC Research); focus on Hong Kong. To conclude, share the story of fair trade and ethical clothing.

ST. has the potential to grow in the market in Hong Kong. If the recommended marketing plan is applied, ST’s plan promises to become commercially successful.
C - CONSENT FORM NICOLA OLDIELD + OSCAR VENHUIS
D - RESULTS OBSERVATION ANALYSIS
E - INTERVIEW WITH BRAND LOYALTY
F - PRINTSCREEN SKYPE CONFIRMATION WITH NICOLA OLDFIELD
G - PRINTSCREEN SKYPE CONFIRMATION WITH OSCAR VENHUIS
H - PRINTSCREEN CONFIRMATION CONTACT ROELAND SCHUURMAN (NBSO)
I - PRINTSCREEN CONFIRMATION CONTACT WITH CAITLIN LAM
J - PRINTSCREEN CONFIRMATION CONTACT WITH FAIRTON
K - STUDENT ETHICS FORM
PREFACE

This final paper is the last step in completing my Bachelor Degree in European Studies at The Hague University of Applied Sciences. Under the supervision from Marcella Mulder, Service Experience Manager, I carried out a research for ST. Studio. I appreciate the help of ST Studio. Furthermore, Mr. Harris, lecturer at the Department of Management and Organisation, contributed in a helpful way to the realisation of this final project. In the third place I would like to thank Jan Pelle, my father, gratefully for his valuable insights during the research.

Courses like an introduction to export marketing, marketing planning and strategic management, writing a strategic export plan, advanced writing skills, legal dimension and my minor entrepreneurship and innovation in a global perspective were the courses that I enjoyed the most. They gave me an introduction into the world of marketing, management, different organisation structures and cultures and how to run a business yourself. This knowledge is clearly applied in this final paper. Furthermore, the research skills I have learned during the study where extremely valuable during the whole process, as well as my languages and ICT skills. To conclude, I used the interview skills taught to me during the course research skills during the interviews that were conducted.

To reach the goals I have set for myself, I intend to pursue development in the broadest sense of the word, both academically and personally. With my love for business, fashion and quest for professional development in mind, and with the end of my education European Studies career in sight, I have the opportunity to write a final paper for one of the most interesting fashion companies in the Netherlands, which is a perfect fit before concluding my studies.

Coincidentally, I met the founder of the Company, Olcay Gulsen, during the Vogue Fashion Night out in Amsterdam. This turned out to be a great match and I’m proud to present my final paper to her company.

This research opened doors to get to know Supertrash headquarters and their local Chinese partner, Fairton, with whom they worked closely during the opening of the first two stores in Hong Kong. It also introduced me to several marketing agencies in Hong Kong, fashion experts and communication agencies.

I wish to express my gratitude to everyone who helped me with executing this practical research project.
INTRODUCTION OF CENTRAL RESEARCH QUESTION

ST. Studio is one of the most interesting fashion brands in the Netherlands. Currently, they have two stores in Hong Kong called: “ST. By Olcay Gulsen”. It is important to mention that ST. Studio clearly chose to position themselves with a different name in the Hong Kong Market because this sounds more more attractive internationally.

At the end of August 2015 and September 2015 the first two stores were opened. With the ambition to open more stores in the future, ST. Studio asked me to research the possibilities on how to become commercially successful within two years on the market in Hong Kong. This applies to the opening of the future stores, but also for the two current stores.

Why within a time frame of two years? Every half a year ST. Studio brings out a new collection. “According to my experiences, this timeframe is realistic because in a new market you need time to conquer a share in the market. To reach this within six months or within one year might be too short, plus you could lose your market share very easily.” (M. Mulder, ST Studio, personal communication, February, 15, 2016).

The central research question that will be discussed during this final paper is: “How can ST. by Olcay Gulsen become commercially successful in Hong Kong within two years.”? The research results in conclusions and recommendations.

Chapter 1 - Theory and Rationale

In this chapter we will review the most relevant literature (theoretical ideas and models) with respect to the marketing process that is applied to this research. How to understand the structure and the use of a marketing plan?

1.1 Conceptual Model and Qualitative Explanation

To understand the structure and use of a marketing plan the five steps from The Marketing Process are used as a basis for this research. (Kotler and Armstrong, 2011) Different other models and theories will be explained related to the five steps in the Marketing Process.

According to Kotler and Armstrong the first step in a marketing plan is to understand the marketplace and the customer needs and wants. Who is ST? What is ST’s customers profile? What are the trends and developments in the market in Hong Kong? “Success comes from understanding the needs and wants of others and creating ideas, services or products that fulfill those needs and wants” (Kotler and Armstrong, 2011). Afterwards, a customer-driven marketing strategy will be developed. Who will ST. serve? How will ST. be different on the market in Hong Kong? How will ST. position their value proposition differently than its competitors? (Positioning) Which strategies should ST. develop? (Differentiation). The third step is to construct an integrated marketing program that delivers superior value that exists out of controllable tactical marketing tools namely products, price, place and promotion. ST. has to blend the marketing mix to produce the response it wants in the target market. How will ST. create value for it’s customers in the market in Hong Kong? How will the marketing mix be implemented to build customer relationships? How to turn the marketing strategy into concrete action? The fourth step is to build profitable relationships and to create
customer delight. Are customers satisfied? Is ST, creating value for the customers on the market in HK? The last step in the marketing process is to capture value from customers to create profits and customers equity. How to build an emotional relationship with ST’s consumers? (Customer Lifetime Value) How to create a lifestyle instead of only being a fashion brand? (Share of customers) Which customers should ST. acquire and retain? (Customer Equity)

How to elaborate the five steps?

**Step 1: Understanding the marketplace and customer needs and wants**

To understand the marketplace, an internal analysis of ST. will made. An overview about the company will be given and describes ST’s history, mission, the target group, vision, product description and resources. This can be found in chapter 4.1

The DESTEP analysis (Demographic, Economic, Social/Cultural, Technological, Ecological, Political/Juridical) helps to describe the relevant trends and developments for the market in Hong Kong. This information can be found in chapter 4.8

For the MESO analysis Porter’s five forces will be used to describe the competitive position of the industry. Michael. E. Porter from the Harvard Business School developed a framework that models a firm as being influenced by five forces: Supplier Power, Threat of Substitutes, Buyer Power, Threat of New Entrants, and the degree of rivalry. (QuickMBA, n.d.) An application of this model can be found in chapter 4.12

Porter’s five forces are:

Supplier power: “In Porter’s model, substitute products refer to product in other industries. The competition engendered by a threat of substitute comes from products outside the industry.” (quickmba, n.d.)

Here is described how suppliers can or can not drive up prices. Important in this respect are: the number of suppliers, the uniqueness of their product & service, their strength and control over ST, the costs of switching from one to
another etc. “The fewer the supplier choices you have, and the more you need suppliers' help, the more powerful your suppliers are” (Mindtools, n.d.)

Threat of substitutes: Here is described how easy it is to switch from ST to a competitor. This looks at how many competitors there are and how their prices and the quality is compared to ST. Ideally, also how much of a profit those competitors are making. (Business new daily, 2015)

Buyer Power: Here is described what the power is from a buyer to affect pricing and quality. “Consumers have power when there aren't many of them, but lots of sellers, as well as when it is easy to switch from one business's products or services to another. Buying power is low when consumers purchase products in small amounts and the seller's product is very different from any of its competitors.” (Business new daily, 2015)

Threat of new entrants: Here is described how easy it is for competitors to enter the market in Hong Kong. Barriers include costs advantages, government policy, economies of scale and the existence of well-recognized brands. (Business new daily, 2015)

Degree of rivalry: Here is described how intense the competition is. What is the number of existing competitors? What is each capable of doing? What are the strengths and weaknesses of the competitors including ST? (Business new daily, 2015)

To analyse the wants, needs and demand from the customers a customer analysis is made with a customer persona. How many potential customers are there on the market in HK? Who are they? Is this customer base growing or decreasing? What is the average income of these customers? Where are these customer geographically located? This can be found in chapter 2.9 and 2.10.

**Step 2 : Design a customer driven marketing strategy**

According to Woods, organizations can never bring all things to all people. Therefore, marketers have to focus on segments in the market for marketing attention. Segmentation and targeting will be used to focus on opportunities, differentiation and positioning for competitive advantages.

Through segmentation, customers with similar needs, wants, behavior, attitudes and other characteristics will be divided into groups. Types of variables to profile customers and analyzing their buying behavior are:

- Behavioral and attitudinal, demographic, geographic and psychographic.

Requirements for effective segmentation are that it must be measurable, accessible, substantial, differentiable and actionable. Once the segment has been segmented, the targeting takes place. Do we market one segment or the entire market and how do we cover these? The firm evaluates the various segments and decide how many and which segments it can serve best.

Examples of marketing targeting strategies are undifferentiated (mass) marketing, differentiated (segmented) marketing, concentrated (niche) marketing, micromarketing (local or individual marketing).

Next, the organization describes the positioning or in other words: “Using marketing to create a distinctive place for the brand or product in the mind of targeted customers.” (Woods, 2011)

To position ST in the market in Hong Kong the Brand key model from Unilever is described in chapter 2.13. This model leads to differentiating and relevant brand positioning in the market in Hong Kong. The framework exists out of eight steps: 1- Competitive Environment, 2- Target Audience, 3- Insights, 4- Benefits, 5- Values and Personality, 6- Reasons to believe, 7- Consumer Discriminator and 8- Essence.
Furthermore, the STP (Segmentation, Targeting and Positioning) model will be used. This model is an analytical approach that helps ST. to make a target market selection and to position the product. On top of that a positioning map is used to develop a market positioning strategy for the products from ST. in the market in Hong Kong. The model shows where existing products and services are positioned in the market so it is very easy for ST. to decide where they would like to position their products.

(Figure 2 shows the Segmentation, Targeting and Positioning Model)

Source: smartinside.com

Figure 3: product positioning map
Source sanandres.esc.edu.ar
Step 3: Construct an integrated marketing program that delivers superior value

In this research, tactical tools are used to implement the strategies and to deliver superior customer value. Focussing on the marketing mix, the four P’s are theoretically explained in the following steps;

**Product**

A product is “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need”. (Kotler and Armstrong, 2011). A product can be offered with various features. It is important to focus on creating core customer value. Therefore, ST. should pay close attention to product attributes (style + quality), Branding (name + signs and symbols), packaging (design + producing), labeling and product support services (keep the customers happy after sales). More information can be found in chapter 5.1.

**Price**

Customers must pay a certain amount to obtain the product. This includes discounts, allowances, payment periods and credit terms. More information can be found in chapter 5.1.

**Promotion**

According to and Armstrong: “Promotion means activities that communicate the merits of the product and persuade target customers to buy it”. This includes advertising, personal selling, sales promotion and public relations. More information can be found in chapter 5.1.

**Place**

This includes the activities that the company does to make the product available to the target group. This includes channels, coverage, assortments, locations, inventory, transportation and logistics. (Kotler and Armstrong, 2011). More information can be found in chapter 5.1.

Step 4: Build Profitable relationships and create customer delight

To measure if customers are satisfied, information must be collected. Examples are through mail, telephone, personal interview or online according to Kotler and Armstrong.

The Marketing Information System (MIS) is an important figure to summarize how marketers can understand the marketplace and consumers. A company should start by assessing information needs. Then, using internal data, marketing intelligence, and marketing research processes. The last step is to
make the information available to users in the right moment. (Kotler and Armstrong, 2011)

Furthermore, an observation analysis took place to investigate what people do rather than what they say they will do. Three ghost shoppers went to the store to gain a deeper inside about the customer satisfaction. Afterwards, they have filled in a list with questions that can be find in Appendix section D. (voor en nadelen)

To analyze and use the marketing information, ST. should make use of the customer relationship management system (CRM) to manage detailed information about customers and carefully manage customer touch points. (Kotler and Armstrong, 2011). CRM consists of software and analytical tools that integrates customers information in depth.

**Step 5 : Capture value from customers to create profits and customer equity**

The final step in the marketing process involves capturing value from customers to create profits and customer equity. By doing so, ST will create superior customer value and highly satisfied customers who are brand loyal. This, in return, means that consumers will buy more and that will create profits. This step explains customer lifestyle value, share of customer and customer equity. (Kotler and Armstrong, 2011)

**Customer Lifetime Value**

According to Kotler and Armstrong, this means: “The value of the entire stram of purchases that the customer would make over a lifetime of patronage”. Or in other words, losing a customer means losing an entire stream of purchases.

ST. should pay close attention to build an emotional relationship with their customers, not just a rational one because in that case customers will not be brand loyal.
Share of Customer

This means the portion of the customer’s purchasing that a company gets in its product categories. (Kotler and Armstrong, 2011)

To increase the share of a customer, ST. should offer a greater variety to current customers. For example, ST. is a lifestyle. It is not only a fashion brand that sells clothes but also home products, fragrances, jewelry etc. As a result, ST. will capture a greater share of each customer’s spending budget.

Customer equity

The ultimate goal of customer relationship management is to produce customer equity. In other words this means “the total combined customer lifetime values of all of the company’s customers” (Kotler, 2011). A way to measure customer equity carefully is to classify customers into four relationship groups, according to their projected loyalty and their profitability: strangers, butterflies, true friends and barnacles (Kotler, 2011). This model will be explained in the customer analysis to explain the different types of customers in order to make sure to build the right relationships with the right customers. “Different types of customers require different relationships management strategies” (Kotler and Armstrong, 2011)
1.2 Evaluation

In this chapter we have discussed different theoretical ideas and models with respect to the marketing process. How to evaluate these ideas?

The positive elements are:

+ The marketing process in five steps provides a clear structure with an overview of the most important steps. It helps to structure the research and how this can be applied, step by step, into practice. Every step is discussed and every element like the marketplace, customer needs, marketing strategy, marketing program, customer relationships and creating customer value gets attention. This creates a strong practical value. This applies also to brand key model from Unilever, STP model, positioning map, the Marketing Information System (MIS), CRM and the customer relationship groups (customer equity).

+ The model from Porter is an excellent model because this way of thinking demonstrates that entrepreneurship or running a business takes place in a competitive environment. Its is always a struggle about consumers and the position in the market. A company must know what they have to do in this battle and what they have to do to make profit or don’t lose profit.

On which questions the discussed theoretical ideas do not give answers?

- The models and theory give limited answers with respect to behavior and culture. They provide limited insight in human and consumer behavior (psychological, socially, culturally). That is why the expert method in this research is frequently used to investigate the Asian culture and to learn more about the consumer buying behavior and the (potential) consumers.

1.3 Conclusion

In this chapter we have reviewed the most relevant literature (theoretical ideas and models) with respect to the marketing process: How to understand the structure and the use of a marketing plan?

The five steps from The Marketing Process are used as a basis for this research.

To understand the marketplace and the customer needs and wants (Step 1) an internal analysis will be made, a DESTEP and the five forces from Porter will be used. To analyse the wants, needs and demand from the customers a customer analysis will be made with a customer persona.

To design a customer-driven marketing strategy (Step 2), ST. have to focus on segments in the market for marketing attention. Segmentation and targeting will be used to focus on opportunities, differentiation and positioning for competitive advantages. The brand key model from Unilever will be used to position ST. in the market in HK. The STP (Segmentation, Targeting and Positioning) model will help ST. to make a target market selection and to position the product. On top of that the positioning map will be used to develop a market positioning strategy for the products from ST. in the market in Hong Kong.

To construct an integrated marketing program (Step 3) that will deliver superior value, the 4P’s will be explained and blended into concrete objectives and actions.

To build profitable relationships and to create customer delight (Step 4) the Marketing Information System (MIS) is an important figure to summarize how
marketers can understand the marketplace and consumers. In this research the expert method is mainly used through individual personal interviews with Hong Kong marketing experts, the local partner Fairton and ST. headquarters. Furthermore, an observation analysis will take place to investigate what people do rather than what they say they will do. To analyze and use the marketing information, ST. should make use of the customer relationship management system (CRM).

The last step (Step 5) is to capture value from customers to create profits and customer equity by paying attention to the five steps in the marketing process. To analyze and use the marketing information, ST. should make use of the customer relationship management system (CRM).

To conclude, in the evaluation of the presented theoretical ideas the positive elements are emphasized. They provide a clear structure and they create a strong practical value. However, the models and theory give limited answers with respect to behavior and culture.

Chapter 2 Methodology

In this chapter the research methods will be discussed based on the research questions related to the five steps in the marketing process. The limitations of the scope are discussed too.

2.1 Methods

Step 1: Understanding the marketplace and customer needs and wants
Subquestions are:

Who is ST? An internal analysis of ST will be made to explain this subquestion. Used Methods: Desk-research and personal communication with ST Headquarters.

What is ST’s customers profile? This profile will be made by using desk research, personal communication with ST headquarters / Fairton and the DESTEP analysis.

What are the trends and developments in the market in Hong Kong? A DESTEP analysis and five forces of Porter are explained. Used methods: Desk research, text book knowledge (Kotler & Armstrong, 2011; Woods, 2011), field research through experts interviews (see list of contacts in appendix A).

Step 2: Design a customer driven marketing strategy
Subquestions are:

Who will ST. serve? This subquestion will be answered through personal communication with ST. headquarters / Fairton.
How will ST. be different on the market in Hong Kong? For this subquestion text book knowledge is used (Kotler & Armstrong, 2011; Woods, 2011). Other methods used: brand key model from Unilever, STP model and the positioning map.

How will ST. position their value proposition differently than its competitors? (Positioning) For this subquestion text book knowledge is used (Kotler & Armstrong, 2011; Woods, 2011). Other methods used: brand key model from Unilever, STP model and the positioning map.

Which strategies should ST. develop? (Differentiation) For this subquestion text book knowledge is used (Kotler & Armstrong, 2011; Woods, 2011). Other methods used: brand key model from Unilever, STP model and the positioning map.

**Step 3 : Construct an integrated marketing program that delivers superior value**

Subquestions are:

How will ST. create value for it’s customers in the market in Hong Kong? For this subquestion the models of the marketing mix including the 4 P’s will be used.

How will the marketing mix be implemented to build customer relationships? The method used to answer this subquestion was primarily field research. For this field research different sources were consulted, consisting of various marketing agencies in Hong Kong, Asia experts, the local partner Fairton, Ministry of Dutch Foreign Affairs, local students, Brand Loyalty in S’Hertogenbosch and ST. Studio headquarters in Amsterdam. The method I used can be described as the expert method. In other words, my knowledge is based on the opinions of experts both in the private sector and the public sector. (See list of contacts in appendix A).

Considerable research was conducted too. I used secondary sources such as reports, (scientific) literature and marketing reports.

On top of that, an observation analysis took place. See appendix section D.

How to turn the marketing strategy into concrete action? The methods are the same as used in the previous question.

**Step 4 : Build Profitable relationships and create customer delight**

Subquestions are:

Are customers satisfied? To answer this subquestion the model of the marketing information system (MIS) will be used. Other methods : personal interviews with Hong Kong marketing experts (See list of contacts in appendix A) and an observation analysis (See appendix section D)

Is ST. creating value for the customers on the market in HK? To give an answer on this subquestions the same methods are used as in the previous question.

**Step 5 : Capture value from customers to create profits and customer equity**

How to build an emotional relationship with ST’s consumers? (Customer Lifetime Value) Used method: The brand key model from Unilever and the DESTEP.
How to create a lifestyle instead of only being a fashion brand? (Share of customers) 
Used Methods: To give an answer on this subquestions the same methods are used as in the previous question.

Which customers should ST. acquire and retain? (Customer Equity) 
Used method: customer relationship group but also the brand key model from Unilever.

2.2 Scope & Limitations

The scope of the research conclusions (see chapter 9) is limited by the used methods and the used data sources.

The expert method, the primarily used method in this research, has limitations too. The expert method has advantages, but also disadvantages. The advantages are: experts know the local market in Hong Kong, the culture, consumer behavior, general business environment, the particularities of marketing & communication in Hong Kong, etc. An other advantage is that experts provide information in a relatively short amount of time and that it is a cheap way of gathering information.

Disavantages could be that some experts are biased. That is why not only the experts of ST. and Fairton are interviewed, but also more independent experts most in Hong Kong and some in the Netherlands (See list of contacts in appendix A).

More quantitative insights could have gathered from quantitative survey research. In such a survey research (potential) customers in the Hong Kong market could have been interrogated. A combination of the expert method and survey research would have been the best of both worlds but due to lack of financial means an expensive survey research was not possible.

To complement the expert method, the opinions of experts were confronted with detailed reports (Like the trends in the DESTEP) and also with observation analysis by ghost shoppers.

The second limitation has to do with ST. and Fairton. They were not always willing to provide all necessary data sources. For example, financial information and data about the competitors.

Third, it was nog always easy to find sufficient reliable sources. The DESTEP analysis is primarily based on one trend report and the statistical information of the Hong Kong government.

Fourth, not all theoretical models (Chapter 2, in particular the Marketing Information System MIS, customer relationship groups and the Segmentation, Targeting and Positioning model) are elaborated in detail in the marketing plan. Nevertheless, they are described because they are relevant for the theory.

To conclude, the research conclusions (Chapter X) are only reliable, credible and valid in the perspective of the used methods and the used data sources.
CHAPTER 3 - DEFINITIONS

This chapter provides a description of the different definitions that will be used during this final paper. It will answer the questions: What is commerce? What is successful? What is the meaning of commercially successful? This will help the reader to fully understand the main research question.

3.1 Commerce

The definition of commercial is related to commerce (Investopedia, n.d.). Or in other words: making a profit. The Cambridge dictionary describes commercial as something related to buying and selling. As well, it is related to businesses and their activities. The term describes a product or service that can be bought by the public. The Cambridge dictionary shares the definition of Investopedia to make profit or related to making a profit (Cambridge dictionary, n.d.). The Oxford dictionary explains commercial as something “Connected with the buying and selling of goods and services” and to make a profit or is “intended to make a profit” (Oxford Dictionary, n.d.). The most complete definition is, according to the Business Dictionary, “A commercial organisation or group with a particular skill set, strategy, resources or priorities in place designed to turn a profit” (Business Dictionary, n.d).

According to the Longman Dictionary of Contemporary English, the definitions of commercially is described as followed: “1- Considering whether a business or product is making a profit. 2- If a new product is commercially available, you can buy it in shops: the world’s first commercially available 3-D computer screen. 3- Produced or used in large quantities as a business: Commercially farmed landed”. (Longman, 2009, P. 330)

In conclusion, in this thesis the definition from the Business Dictionary will be used. What is the particular skills set from ST. by Olcay Gulsen in Hong Kong? Which strategy will be used and which resources? What are the priorities in place designed to make profit? Commerce for ST. by Olcay Gulsen in this sense is related to making profit.

3.2 Successful

How can success - in terms of business - be defined?

Two different meanings of success are distinguished. Successful can mean that the brand is well known by the public or customers through (social) media.

Examples:

- How customers perceive the brand - for example in the media: “I think this brand is really successful because they were mentioned in the Vogue Hong Kong.”
- When the brand SuperTrash is perceived as successful in the mainstream media: For example Lady Gaga wears Supertrash.

Successful can also refer to commercially successful.

Examples:

- if expectations of the board of SuperTrash are met: The target is to sell 10K dresses but only 5K are sold, so ST. by Olcay Gulsen is not successful in Hong Kong.
- When the majority of the investors behind the company are satisfied: EUR 100 million profit forecasted, EUR 200 million profit realised.
3.3 Commercially successful

In this final paper the following definition of commercially success will be used:

ST Studio’s goal is to become commercially successful in Hong Kong within two years. With the sales ST. by Olcay Gulsen generated in Hong Kong, they can at least reach their break-even point and cover variable and fixed costs.

CHAPTER 4 - CURRENT MARKET SITUATION

4.1 Internal Situation

History

Olcay Gulsen (32), born in the Netherlands, is the owner of the international fashion label St. Studio. The brand, previously called Supertrash was transformed in February 2016 to a brand and label that lies closer to the heart of the founder. The clothing is more classy and elegant compared to the clothes from Supertrash. With this line, Olcay would like to attract strong and powerful (adult) women, according to Kim Harmsen who is responsible for communication and PR. SuperTrash will be not be sold through ST. Studio’s own channels but there is a strong wholesale network for the sale of this brand (About ST. Studio, 2016).

As of 2015, St. Studio has 12 own brand stores, a fast growing online business, is sold in 26 countries in Europe and America, and recently opened two new stores in Hong Kong.

Mission

ST. studio is focusing on strong women with character. Women who are not shy about showing their vulnerability and are therefore powerful. It’s not about age, education or background appearance but about having a certain mentality. This is precisely the difference between ST. and other international fashion brands where the emphasis is focused on the skin, the aesthetics and the superficial side of the fashion. (About ST. Studio, 2016).
Target group

The target group of Supertrash in Hong Kong are female consumers aged between 25 and 35 years. They have an eye for fashion and like to dress in a trendy and feminine way.

Vision

ST. studio’s goal is to be more than a fashion label, it wants to be a creator, a creative brand. A place and a label with imagination that listens to its intuition. Based on this inspiration, it wants to motivate women not to afraid to show vulnerability and because of this, feel powerful and secure. Open yourself to others, and get the chance to express yourself by wearing ST. Studio. (About ST. Studio, n.d.).

Summarising:

- ST. Studio is there for women between 25 and 35 (About ST. Studio, 2016)
- ST. Studio feels committed and connected to women between 25 and 35 (About ST. Studio, 2016)
- ST. Studio encourages and motivates their target group (ST. Studio, About, 2016) To feel free , and because of this show your strengths and power as as women. (About ST. Studio, 2016)

4.2 Product Description

The main collection of Supertrash includes accessories, shoes and clothes. The brand has luxury and pure style as core values. The product line of Supertrash consist of jackets, jeans, dresses, skirts, tops, blouses, knitwear, jumpsuits, shoes, basics, accessories, bags, underwear and cosmetics.

In 2011, Olcay Gulsen started a Supertrash line for younger girls, aged from 6 to 16. She saw a business opportunity in younger girls looking to follow high fashion trends, with a subtle wink to the worlds of their mothers. The product line, ST. girls, includes dresses, skirts, tops, sweaters, blazers & jackets, jeans, accessories and shoes. “ST. Girls is designed for the daughter of successful, ambitious SuperTrash women. The tailored collection is designed for the coolest girl in town from ages 6 to 16, and playfully linked to mummy's grown-up world.” (Dash in Fashion, 2011)

4.3 Previous Results

ST. Studio opened two stores in Hong Kong called ST. by Olcay Gulsen at the end of August 2015 and September 2015. Supertrash chose to position this name in the market instead of the full brand name because of the fact that ST. by Olcay Gulsen is more attractive to an international audience.
According to the Marketing Launch Activities report prepared by Fairton International Group, we can investigate the following information and facts:

1- Positioning of Olcay Gulsen

To profile Olcay Gulsen in Hong Kong, different media interviews were publicised in print form and online. Examples are: Apple Daily, ME! Magazine, Milk X, Bazaar, HK Economic Times, Cosmopolitan, Baccarat Magazine, Zip Magazine, D’vine blog and the blog called: who are invited?

(Figure 7 shows the two popup stores in Pacific Place)

Source: Fairton, local partner of ST in Hong Kong.

What are the previous results from the marketing program and shops in Hong Kong? What worked and what did not?

The opening of the first boutique on September 26th 2015, called ST. by Olcay Gulsen, at the Festival Walk shopping mall in Hong Kong was announced in different (local) media. There was a big catwalk in the mall with red carpets and founder Olcay Gulsen was in Hong Kong for the launch. Furthermore, they created a real customer experience by providing goodie bags and free coffee.

The second shop is a pop-up store at the Pacific Place shopping mall which opened at the end of August 2015.
(Figure 8 Interviews with Olcay Gulsen in HK)

Source: Fairton, Markting Launch Activities Summary, P4)
2 - Style Revolution Exhibition

To drive awareness about the store opening at Pacific Place, a four-day exhibition was organised from September 18th until the 21st, 2015. Different mannequins showed the latest collection and ST. promoters and ambassadors where invited to introduce the brand. Shoppers took photos with #STylerevolution & followed the local Instagram account @STbyOlcayGulsen to receive free photo-prints & mints in the store.

Furthermore, there was free popcorn and coffee for those who were willing to follow the Instagram account. Outside the store there was a big TV wall, a mannequin display, and various photo booths. Different fashion bloggers and celebrities attended the exhibition as well.

3- Bloom me Gorgeous - Gemma Floral Artist

From September 15th until the 21st, at Pacific Place, 10 mannequins displayed the clothes from ST. by Olcay Gulsen in collaboration with the floral artist Gemma Blest.

4- Shopping Activities

On October 15, 2015, Supertrash and Fairton were invited for a shop evening at Pacific Place. Furthermore, there were many guests recruited via social media. The format was simple with wine & bites, a live illustrator, tattoos from Beyond Jewelry, a special shopping privilege with 15% discount and coffee mug at the door. In both stores, Pacific Place and Festival Walk, there was free popcorn, cotton candy and balloons to attract traffic in the month of October on Saturdays and Sundays from 2-6 PM.

5- Database Collection

To acquire a customer database for CRM and communications purposes, ST. by Olcay Gulsen, provided shoppers with a coffee mug. Furthermore, any shopper who made a purchase of $3000,-, could sign up to become a member and receive marketing updates. The information was collected via e- forms on ipads.

4.4 Business Relationships

For the opening of the first two stores, Supertrash worked closely with Fairton. They are the leading fashion operation brand management authority in China and have helped various international fashion brands like Max Mara, Max&Co, Roberto Botticelli to develop and build a brand name in China and throughout Asia.

Fairton’s vision is to be a partner for brands who are wishing to build success in Asia. They have a proper network of developers, business associates, a financial base and build a broad customer database.

4.5 Resources

Human Resources

Supertrash’s partner, Fairton, is using recruitment and training to prepare its employees for the future. Furthermore, Fairton hires the employees for the shops.

They train the employees to behave and act in line with the Supertrash values. Once per season employees from Headquarters Amsterdam fly to Hong Kong to provide Fairton with the right information to train the local employees. The local managers in Hong Kong have a good relationship with the board in the Netherlands and believe in the brand and its position in the market. (ST. Studio, personal communication, 2015)
Financial Resources

Does the company have the financial resources to support marketing and achieve its objectives? Together with Fairton, Supertrash is investing in the marketing budget. This means that both parties share the costs equally (50% Supertrash and 50% Fairton) for the marketing budget. For the future and the opening of future stores, Supertrash would like to work with this format as well. Because of confidentiality it is not possible to explain any further details. (ST. Studio, personal communication, February 15, 2015)

Informational Resources

The data needed for the company to understand its customers and the marketplace are in the hands of Fairton. They have a big customer database and make sure that informational resources are in place when needed, available for marketing planning purposes, implementation and control.

Supply Resources

Supertrash has a steady and good relationship with Fairton. Based on their experiences they are very satisfied about the cooperation and communication. They consider Fairton as a true partner in providing value to satisfy their customers in Hong Kong, stable and committed to the brand. (ST. Studio, personal communication, 2015)

4.6 Internal strength and weaknesses

An internal strength of Supertrash is the founder of the company, Olcay Gulsen. In the Netherlands she is famous but in Hong Kong the company has to start from zero. To create brand awareness, Supertrash decided to position Olcay Gulsen in person in various local media. According to the Marketing Launch Activities report prepared by Chinese partner Fairton International Group, we saw an overview of the results and their organised activities during the opening of the first two shops. Results from the report show that the total exposure on social media reached a total of 1,071,485 followers. Over 22,945 followers liked ST. by Olcay Gulsen on Instagram and 100 followers used the hashtag #StyleRevolution on Social Media. (Fairton, November, 27, 2015. p. 31)

Furthermore, many local fashion bloggers and local celebrities wrote about the opening and posted pictures online on Instagram. Example: Janice Man, actress and fashion model, posted two photos with a total reach of 362,879 followers and with a number of 4,859 of total likes. (Fairton, November, 27, 2015. p. 32,33,34)

According to Supertrash, the relationship with Fairton is steady and stable. Supertrash is able to understand the marketplace better because of the local partnership and is therefore considered as a strength.

Another strength is the equal investment that Supertrash and Chinese Partner Fairton are both making in the marketing budget. By doing so, both partners are able to stay financially healthy.

Ms. Lam from the Foreign Ministry of Affairs mentions as well that European Brands have a certain prestige in Hong Kong. (personal communication, December 18, 2015)
A weakness is the fact that Supertrash doesn’t have a webshop in Hong Kong yet. Nevertheless, this is planned for 2016 according to Supertrash.

Speaking from a financial point of view, because of the confidentially clause it is hard to calculate the financial advantages and disadvantages of the partnership with Fairton. The business model of Supertrash in Hong Kong is, for the most part, based on the cooperation with Fairton. If anything goes wrong there is a potential risk that both parties will lose money, so the dependence on one partner is big and this forms a potential risk.

(Figure 9 shows an overview of the internal Strengths and Weaknesses, para 2.6)
4.7 Market definition

The market that Supertrash targets are women between 25 and 35 years old. Their unique selling point is affordable but good quality clothing with a sexy and feminine look.

4.8 External Situation / DESTEP Analysis

In this paragraph the relevant trends and developments of the market in Hong Kong will be described. These trends and developments are: demographical, economic, social/cultural, technological and ecological.

Demographic

<table>
<thead>
<tr>
<th>MOST IMPORTANT TREND:</th>
<th>More women participate in the economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>POPULATION SIZE HONG KONG 2015</td>
<td>7.229.107</td>
</tr>
<tr>
<td>CURRENT FEMALE POPULATION</td>
<td>3.843.456 (52.7%)</td>
</tr>
<tr>
<td>POPULATION GROWTH 2015</td>
<td>32.747</td>
</tr>
<tr>
<td>AGE STRUCTURE</td>
<td>74.8% is between 15 and 64 years</td>
</tr>
<tr>
<td>MONTLHY EARNINGS WOMEN</td>
<td>11,000 HKD P/M IN 2014</td>
</tr>
</tbody>
</table>

(Figure 10 shows the demographic statistics)

Sources: Countrymeter; Census and Statistics department HK, 2015

What is the most important trend?

“More and more women participate in the economy, gaining increasing economic independence” (Census and Statistics department HK, 2015).

Why is this a trend?

In 2015, the total population of Hong Kong was calculated at around 7.229.107. During 2015 the population increased by 37 640 people compared to 2014 and was scheduled to reach 7 304 000 by the beginning of 2016. The current male population is lower (47.3%) than the current female population (52.7%). “There had generally been more women than men in the age group 20-39 since 1996” (Census and Statistics department HK, 2015). As of January 1st, 2015, the population grew in the year 2015 by 32.747 habitants. With 74.8%, Hong Kong has the biggest population aged between 15 and 64 years old. In absolute figures this relates to 5 438 725 persons (2 625 917 males / 2 812 808 females). (Countrymeter, 2015)

ST’s income target group is the middle class who lived throughout different areas of the city. However, for the shop at the Festival Walk shopping mall, Fairton concluded that customers live nearby which is a middle to upper class residential area. (Fairton, personal communication, February, 29, 2016)

According to the above mentioned information, we can conclude that Supertrash has potential growth opportunities. It is an advantage to see that the target group of Supertrash, namely young independent women, are currently the biggest group in Hong Kong.

Will there still be a demand for the clothes from ST. by Olcay Gulsen in five years time?
Yes, because more and more women are gaining economic independence, it is expected that the women will have sufficient financial resources to spend on clothing. Unfortunately, it is not possible to give an exact answer to the question how much women in the age group of 25 and 35 actually earn. According to the Census and Statistics department HK report it is known that the median monthly earnings of female employed persons was 11,000 HKD in 2014. In 2011 women earned 9,300 HKD; in 2006 8,000 HKD and in 2001 8,800 HKD. (Census and Statistics department HK, 2015)

According to Fairton, there will always be a demand for affordable luxury womenswear because of the fact that the population of middle class women is increasing steadily, but the competition is very intense. Therefore, ST. has to strengthen its character and its image in order to stand out. (Fairton, personal communication, February, 29, 2016)

Economic

<table>
<thead>
<tr>
<th>MOST IMPORTANT TRENDS:</th>
<th>1 - THE EXPERIENCE ECONOMY</th>
<th>2 - HIGH RENTAL PRICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>EUR 224 BLN</td>
<td></td>
</tr>
<tr>
<td>GDP - PER CAPITA</td>
<td>EUR 31.100</td>
<td></td>
</tr>
<tr>
<td>UNEMPLOYED</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

(Figure 11 shows a summary of economic factors)

Sources : Government Hong Kong 2015 ; Global Retail Trends 2016

What is the most important trend?

1 - THE EXPERIENCE ECONOMY

“Traditional business, including apparel brands, will add experiential elements such as dining, travel and live events to their offerings.” (Global Retail Trends, 2016) Young generations prefer to attend live events, travel and dine at trendy spots instead of spending on devices. They record these experiences via smartphone and other social media platforms. Therefore, “Smartphone technology is a key enabler of the new experiential business model” (Global Retail Trends, 2016)

2 - High rental prices

Hong Kong is well known for it’s high rental prices. H&M announced in 2012 that they will close their flagship store in Hong Kong, partly because of the high rental prices in the city. The central price is around 33.847 euro per square meter per year, New York and Paris are in 2nd and 3rd place. This makes Hong Kong the world’s most expensive city. (Fashion United, 2012)

Why is this a trend?

Harris Poll, expert in polling/market research, conducted a survey on behalf of Eventbride and concluded the following information:

- 78% of the young generation mentioned to rather spend money on an experience than buying a device. (Global Retail Trends, 2016)

- 69% of the respondents believed that attending live events will help them to connect with friends and people around the globe. (Global Retail Trends, 2016)
Furthermore, Hong Kong’s economy is well known through its leading international financial centers, free market economy, low taxation system, and well developed financial market (3rd international financial center of the world). Furthermore, it is highly developed in international trade. Hong Kong has excise duties on only four commodities: hard alcohol, tobacco, hydrocarbon oil and methyl alcohol. Main industries are textiles, clothing, tourism, banking, shipping, electronics, toys and watches. (Wikipedia, 2015).

The fact that Hong Kong is a main industry for textiles and clothing, and has the world’s most free economy makes the city highly attractive for Supertrash. Therefore, many international fashion brands have set up their brand in Hong Kong first before entering the Chinese mainland.

Typically, customers shopping at ST. by olcay Gulsen are middle class executives with a high income or are a housewife. (Fairton, personal communication, February 27, 2016)

What to expect?

The experience economy will grow. More traditional business like clothing brands will incorporate an experiential element into their offerings and stores.

Objectives + Actions

See action 9 and 19 in chapter 5.2 for concrete actions related to the experience economy.

Ecological

<table>
<thead>
<tr>
<th>MOST IMPORTANT TREND:</th>
<th>SUSTAINABILITY AND ETHICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Socially conscious retailers that sell sustainably produced, ethically sourced products will perform well, especially among millennials. More retailers will adopt sustainability practices as they strive to satisfy younger consumers demands for ethically sourced products and transparent business practices.”</td>
<td>(Global Retail Trends 2016)</td>
</tr>
</tbody>
</table>

What is the most important trend according to sustainability and ethics?

Young generations are looking for products and services that provide them with trustworthy information, a brand that reflects a mission and clothes which are produced in a socially conscious and ethical way. (Global Retail Trends 2016)

Why is this a trend?

Younger generations involves corporate responsibility and sustainability more heavily in their purchasing decisions than other generations:

- Technology makes it possible to democratizes assess to ethically sourced information through apps and allows users to scan barcodes in order to get detailed information about how a product is made like Apps such as GoodGuide, Boycott and aVOID. (Global Retail Trends 2016)

- Etsy, the online marketplace and community for handcrafted goods, has earned a certificate for: “The highest standard for socially responsible
business” which registered the company with growth in sales. (Global Retail Trends 2016)

• Social innovation hubs, like the good lab in Hong Kong, provide social entrepreneurs with inspiration, resources and collaboration opportunities. (Global Retail Trends 2016)

What to expect?

More sustainability initiatives will be adopted by retailers in order to satisfy the younger generation’s demand. (Global Retail Trends 2016)

Objectives + Actions

See action 19 in chapter 5.2 for concrete actions related to this information.

Technological

MOST IMPORTANT TREND

| 1- SMALLER MALLS : USING TECH TO BATTLE COMPETITORS |
| 2- SOCIAL SELLING : SNAP, CHAT AND BUY |
| 3- TECH INVESTMENT : FEED THE DIGITAL SHOPPING HABIT |
| 4- LOYALTY PROGRAMS : KEEP THEM COMING BACK |

HIGHLY DEVELOPED REGARDING INTERNET?

- YES, RATE OF HAVING USED INTERNET SERVICE IS 80% IN 2014.
- RATE OF HAVING A SMARTPHONE IS 77% IN 2014

E-COMMERCE

- YES

(Figure 13 shows a summary of technological factors)
Source: Global Retail Trends, 2016; Prospress, 2011

What are the most important trends?

1- Smaller malls : Using tech to battle competitors

“As their number of visitors continue to decrease, shopping malls will need to become smarter in order to attract shoppers” (Global Retail Trends, 2016)
Shopping malls face fierce competition since the growth of online shopping worldwide. Around the world and China in particular, mall operators have been experimenting. As a result, they have been experimenting with technologies that allow them to better understand consumer behavior inside the shopping mall. By doing so, a mall is able to develop a location-based marketing technology to improve a customer's shopping experience.

2- Social selling : Snap, chat and buy

“Social media and the power of its celebrities, or “influencers,” will become increasingly important. Facebook, Twitter and Pinterest will continue to play a part, but Instagram, Snapchat and WeChat will drive innovation.” (Global Retail Trends, 2016)

3- Tech investment : Feed the digital shopping habit

“Retailers will boost investments in technology in order to meet consumer appetite for researching and buying products online. Retailers will increase their spending on technology in order to expand e-commerce and omni-channel capabilities, allowing them to better provide the seamless experience consumers expect.” (Global Retail Trends, 2016)

4- Loyalty Programs : Keep them Coming Back

“Many retailers are focusing on improving customer loyalty by making the shopping experience more personalized via membership and loyalty programs” (Global Retail Trends, 2016)

Why is this a trend?

1- Smaller malls : Using tech to battle competitors

Malls in China are experimenting with consumer behavior analytics and consumer engagement via their smartphone to add a personal touch to the shopping experience. “For example, Shanghai’s cloud Nine and Shenzhen’s SEG plaza use the social-messaging app WeChat for news and loyalty programs.” (Global Retail Trends, 2016)

2- Social selling : Snap, chat and buy

Social media can function as a selling channel and as a marketing channel to interact with consumers. Pinterest launched a but it button and Instagram expanded advertisement programs. Twitter, Facebook and YouTube experimented with buy buttons as well.

The Chinese WeChat is dominant in social selling. “It successfully integrates brands’ commercial accounts and digital influencers, reaching shoppers directly through an app that many of them check constantly throughout the day” (Global Retail Trends, 2016)

Furthermore, fashion bloggers became extremely important. “Bloggers such as Man Repeller and Chiara Ferragni are more influential on Twitter than Taylor Swift is, according to SocialBro, a social-marketing company.” (Global Retail Trends, 2016)

“In China, brands greatly benefit from the influence of “verified” key opinion leaders who generate content for the microblogging platform Weibo. Many of these influencers have more than 1 million followers.” (Global Retail Trends, 2016)
3- Tech investment: Feed the digital shopping habit

Customers will continue to shop online and will search for products and service through mobile devices.

4- Loyalty Programs: Keep them Coming Back

“Retailers frequently use clubs, memberships and elements of gamification to help increase customer loyalty. Many retailers also work to personalize their offerings in order to strengthen their bond with individual customers. Such efforts particularly resonate with millennials, who tend to view themselves as unique individuals and demand that the products and services they receive be customized to their wants and needs” (Global Retail Trends, 2016)

What to expect?

1- Smaller malls: Using tech to battle competitors

The majority of the Chinese shopping malls around the world will apply smart technology in 2016 like free Wi-fi connectivity and are likely to be the fastest in adopting technologies. Furthermore, mall operators will work closely with retail partners to improve the customer experience.

2- Social selling: Snap, chat and buy

Social Media will be extremely important. Influencers and instant social media will be highly important for brands and retailers.

3- Tech investment: Feed the digital shopping habit

Retailers have to invest in mobile apps, secure online pay systems and faster fulfillment capability. (Global Retail Trends, 2016)

4- Loyalty Programs: Keep them Coming Back

“More retailers will embrace and facilitate personalized experiences for customers at all discovery, consideration and purchase touch points. Brands and retailers will achieve this by investing in improved loyalty and membership programs and by implementing in-store and e-commerce data analytics technologies. In addition, smartphone apps are set to become more prominent in loyalty programs, and many members are likely to use their smartphones in place of plastic membership cards in the years ahead” (Global Retail Trends, 2016)

Objectives + Actions

See action 2, 3, 4, 5, 6, 8, 11, 14 for concrete actions related to social selling snap, chat and buy.

See action 16 for concrete actions related to tech investment: Feed the digital shopping habit and the loyalty programs: keep them coming back.

Social - Cultural

<table>
<thead>
<tr>
<th>MOST IMPORTANT TREND</th>
<th>1- ATHLEISURE: A LOOK BECOMES A LIFESTYLE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2- RETAILTAINMENT: DRINK, DINE AND DISCOVER</td>
</tr>
</tbody>
</table>

(Figure 14 shows a summary of Social- Cultural Factors)

Source: Global Retail Trends, 2016
“As more consumers commit to healthier lifestyles, athleisure is moving fashion from the yoga mat to the office” (Global Retail Trends, 2016)

**What are the most important trends?**

1- **Athleisure : A look becomes a lifestyle**

Athleisure is a lifestyle. Fashion is inspired by yoga and athleticism and is embraced by people who would like to live a healthier life and a more active life. Fashion companies like Under Armour are combining technology with athletic wear. (Global Retail Trends, 2016)

2- **realtainment: drink, dine and discover**

“Brand hope to give customers a reason to come back to the physical store even though most purchases can now be made online. Brands incorporate in-store events, more interesting and decorative store interiors and interactive elements that fully involve customers in a way that is unique to the brand” (Global Retail Trends, 2016)

**Why is this a trend?**

1- **Athleisure : A look becomes a lifestyle**

More and more companies like Tory Burch, one of the competitors of ST, have all launched athleisure lines and has become more acceptable for casual occasions and use this sporty look for multiple occasions. (Global Retail Trends, 2016)

2- **realtainment: drink, dine and discover**

To motivate shoppers to go to a physical store and shopping centers, the following concepts are made:

- Urban outfitters, club monaco (ST’s competitor) have opened coffee shops in their stores (Global Retail Trends, 2016)

- Tommy hilfiger have provided shoppers with Virtual Reality headsets to experience the run way shows virtually. (Global Retail Trends, 2016)

**What to expect?**

1- **Athleisure : A look becomes a lifestyle**

This trend will grow since more consumers embrace a healthier lifestyle and this will be soon everywhere. Likewise, the denim trend in the 1970’s. Fashion companies that offer athleisurewear, like Nike and Under Armour are likely do very well. (Global Retail Trends, 2016)

2- **realtainment: drink, dine and discover**

“retailers will use in-store technology such as VR to make the shopping experience more fun and entertaining. And we anticipate a proliferation of mobile apps that improve the in-store experience by giving shoppers access to customizable shopping lists, location-relevant promotions, and product and inventory information” (Global Retail Trends, 2016)

**Objectives + Actions**

See action 19 in chapter 5.2 for concrete actions related to the realtainment drink, dine and discover.
Conclusion

In this chapter the most relevant trends and developments in the market in HK have been discussed.

The **demographic trend** is that more and more women participate in the economy, gaining increasing economic independence.

An important **economic trend** is the experience economy. Young generations prefer to attend live events, travel and dine at trendy spots. Furthermore, the rental prices in the city are extremely high.

The **ecological trend** is the sustainability and ethics. Young generations are looking for products and services that provide them with trustworthy information, a brand that reflects a mission and clothes which are produced in a socially conscious and ethical way.

Four **technological trends** are important. Smalls malls: using tech to battle competitors; social selling: snap, chat and buy; Tech investment: Feed the digital shopping habit; loyalty programs: keep them coming back.

The **social cultural trends** are athleisure: A look becomes a lifestyle; retailment: drink, dine and discover.

All these trends will be elaborated in chapter 7, actions.

4.9 Customer Needs and Behavior

Customer needs and buying behavior
Who, what, when, where, why, how?

(Figure 15 shows the customers needs)

Customers shopping at Supertrash Hong Kong are looking for trendy, sexy, feminine and wearable fashion at an affordable price.

What are the needs, buying behaviour and attitude of the customers who are shopping at Supertrash in Hong Kong?

First of all, we need to look at their cultural considerations. Consumers in Hong Kong perceive buying situations differently than in the Netherlands. For example, interviews and research have shown that the number 4 is forbidden and is associated with death. Furthermore, girls like to show their legs instead of their upper-body. (Student from Hong Kong, 2015)

Furthermore, the potential Supertrash consumer in Hong Kong is affected by many social connections that can affect the buying decision. Family, friends and social media are big influencers. The buyers are young women aged between 25 and 35 and belong to the middle and upper class. Buyers will use the clothing for personal use or maybe as a gift for a friend. This means that the decider is an independent woman who likes to appear elegant and trendy.
ST Studio’s clothes means more than fashion, they creates a certain lifestyle. The clothes are suitable for a business occasion, a day at the office or a dinner. Most young women, aged between 25 and 35, who choose to wear Supertrash will have a job or are a housewife. Therefore, it is important to consider that the outfits are wearable during the whole day and evening.

Where do the customers come from? 86% of the people shopping at the pacific place shopping mall are local inhabitants from Hong Kong, 6% are from the Chinese mainland and 8% are defined as others. In the Festival Walk shopping mall 91% are locals, 8% are Chinese and 0% are others.

(Figure 16 shows a summarized Customer Profile)

<table>
<thead>
<tr>
<th>Store</th>
<th>Local (%)</th>
<th>Chinese (%)</th>
<th>Others (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Place</td>
<td>86%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Festival Walk</td>
<td>91%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>87%</td>
<td>6%</td>
<td>7%</td>
</tr>
</tbody>
</table>


“A western brand invests a lot in advertising and prime store locations, you will see that this attracts more consumers who are relatively affluent, western brands usually give a quality image” (C.Lam, Ministry of Foreign Affairs, personal communication, December 18, 2015).

Consumers shopping at ST. by Olcay Gulsen are looking for sophisticated exclusive fashion items from Europe.

The target group is less price conscious and more focused on whether the purchase is worth it in terms of quality, style, fitting and comfort. (Fairton, personal communication, February 24, 2016). Compared to the Netherlands, customers in Hong Kong are willing to pay for a well-known and high-end fashion brand (ST. Studio, personal communication, November 2015). To conclude, clients always prefer feminine, stylish, fashionable and colourful styles rather than basic and timeless styles. (Fairton, February 24, 2016).

In conclusion, consumers shopping at ST. by Olcay Gulsen

- Are looking for affordable, feminine, stylish, fashionable and colourful clothing. (Fairton, personal communication February, 27 2016)
- Want easy to wear yet stylish (commercial) style. (Fairton, personal communication, February, 27, 2016)
- Are less concerned about the price of the product, would rather pay for quality clothes with a great fit and comfort. (Fairton, personal communication, February, 27, 2016)
- Are living in the city of Hong Kong, in a middle to upper class residential area close to, for example, Festival Walk. (Fairton, personal communication, February, 24, 2016)
- Are financially positioned in the middle class, have a high income and are working or are a housewife. (Fairton, personal communication, February, 29, 2016)
- Are women between 25 and 35 years old. (Fairton, personal communication, February 29, February 2016)
- Are looking for a sensitive and sophisticated brand from Europe. (Fairton, personal communication, December, 4, 2015)

4.10 Customer Profile

"I buy ST because I like to wear clothes from a Western brand. It have the impression that ST. by Olcay Gulsen sells clothes with a high quality standard, that is important for me". (Youngjun Koo, 30 years, housewife)
4.11 Competitive Forces

In this chapter the competitive forces for ST. will be discussed. Who are the competitors in the market in Hong Kong? What are their strengths and weaknesses?

The field in the fashion industry in Hong Kong is extremely competitive. In order to be profitable, ST should establish a brand with a quality image and have a closer look at the strengths and weaknesses from its competitors. The main competitors in the market are Tory Burch, Maje (SMCP), Love Mochino and Club Mona. (Fairton, Personal Communication, December 4, 2016)

In figure 17 the strengths and weaknesses of all competitors are summarized.

Furthermore, a ST. By Olcay Gulsen Competitive landscape will be presented in figure 18.

Conclusion

The competitive analysis shows that an ambitious marketing plan is necessary. Therefore, in chapter 7 a marketing plan with objective and actions will be elaborated.

“ I work fulltime as a journalist. I like to wear and buy ST. by Olcay gulsen because it is feminine, stylish and easy to wear at the same time. I live close to the shop at Festival walk, so the shop is very easy to reach for me ”. (Sum Sum lee, 28 years old)
<table>
<thead>
<tr>
<th>COMPETITORS</th>
<th>STRENGTH</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TORY BURCH</td>
<td>- Leadership of Tory Burch, listed as the world’s 73rd most powerful woman. (Forbes, n.d.)</td>
<td>- Limited market diversification, most sales take place in the US. (Euromonitor, 2014)</td>
</tr>
<tr>
<td></td>
<td>- 21 stores in China, pontifical to gain economies of scope and scale. (Euromonitor, 2014)</td>
<td>- Weak translation services within the firm in China . (Ibtimes, 2013)</td>
</tr>
<tr>
<td></td>
<td>- Benefits from a high level of media attention, including support from Oprah Winfrey. (Forbes, n.d)</td>
<td>- Tory Burch products are sold in a highly discounted outlet store in Hong Kong, potentially devaluing the brand premium for mainstream retail sales, and reducing the potential profit margin (theoutnet, n.d.)</td>
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<tr>
<td>MAJE</td>
<td>- Products manufactured in low cost countries, increasing profit margin Part of a larger commercial group; (UKfashionspot, 2013)</td>
<td>- Maje products are sold in a highly discounted outlet store in Hong Kong, potentially devaluing the brand premium for mainstream retail sales, and reducing the potential profit margin. (outnet, n.d)</td>
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<td></td>
<td>- SMCP, which may provide greater resources and financial backing. (Fashionmagazine, 2015)</td>
<td>- Sales in existing stores are increasing at a slow rate; only 1.7% year on year. (Fashionmagazine, 2015)</td>
</tr>
<tr>
<td>LOVE MOSCHINO</td>
<td>- Competitive advantage of differentiation associated with manufacturing in Italy (Mochino, n.d.)</td>
<td>- Higher manufacturing costs due to manufacturing in Italy. (MBAskool, n.d.)</td>
</tr>
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<td></td>
<td>- Four stores in China, including the one in Hong Kong, indicating higher experience and knowledge of Chinese culture. (MBAskool, n.d)</td>
<td>- Low level of brand awareness. (MBAskool, n.d.)</td>
</tr>
<tr>
<td>CLUB MONACO</td>
<td>- Strong social media presence (MBAskool, n.d.)</td>
<td>- Weak in traditional advertising mediums (MBAskool, n.d.)</td>
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<td></td>
<td>- Diversification through different categories of clothing (MBAskool, n.d.)</td>
<td>- High overhead costs (MBAskool, n.d.)</td>
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<td>- 10 retail stores in Hong Kong (MBAskool, n.d.)</td>
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<td></td>
<td>- Owned by Ralph Lauren (MBAskool, n.d.)</td>
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<tr>
<td>COMPETITORS</td>
<td>STRENGTH</td>
<td>WEAKNESSES</td>
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<tr>
<td>ST BY OLCAY GULSEN</td>
<td>- They are located in many global locations, allowing them to compete directly in these markets. Additionally, ST is in more countries than Club Monaco. - Each brand and company brings unique styles to the market. Due to this, the designer, Olcay Gulsen, represents a strength for the company. - European brand on an Asian market - Local partner Fairton</td>
<td>- The website is not very internationally friendly. The competitors have individual sites for the different markets they operate in and can show prices in multiple currencies. ST does not appear to have these options and the website is a mix of English and Dutch. - Despite Olcay Gulsen being well-known, the brand is not as well known as the others.</td>
</tr>
</tbody>
</table>

(Figure 17 shows the S/W from ST’s competitors)
<table>
<thead>
<tr>
<th>COMPANY WEBSITE</th>
<th>ST. by Olcay Gulsen</th>
<th>Tory Burch</th>
<th>Maje</th>
<th>Love Moschino</th>
<th>Club Monaco</th>
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</table>

| OVERVIEW | ST by Olcay Gulsen is a fashion brand that started in 2004 under the SuperTrash label. (intrendworldwide, n.d.) | Tory Burch began in 2004 and is an internationally renowned brand. Many of her products are casual, but fashionable. (Toryburch, n.d.) | Maje is part of a collection of brands referred to as SMCP, all of which are fashion brands. It originally started by selling active wear, but moved into the more luxurious market as time moved on. (Maje, n.d.) | Love Moschino is one part of 3 Moschino brands, with the other two being Moschino and Boutique Maschino. While the brands have different products, they are sold on a single site. (moschino, n.d.) | Club Monaco is a fashion brand that is owned by the larger Ralph Lauren brand. Their style is modern, using great fabrics with a great fit. (clubmonaco,n.d.) |

<p>| REVENUE | N/A | $800 million (fastcompany, 2014) | €675 million for all of the SMCP brands (fashionmagazine, 2015) | $186 million for the entire set of Moschino brands (Fashiontimes, 2015) | $78.61 million (Hoovers, n.d.) |</p>
<table>
<thead>
<tr>
<th>COMPETITIVE ADVANTAGE</th>
<th>ST. seeks to create timeless designs. It doesn't just want to offer frequent new styles. The goal is to create stylish clothes that women will still be wanting to wear years down the road. This takes quality and strong familiarity of the market. (intrendworldwide, n.d.)</th>
<th>Tory Burch has a very recognizable brand, with a presence in over 25 countries. It stays relevant in a number of ways, including being the first fashion house to create accessories that work with the popular Fitbit device and by introducing new types of products and lines. It focuses on creating products that fit the region they're being made for, while still making sure that what they create has a global appeal. (fastcompany, 2014)</th>
<th>A major competitive advantage of Maje is its collaborations. The company collaborates with others well known fashion brands. This allows the company to leverage the expertise, as well as the audiences, of others in the industry. Collaborations have included KWay and Alexa Chung. Additionally, the practices of their supply changes allow them to quickly respond to market changes. (Reuters, 2015)</th>
<th>A competitive advantage is due to Love Moschino’s connection with the other two brands. All of them are on the same site, so advertising for one brand brings attention to the other brands, which could increase sales. While some of the brands have a men’s line, Love Moschino does not have a section for them; however, they do offer a lookbook for men's style.</th>
<th>Unlike many other brands in the space, Club Monaco offers lines for both men and women. This allows it to appeal to a wider audience. They seek to provide relevant and fashionable designs. (Investor Ralph Lauren, n.d)</th>
</tr>
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<tbody>
<tr>
<td>HONG KONG LOCATIONS</td>
<td>ST. by Olcay Gulsen is mentioned as opening up as 2 pop-up stores in Hong Kong last year, both in different malls. However, one of the malls no longer lists the store. (RJMstyle, n.d.)</td>
<td>Tory Burch has 7 store locations in Hong Kong, They are throughout the city, including in popular locations such as Times Square, the airport, and several malls. (Toryburch, n.d.)</td>
<td>Maje has 4 locations in in Hong Kong. They are mostly in malls or shopping centers, with one being in Times Square (fashionunited, 2015)</td>
<td>Love Mochino operates 6 store locations in Hong Kong, as well as additional locations in other parts of China. In Hong Kong, they have several locations in the central district, one at Times Square, and several in malls.</td>
<td>Club Monaco has 9 locations throughout Hong Kong. Most of the stores are in malls and they also have a location at Times Square. Other locations are on busy roads, such as Queen's Road Central. (clubmonaco, n.d.)</td>
</tr>
<tr>
<td><strong>ONLINE / OFFLINE FOCUS</strong></td>
<td>ST. makes sales both online and off. However, its focus appears to be on offline channels. The brand’s products are sold in many different stores, not just; those branded by the company, so this creates many offline sales channels. (intrendworldwide, n.d.)</td>
<td>Tory Burch makes sales both online and offline. Online, they ship to many different countries, expanding their reach. However, they strive to create a good in-store customer experience, which is not available in an ecommerce environment. (Customerthink, 2014)</td>
<td>Maje sells its products online and offline. The parent brand, SMCP, have been rapidly expanding their retail stores, with over 60 added last year. However, they have improved the online experience enough to double their internet sales. (insideretail, 2015)</td>
<td>Love Moschino sells its products online and offline. While the company does not provide much information about their strategy in either area, in the past, they have sought to increase online sales. For example, they optimized their website for mobile devices and did a campaign and free shipping deal to drive sales.</td>
<td>Club Monaco sells its products online and offline. The company does not reveal much information on their online vs retail sales. However, the parent company mentions that they license Club Monaco stores in addition to corporate locations. This is a strong push for offline sales. However, ecommerce is still a goal and the website is set up for sales. (investor Ralph Lauren, n.d.)</td>
</tr>
<tr>
<td><strong>MARKET POSITION</strong></td>
<td>The company is positioned to target strong women looking for comfortable, yet stylish clothing. The clothing is meant to fill a market gap, which is the market between high street and high end.</td>
<td>Tory Burch positions itself as a more casual brand with unique designs. Their focus has been completely on women, rather than having a mix of offerings for both genders, but that is changing. The company has locations globally, rather than focusing on a certain region. While it does not have a specific position in the Hong Kong market, they do place their stores in very popular areas. (FastCompany, 2014)</td>
<td>Maje positions itself as a brand that has affordable luxury. The market that they target is modern and elegant women, which is supported by the middle class in the country. Their clothing has been described as bohemian, so it appeals to that market. (Insideretail, 2015)</td>
<td>While the three Moschino brands do have some differences, the overall market they are targeting is relatively the same. They target younger adults, both men and women, who are looking for upscale fashion with personality. The Moschino brands offer bold colors and designs.</td>
<td>Club Monaco targets both men and women. They seek younger men and women that are looking for affordable fashion. They specifically target students with a student discount offer. (All Day Everyday, 2015)</td>
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<tr>
<td>ADVERTISING</td>
<td>Strengths: ST. has a presence on 5 social networks. The owner has made herself into a media personality, which keeps her name in the forefront of people's minds and it relates back to the brand.</td>
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<td></td>
<td>Weaknesses: Much of the advertising is focused on the designer over the brand.</td>
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<td></td>
<td>Strengths: Tory Burch is a person as well as a brand. Due to this, news about her tend to mention her brand, which lends some free advertising for the company. They have a presence on 7 social networks and apps for the 3 main operating systems (Android, Apple, Windows), which allows for a multi-channel approach. There is also a well-written blog, which supports a content marketing strategy. It also participates in promotional events, such as fashion shows. (fastcompany, 2014)</td>
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<td>Weaknesses: While the company is very strong in its online presence for advertising, it appears to be less represented through other mediums. (fastcompany, 2014)</td>
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<td>Strengths: The company has a variety of advertising methods that it uses. They do campaigns for the different seasons, such as summer or fall, which gets the type of clothing people are buying in front of them at the right time. Their advertising expands past these campaigns, however, as they have had ads on taxis, with branding both inside and out. (draperonline, 2013)</td>
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<td></td>
<td>Weaknesses: Most of their advertising isn’t region-based. (draperonline, 2013)</td>
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<td>Strengths: Moschino is known for its bold advertising, which aids in them being seen as a &quot;rebel&quot; brand. This is popular among bloggers and other fashion writers. They also offer season-specific campaigns. (Huffingtonpost, 2016)</td>
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<td></td>
<td>Weaknesses: While these bold campaigns are popular, they can also alienate some groups. (Huffingtonpost, 2016)</td>
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<td>Strengths: Much of Club Monaco’s marketing is around their lookbooks. These showcase the current lines and perform well on social channels. (DMN News, 2013)</td>
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<td></td>
<td>Weaknesses: Much of their advertising is only in ecommerce channels. (DMN News, 2013)</td>
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4.12 Porter Five Forces

For the MESO analysis Porter’s five forces will be used to describe the competitive position of the fashion industry in Hong Kong.

Background

Olcay Gülşen, who is more commonly known as OJ Gulsen, set up the fashion brand SuperTrash in 2004, known as ST by Olcay Gulsen. The brand has been successful, opening 30 stores internationally, including their first Chinese store in Hong Kong during 2015. These Chinese market, especially Hong Kong, has a highly competitive market with many different retailers and brands. The competitive environment can be examined using Porters Five Forces model, looking at five dimensions of the commercial environment which will impact on the firm; the threat of new entrants, the power of buyers, the power of suppliers, the threat of substitutes, and the level of rivalry. (Lingerieinsight, 2012; Retaildetail, 2016; China’s fashion industry, 2014).

(Figure 19 shows the Porter’s Five Forces Model)

Source: notedesk.com
**Buyer Power - Limited Pressure**

ST by Olcay Gulsen sells the products though their own stores, and through third party stores. For any retail brand, the buyers may be divided into two group; commercial buyers and the consumers. The commercial buyers may purchase items in large quantities, which will give them a greater potential influence to demand good contract terms. By comparison, consumers have little power, as each consumer buys a very small percentage of the firms overall sales. However, as a group, consumers have a high level of power, as fashion buyers tend to purchase in line with current fashions and trends. In addition, consumers have lots of choice for fashion brands in Hong Kong, with competitors such as Tory Burch, Maje, Love Mochino, and Club Monaco all having selling location in the area, and the low, or none existent switching costs increase the power of buyers. These factors indicate the power of buyers is moderate. (youtube, 2011; euromonitor, 2014; UK fashionmagazine, 2015; quickmba, n.d.)

**Threat of Substitutes - Little pressure**

Substitutes are goods or products, which satisfy the same need, but are not in the same category. There are few acceptable substitutes for fashion, with most competition coming from other fashion items. Accessories may help to satisfy a desire to look good, but this is an imperfect substitute. Likewise, visiting a spa to feel good about appearance may also be a weak substitute. These factors indicate a low threat from substitute products.

**Supplier Power - Limited pressure**

The main suppliers to ST by Olcay Gulsen are the manufacturing suppliers. ST by Olcay Gulsen, similar to some of the competing firms including Maje, uses outsource producers in countries with lower labour and overhead costs. As there are many potential outsource suppliers for ST by Olcay Gulsen. If the firm adopted a strategy similar to Love Mochino, manufacturing in their country of origin, there would be less choice of manufacturers, giving the suppliers a higher level of power. These factors indicate the power of suppliers is low. (UK fashionspot 2013; youtube, 2011; Mochino, n.d.)

“ST’s clothes are produced in multiple countries and factories in the Netherlands, Turkey, China, India and Italy. This happens at all times in a responsible way. For this, the supplier should work with certificates, otherwise we are not willing to work with them. In general, the transport is by boat because transport by plane is very expensive. The transport by plane is three times as fast, however, the margin is technically never attractive” (Mulder M, Service Experience Manager, personal communication, May 3, 2016)

Therefore, ST. has alternative suppliers to work with. Nevertheless, the transport costs are very challenging.

**Threat of New Entrants- High Pressure**

The market is attractive to potential new entrants with a continuing growth trend. The current value of the fashion market in Hong Kong is worth US $57,620,000 in 2016, and expectation it will be the 7th fastest growing fashion market between now and 2025. This provides pull factors which may draw new competitors to the market.

The barriers to entry and exit will also impact on the potential threat of new entrants. Hong Kong, unlike the rest of China, does not levy import taxes on fashion. In addition, with high demand for western fashion, there is also relatively easy access to retail channels with very low levels of bureaucracy.
These factors all indicate that there is a high potential threat from new competitors. (PWCHK, 2015-2016; McKinsey, n.d; dutycalculator, n.d)

Industry Rivalry - High Pressure

The fashion industry in Hong Kong is highly fragmented, with many brands and retailers competing for the same target markets, without collaboration. This indicates a potentially high level of rivalry. (McKinsey, n.d.) However, when looking at ST by Olcay Gulsen, more value can be gained by looking at the competitors seeking sell to the same target market; Tory Burch, Maje, Love Mochino, and Club Monaco. These can be considered by looking at the strengths and weaknesses of the competitors, see SWOT analysis in chapter 4.16

Conclusion:

ST by Olcay Gulsen operates in a highly competitive market. There is only a limited level of power with consumers and suppliers, and little threat from substitute products. However, there is a high level threat from potential new entrants, as well as a high levels of rivalry from existing competitors.

<table>
<thead>
<tr>
<th>Supplier Power</th>
<th>Limited Pressure</th>
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<tbody>
<tr>
<td>Buyer Power</td>
<td>Limited Pressure</td>
</tr>
<tr>
<td>Threat of Substitutes</td>
<td>Little Pressure</td>
</tr>
<tr>
<td>Threat of New Entrants</td>
<td>High Pressure</td>
</tr>
<tr>
<td>Industry Rivalry</td>
<td>High Pressure</td>
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4.13 Results Observation Analysis

To investigate what people actually do rather than what they say they do and think, three local ghost shoppers in Hong Kong went for the research to the two stores in Pacific Place and Festival Walk.

The local ghost shoppers were asked to observe the stores from the inside and the outside. In the store they were instructed to act naturally and to pretend they were interested in buying something. By doing so they were able to observe the whole process from entering until leaving. Furthermore, an observation analysis took place as well outside the store. Examples of some questions were: “Who is going into the store? Who is going out? What is their age group? How do people behave in front of the store?” The questionnaire attached contains the exact questions.

The inside observation was divided into different parts. The first ghost shopper went to the store in Pacific Place on a Saturday. On Monday morning she visited the store in Festival Walk shopping mall. The second ghost shopper visited Festival Walk on a Thursday around 18:30 and the third ghost shopper visited the shop in Pacific Place during a weekend.

Section A: Welcome (Pacific Place)

The shop window in Pacific Place looked attractive according to the ghost shoppers. It looks like a “Fashion/ designers brand from the window. Fresh and bright, good for this season but maybe a bit cold looking for winter”. (Ghost Shopper, Personal Communication, N.D.)

Inside the store there were 4 customers and 2 members of staff and who acknowledged new customers with a smile. “They told me to look around and informed me that there was 10% off for 1 item and 15% off for 2 items after 5 minutes. The overall impression of the shop was warm, friendly and
welcoming. “It’s very attractive. Not really easy to locate but this is fine since the store is not large. I like the display in general” (Ghost Shopper, Personal Communication, N.D.)

The ghost shopper felt comfortable and was not pushed to buy anything. Nevertheless, she felt a little big ignored compared to the mother and daughter in the shop. “The employees were talking to the daughter (chit-chatting) and helping the daughter to try on the dresses. They did not really take care of me” (Ghost Shopper, Personal Communication, N.D.)

Section A: Welcome (Festival Walk)

Similar to the shop in Pacific place, the shop window looks attractive. Four customers were inside the shop on Monday morning and three staff were visible when entering the store. After being acknowledged with a greeting and a smile, the sales assistant introduced the product that the ghost shopper was looking at. Furthermore, they were watching for new customers, anyone they could help, restocking, tidying racks and other administrative work during the visit of both ghost shoppers.

Both shoppers were approached by a staff member while entering the shop and while browsing. “I like the way she approached me and introduced products and discounts to me. I felt welcomed but not pushed”. Therefore, her impression of the shop was friendly, warm and welcomed. The lay-out of the shop was attractive, easy to locate what you are looking for. The items were categorised as female wear and casual wear.” (Ghost Shopper, Personal Communication, N.D.)

Section B: Selling Skills (Pacific Place)

When approached the assistant didn’t ask questions to clarify the needs during the visit of one ghost shopper but gave some suggestions directly. During the visit of the second ghost shopper the sales assistant did ask questions to clarify the needs. Nevertheless, the sales person listened and responded to answers “quite clearly”. Various items were presented for certain style and sizes. For example, one of the ghost shoppers asked for a dress for a graduation ceremony and one of the staff members quickly consulted the shop supervisor. The overall conclusion of both ghost shoppers for this section was that the knowledge and service was good and clearly fulfilled the needs according to the experiences of the ghost shoppers.

Section B: Selling Skills (Festival Walk)

The assistant in Festival Walk didn’t ask questions to clarify the needs. For the rest, the general impression was positive. The sales assistant listened to the questions and presented several items to consider. According to the ghost shopper here knowledge was of a high level. “I felt that she knew a lot about all the products”. (Ghost Shopper, Personal Communication, N.D.)

Section C: Customer Care (Pacific Place)

During the observation, the sales assistant was professionally dressed and acknowledged other customers while serving. The impression was positive and the employee was positive, pleasant and helpful. The assistant smiled and made eye-contact although not “very naturally and professionally”. When leaving the shop in Pacific Place the assistant did not say goodbye or thank the customer during their visit.

The ghost shopper did feel “kind of welcomed. Between Yes and No”. Nevertheless, the quality of the service would make her want to return, especially since the service was “Quite professional, especially with the daughter” (Ghost Shopper, Personal Communication, N.D.). The overall experience was positive and the service was about as expected.
An aspect what the ghost shopper was most impressed about was the fact that the sales person and the mother were talking about the mother’s personal life while the daughter was in the fitting room.

The most disappointing aspect about the observation was the staff didn’t say goodbye and came to the ghost shopper after 5 minutes to talk about a discount. If anything could be changed the ghost shopper would recommend to add one or two extra staff members in the store plus wearing a name badge for the staff.

Section C : Customer Care (Festival Walk)

While serving, the ghost shopper was acknowledged by the sales assistant. Nevertheless, the employee was not professionally dressed. “I had difficulties to find out who is staff and who are customers”. (Ghost Shopper, Personal Communication, N.D.)

The assistant was very friendly, pleasant and helpful and thanked the ghost shopper for her visit. “She asked me to visit their store again. She smiled and it made me feel very good. I felt very welcome and valued”. (Ghost Shopper, Personal Communication, N.D.)

The quality of the service made the ghost shopper want to return. “It was very personal & sincere with more than a goodbye. Overall, the service was better than expected. “Better than the store in Pacific Place I think”. (Ghost Shopper, Personal Communication, N.D.)

The ghost shopper was most impressed by the service of the sales person and most disappointed about the mess inside the store. “Inside the store it was a bit messy. Two other staff members were working on sorting products and price tags. A bit unprofessional” (Ghost Shopper, Personal Communication, N.D.)

Based on the experiences in the store, a recommendation would be to make the store a bit more spacious, this was also the feedback from the second ghost shopper. “It was a bit crowded, even on a Monday morning (then imagine weekends). There are a lot of customers in this shopping mall, so ST. Studio needs to consider their space.” (Ghost Shopper 1, Personal Communication, N.D.) “Shop is quite small” (Ghost Shopper Two, Personal Communication, N.D.)

The feedback from the second ghost shopper was in general very positive and she was most surprised by the fact that the shop had different items for different age categories. Furthermore, “Shop supervisor was wearing a name badge, the two other sales assistants had no badge”. (Ghost Shopper, Personal Communication, N.D.) Another point that one of the ghost shoppers gave as a point of feedback is that the clothes seem expensive to her but if you buy more than HKD 2000,- you can get a coupon for HKD 500,-.

Section D : Observation outside the store (Pacific Place)

The ghost shopper observed the store for a little while from outside and observed the following facts:

When the ghost shopper walked in there was a daughter of about 20 years old and her mother. The daughter was trying on several dresses. While in the store a 30 something couple came in, walked around and went out. “In general, the the overall age category is around 30 years old”.

Basically most shoppers in the mall passed by. It’s Saturday today and most shoppers are here with family”. (Ghost Shopper, Personal Communication, N.D.). The behaviour inside and in front of the store was that most shoppers focused on Zara, which is located beside the store. 30% of the shoppers who passed by looked into the display of the store.
Section D: Observation outside the store (Festival Walk)

During the visit to the store ladies aged between 25 and 45 years old went in and out. Male and middle aged to older ladies didn’t stop by and are passed by the store.

The store in Festival Walk looks warmer compared to the one in Pacific Place according to the feedback from the ghost shopper. Furthermore, in general people look at the window and walk in. Another scenario is that they do not pay attention at all and walk away. “I would say this is because the window is really unattractive”. (Ghost Shopper, Personal Communication, N.D.)

That the shop looks unattractive from the outside is confirmed by all ghost shoppers.

Further recommendations or remarks were that the store looked a little bit messy on the Monday morning. “It seems that the staff were busy with sorting all the products”. (Ghost Shopper, Personal Communication, N.D.)

Conclusion

The overall feedback from the ghost shoppers was positive. ST. By Olcay Gulsen already has a well positioned brand in the market of Hong Kong. The most important feedback can be summarised as followed:

Pacific Place:

I. They felt welcomed while entering the store. The overall expression was warm / friendly and welcoming.

II. Knowledge and service is good and clearly fulfilled the needs of the ghost shoppers

IV. The ghost shopper did feel “kind of welcomed. Between Yes and No”. Nevertheless, the quality of the service would make her want to return.

V. The staff came to the ghost shopper after 5 minutes to talk about discount and didn’t say goodbye. This should not be the case, every employee should be trained to say goodbye.

VI. The selling skills of the employees are good but they need to pay attention and ask the customers questions to clarify their needs.

VII. Since the shop is located next to Zara, ST. by Olcay Gulsen en Fairton should make sure that the shop window is as attractive as possible to attract customers. The ghost shoppers mentioned that the store in Festival Walk looks warmer compared to the one in Pacific Place.

VIII. Employees need to wear a name badge in store

Festival Walk:

I. Shop window looks attractive from the outside

II. They felt welcomed while entering the store. The overall impression was warm / friendly and welcoming.

III. Employees were watching for new customers, restocking etc.

IV. The employees didn’t ask questions to clarify the needs. Employees should be trained to pay attention to ask the right questions to the customers to clarify their needs.

V. It was a bit messy inside the store, another important point of feedback from the two ghost shoppers is to make the shop in Festival Walk more spacious, it is a bit crowded.

VI. The selling skills of the employees are good but they need to pay attention to ask questions to the customers to clarify their needs.
VII. Employees need to wear a name badge.

4.14 Unilever Brand Key Model

(Figure 14 shows the Brand Key Model)

Source: slideshare.net

The brand Key model of Unilever can be used to position brands. This model mentions eight steps that lead to differentiating and relevant brand positioning. This model helps to establish a framework for ST by Olcay Gulsen in Hong Kong and creates a common language for the store and future stores. (Capgemini Consulting 2010)
The eight steps are:

I. Competitive environment: Describes the choices available to the consumer with which your brand competes. Who are the competitors in the market? (SCRIBD, n.d, P 12)

II. Target Audience: Describes the person who will buy the brand. Who is the target group of ST. by Olcay Gulsen? (SCRIBD, n.d, P 17)

III. Insight: Key insight in “seeing” the inside of a consumer. This can show how a brand can solve a problem and create a solution for them. Which insight can express the totality of all we know from seeing the inside of a consumer? This is about obtaining information about what people think and do and to build an understanding about why they do this. (SCRIBD, n.d, P 22)

IV. Benefits: Describes various ways in which the brand solves consumers problems or will offer an improvement in some aspects of their life. What are the brand benefits to a consumer emotionally, functionally and self-expressive? (SCRIBD, n.d, p 31.)

V. Values and Personality: What does the brand stand for? What does the company believe in? How does the brand behave? These questions are important because this is why the company exists and is willing to live and die for. (SCRIBD, n.d, p 52.)

VI. Reasons to believe: Why is ST. by Olcay Gulsen better than alternative brands? The reasons are mostly emotional and related to the brand values. (SCRIBD, n.d, p 55)

VII. Consumer discriminator: This described the most compelling reason why someone would buy ST. by Olcay Gulsen. Describes in one sentence what it is that gives the brand its competitive edge. Explains the brand in one clear, defining thought. (SCRIBD, n.d, p 61)

VIII. Essence: What is the brand about? (SCRIBD, n.d, p 66)

How to apply the eight steps to the brand ST?

**Competitive environment**

- Competes directly with Tory Burch, Maje, Love Mochino and Club Monaco in the city of Hong Kong
- Competes with many other high-end European women’s clothing brands in the market in Hong Kong, yet unknown but they do exist.

**Target Audience**

ST. Studio feels committed and connected to women between 25 and 35 (ST. Studio, 2016)

**Insight**

Customers get a thrill from the clothes from ST because it’s a European brand. They have the feeling that they are special.

**Benefits**

Functional benefits: The clothes will protect me against the rain/cold/sun. Emotional benefits: Helps young women to feels more feminine, pretty and thereby they feel more powerful. Self expressive: Showing who you are as a person while wearing the clothes from ST. By Olcay Gulsen.
Values and Personality

- Femininity
- Purity
- Vulnerability as an asset
- Young women with character
- Trendy and affordable
- ST is more than a fashion brand, it is a lifestyle

Reasons to believe

I will buy ST. By Olcay Gulsen because I will buy a feminine and fashionable item for an affordable price which is a good quality.

Consumer discriminator

“ST. by Olcay Gulsen makes me feel elegant and feminine, confident and allows me to be 100% myself, a woman with character”

Essence

Makes women feel good and beautiful

Conclusion

The brand key model of Unilever is applied to ST to understand in what way and to what extent the ST. brand has been developed and positioned. The conclusion is that the brand has a very distinctive position. Brand issues like target audience, competitive environment, insights, benefits, values and personality, reasons to believe, consumer discrimination and essence were quite easy to fill in. This means that the brand has created a common language for the current stores in Hong Kong which can also be used for the future stores as well. People in Hong Kong are well aware of fashion and consider style as important. Hong Kong is described as a place for original fashion and trendsetters. (Lam, C. Ministry of Foreign Affairs, personal communication, December 18,2015). ST. wants to motivate women not to afraid to show vulnerability and because of this, feel powerful and secure. Open yourself to others, and get the chance to express yourself by wearing ST. Studio

4.15 External Opportunity + Threats

According to the above mentioned information we can conclude that Hong Kong is a melting pot of eastern and western cultures, therefore it is difficult to describe the specific consumer behavior in Hong Kong. “This is a very marketing driven city and there are many possibilities to create brand visibility” (C.Lam, Ministry of Foreign Affairs, personal communication, December 18,2015).

Many local service providers can advise Supertrash to create brand awareness and build a global brand. Supertrash worked together with Fairton International Group for the opening of the first two stores and is enthusiastic to proceed with the cooperation for the future stores.

Consumers who chose clothes from Supertrash are in general affluent and are looking for a sophisticated brand from Europe according to Ms. Lam from the Foreign Ministry of Affairs. (Personal communication, December 18, 2015)

“European brands are cool and Asian people would like to have what we have and like to copy what we do in Europe. Therefore, it is important for ST. by Olcay Gulsen to stay true to the DNA from ST. Studio” (N. Oldfield, GHC Asia, personal communication, March 3, 2016)
“Potential threat is the high rental price, although it has come down a little” (C.Lam, Ministry of Foreign Affairs, personal communication, December 18, 2015).

Furthermore, the number four is forbidden and associated with death.

To conclude, the competitive forces are very high. The four competitors, who are mentioned above, are very similar to Supertrash. They all offer the same type of clothes, are based in the same neighbourhoods of the city and they are all very active on social media and online. Furthermore, some of them are very active at the level of corporate social responsibility and are connected to charities. For example Tory Burch launched the Tory Burch foundation by mentoring and financing women who are running their own businesses. Oscar Venhuis puts this into perspective: “Although, consumers in Hong Kong are more sensitive to a brand providing coupons and discount deals than one linked to a partnership with a charity” (Personal communication, January 7, 2016).

(Figure 13: shows a summary of the external opportunities and external threats)

<table>
<thead>
<tr>
<th>INTERNAL STRENGTHS</th>
<th>INTERNAL WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Positioning of the person Olcay Gulsen was a success in the media: She was in various (local) papers and magazines.</td>
<td>* No Webshop available in Hong Kong but this is planned for the future.</td>
</tr>
<tr>
<td>* Various Celebrities and bloggers blogged about opening and reached many followers.</td>
<td>* Dependence from one Chinese partner, called Fairton. Fairton is responsible for hiring, training and recruiting the staff in the shops. They are the only partner who fully understand the foreign marketplace and local fashion/business culture.</td>
</tr>
<tr>
<td>* Steady relationship with Fairton according to Supertrash</td>
<td>- Financial point of view: There is no information available to really calculate and research the financially advantages and disadvantages of the cooperation between Fairton and Supertrash.</td>
</tr>
<tr>
<td>* Understanding of the marketplace because of the local partner Fairton.</td>
<td></td>
</tr>
<tr>
<td>* Financial strength: Supertrash and Fairton are investing equally in the marketing budget. 50 % Fairton, 50 % Supertrash.</td>
<td></td>
</tr>
<tr>
<td>* Prestige of a European Brand in Hong Kong</td>
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4.16 SWOT ANALYSIS

In order to define a marketing strategy, the internal and external factors should be analyzed. The SWOT matrix gives an overview of Supertrash’s internal weaknesses and strengths. Furthermore, it summarises the external opportunities and threats:

**EXTERNAL OPPORTUNITIES**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>O1</td>
<td>Hong Kong is a melting pot of Eastern and Western cultures</td>
</tr>
<tr>
<td>O2</td>
<td>Fairton provides Supertrash with marketing strategies and knowledge of the market</td>
</tr>
<tr>
<td>O3</td>
<td>Consumers are looking for sophisticated exclusive fashion brands from Europe</td>
</tr>
<tr>
<td>O4</td>
<td>Hong Kong is a free trading place</td>
</tr>
<tr>
<td>O5</td>
<td>Hong Kong is highly developed regarding technology compared to the rest of the China’s mainland</td>
</tr>
<tr>
<td>O6</td>
<td>Western brands gives a image of quality, this attract local people who are affluent.</td>
</tr>
<tr>
<td>O7</td>
<td>Global retail trends offer business opportunities in Hong Kong for ST.</td>
</tr>
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**EXTERNAL THREATS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>T1</td>
<td>High rental prices in Hong Kong</td>
</tr>
<tr>
<td>T2</td>
<td>Competitive threats are very high.</td>
</tr>
<tr>
<td>T3</td>
<td>Social and cultural differences according to numbers, colors and sizes.</td>
</tr>
</tbody>
</table>

**INTERNAL STRENGTHS**

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<thead>
<tr>
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<tbody>
<tr>
<td>S1</td>
<td>Positioning of Olcay Gulsen in various local media in Hong Kong</td>
</tr>
<tr>
<td>S2</td>
<td>Steady and good relationship with Fairton (Supertrash, 2015)</td>
</tr>
<tr>
<td>S3</td>
<td>Understanding of the marketplace because of the local partner Fairton</td>
</tr>
<tr>
<td>S4</td>
<td>Supertrash invests for 50% in the marketing budget and Fairton the other 50%</td>
</tr>
<tr>
<td>S5</td>
<td>Prestige of a European Brand in Hong Kong</td>
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**INTERNAL WEAKNESSES**

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</thead>
<tbody>
<tr>
<td>W1</td>
<td>Absence of a webshop in Hong Kong. Nevertheless, planned for the future.</td>
</tr>
<tr>
<td>W2</td>
<td>Dependence on one local partner in Hong Kong called Fairton. Fairton is responsible for hiring, training and recruiting the staff in the shops. They are the only partner who fully understand the foreign marketplace and local fashion/business culture.</td>
</tr>
<tr>
<td>W3</td>
<td>Despite Olcay Gulsen being well known, the brand is not as well known as the others</td>
</tr>
</tbody>
</table>

(Figure 14 shows a summary of the SWOT analysis)
CHAPTER 5 - ANALYSIS OF THE FIRST SELLING PERIOD

In 2015, Supertrash opened two stores in Hong Kong. On August 30th in the Pacific Place shopping mall and on September 26th in Festival Walk shopping mall.

In the first selling period, from August 30th until November 22nd 2015, the selling percentage for the shop at Festival Walk showed a low achievement rate of 16% out of 100%. The main reason for this is explained by the fact that Festival Walk opened its doors in early October. Pacific Place achieved a selling percentage of 62% out of 100% and opened it’s doors at the end of August 2015. (Business Review, 2015, Page 2)

Supertrash had a target before sale of 29% for both stores, the actual percentage was 18%. This makes a loss of 11%. (Business Review, 2015, Page 2)

According to these figures we can conclude that sales were less than expected. Possible reasons for this could be that both stores were open for a very short period and it is was therefore difficult to achieve the wanted targets in a short amount of time.

“The performance is far below expectation, there should have been a clearer positioning and direction during the first season. The situation in autumn winter collection 2015 was quite embarrassing but unfortunately cannot be avoided during transition period.” (Fairton, personal communication, February, 27 2016 )

During the first selling period, the best selling items were outerwear, woven tops, jersey wear, knitwear, dresses, jeans, handbags, jewelry and Shoes. (Business Review, 2015, P.5)
To conclude, the most important feedback from the first selling period from August 30th until November 22nd 2015 is:

- **ST. by Olcay Gulsen** fits the preferences of the customers in Hong Kong, they like the sophisticated and stylish designs. Furthermore, they appreciate the quality of a Western brand. Customers are concerned about the country of origin. Supertrash has the potential to grow further with a wide range of options. (Business Review, 2015, P.5)

- Hong Kong customers prefer bright and pastel colors. Size XS is too big for for 15% of the customers. There is an urge to produce a smaller, size XXS. (Business Review, 2015, P.5)

- Customers would like to see more items in wool, silk, real leather and fur. Customer would rather pay a higher price for real leather and finer materials. (Business Review, 2015, P.5)

- There is room for improvement to create and build brand awareness with marketing support. (Business Review, 2015, P.10)
(Figure 17 shows an overview of best selling items, November 2016 ) Source : Fairton, Business Review
CHAPTER 6 - MARKETING OBJECTIVES

What are St. Studio’s objectives to be used in achieving marketing plan strategies by creating, communicating and delivering value to the target market in Hong Kong? These questions will be answered by explaining three different objectives namely the marketing, financial and the societal objectives based on the 5.3 model from the Marketing Plan Handbook, 2011. This applies for both the current stores in the Pacific Place shopping mall, Festival Walk shopping mall and for the first two future stores (IFC and Hysan Place). In chapter 5, a detailed overview will be given on how to make these objectives operational and to how to put these actions into practice.

After the opening of the first two stores at the Pacific Place shopping mall and Festival Walk, St. Studio would like to open more stores in Hong Kong. On the left, the table is divided according to priority and most important places to open new stores in Hong Kong. On the right, there is a planning overview with possible new shopping places.

(Figure 18 : Planning and overview of priorities, Supertrash, 2015)
Source : M. Mulder, Personal Communication, September, 29, 2015

The first priority is to open one shop in the international financial centre (IFC).
The second priority is located in the heart of the hectic Causeway Bay, namely Hysan Place.

Are these locations suitable and well chosen?

“The malls are a good list, especially the first 5 (IFC, Hysan Place etc). These are the luxury shopping malls so it will attract an affluent crowd” - (N. Oldfield GHC Asia, personal communication, April 25, 2016 )

According to Mr Garland, CEO of Red Ocean Hong Kong, offering retail optimisation services, the mentioned locations are high end.
Certainly position the brand amongst the upper middle tier (ie not as ‘high end’ as Chanel, Fendi, but amongst the top of the next tier down). As to whether they are well chosen, it depends on whether you can make the numbers work. The answer if the locations on the list are well chosen and suitable depends on what they end up paying for the lease in these locations vis a vis what sort of sales they can generate. As they already have stores, they should have some numbers on conversion of foot traffic and sales conversion of walk ins, so if you can get these, you can probably do a rough revenue forecast for the stores. Then from that subtract the COGS, store operating costs and you’ll have an answer as to whether the locations can make $. (personal communication, May 4, 2016)

In chapter 6, Metrix and Control, a framework of tools will be provided to check the performance of the sales. Furthermore, recommendations will be given on how to put the advice from Mr. Garland into practice.

When will the future stores open?

It is still unknown when the future shops will exactly open, there is no specific data or timeline yet. (Mulder M, Service Experience Manager, personal communication, April 25, 2016)

In this thesis, I assume that the break-even point will be reached after two years.

6.1 Financial Objectives

Objective 1: Reaching the break-even point for the current stores and the future stores in IFC and Hysan Place after a period of two years.

Within ST. By Olcay Gulsen costs and break even calculations are critical factors to determine a positioning strategy, product strategy and other marketing decisions.

The total marketing budget for one year is 150K. (Mulder M, Service Experience Manager, personal communication, April 21, 2016)

“In terms of the budget I think that should be the minimum as there is a lot of outreach there and some partnerships (media or brand) may charge a fee” (N. Oldfield GHC Asia, personal communication, May 13, 2016)

To make sure all financial objectives lead the company forward it is important for ST. by Olcay Gulsen to create brand awareness in the market of Hong Kong which is profitable in the long term. (M. Mulder, Service Experience Manager, personal communication, February 18, 2016)

Because of confidentially, it is unfortunately not possible to be more specific, measurable and time-defined.

6.2 Marketing Objectives

To raise profit and increase market share, ST. Studio has to make effective plans to manage their customer relationships. To increase customer satisfaction ST. by Olcay Gulsen should focus on customer relationship, product development, market share and brand awareness. (Wood, 2011).

Based on various feedback, field research and textbook knowledge, I have formulated the following goals:
Objectives 2: Customer Relationships
1. Making sure that customers are satisfied by providing an excellent customer services in the current store and future stores.
2. Organizing VIP evenings for customers in store.
3. Expanding the customer base by adding 100 new customers each month per retail store.  
   
Objectives 3: Product development
1. Introduction of more bright and pastel colors in the clothes during the spring/summer season (They way forward, Business Review ST. by Olcay Gulsen, 2015)
2. Introduction of more wool, silk, real leather and fur items during the winter season. (They way forward, Business Review ST. by Olcay Gulsen, 2015)

Objectives 4: Market share
1. Become commercially successful within two years with a market percentage of 20%

Objectives 5: Brand Awareness
1. Local Magazines, like HK Magazine and the South China Morning Post (SCMP) write directly or indirectly about ST. by Olcay Gulsen once a month.
2. In order to become dominant on the market, ST. By Olcay Gulsen should become very active on social media.
3. ST. by Olcay Gulsen should cooperate with local (fashion) bloggers in order to use their social influences to show the clothes and outfits.
4. Sending an e-mail once a month to current clients to update them about discounts, sales, VIP evenings, in-store events etc.
5. Providing coupons/vouchers to customers trough influential people/fashion bloggers.
6. ST. by Olcay Gulsen should organize co branded events with Sassy and Genie Guicery in order to open up to a bigger audience and to position themselves in a lifestyle way.
7. Cooperation with Hotel Upper House in Hong Kong to organize a fashion trunk show. This is also a great opportunity to give local designers a change to support them.
8. ST. By Olcay Gulsen should work with celebrities, influencers and key opinion leaders (KLO’S) in order to create brand awareness.

---

1 St. Studio believes 100 customers per store, per month are realistic when they will execute a strong marketing campaign. (Marcella Mulder, Service Experience Manager, ST. Studio).
2 “If ST. By Olcay Gulsen starts from a zero base in Hong Kong then I’d imagine anything over 20% would be quite strong” - (Nicola Oldfield, Group Managing Director, GHC Asia). Further calculations will be given in chapter 6: Metrix and Control
9. ST. studio will choose for a price setting that is similar to the competitors that establish the same top-quality image. “People are less conscious about the price but are focused on quality” (Business Review ST. by Olcay Gulsen, 2015).

10. Recognition for outstanding achievements like: “Best website, best customer service, most innovative store”. (Best Hong Kong Website Award)

11. Create a ST. By Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and Ice mobile.

6.3 Societal Objectives

Objective 6: ST. by Olcay Gulsen will find a local initiative to fulfill their societal objectives that will strengthening the brand image of the company in Hong Kong, for example: Ocean Recovery or The Nature Conservancy.

Customers and other stakeholders are looking more closely at what a company does for society. (Wood, 2011). Therefore, it is important for ST. by Olcay Gulsen to invest in a cooperation with a local charity, community projects and other social responsible actions.
### 4.2 Marketing Objectives:

#### Brand Awareness
1. Local Magazines, like HK Magazine and the South China Morning Post (SCMP) write directly or indirectly about ST. by Olcay Gulsen once a month.
2. In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media.
3. ST. by Olcay Gulsen should cooperate with local (fashion) bloggers in order to use their social influences to show the clothes and outfits.
4. Sending an e-mail once a month to (potential) clients to update them about discounts, sales, VIP evenings, in-store events etc
5. Providing coupons/vouchers through influential people/fashion bloggers.
6. ST. by Olcay Gulsen should organise co-branded events with Sassy and Genie Juicery in order to open up to a bigger audience and to position themselves as a lifestyle.
7. Cooperation with Hotel Upper House in Hong Kong to organise a fashion trunk show. This is also a great opportunity to give local designers a chance to support them.
8. ST. By Olcay Gulsen should work with celebrities, influencers and key opinion leaders (KOL'S) in order to create brand awareness
9. ST. studio should choose a price setting that is similar to the competitors that establish a top-quality image in the market of Hong Kong. “People are less conscious about the price but are focused on quality” (Business Review ST. by Olcay Gulsen, 2015).
10. Recognition for outstanding achievements like: “Best website, best customer service, most innovative store”. (Best Hong Kong Website Award)
11. Create a ST. By Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and Ice mobile.

### 4.3 Societal Objectives

1. ST. By Olcay Gulsen will find a local initiative to fulfill their societal objectives that will strengthening the brand image of the company in Hong Kong, for example: Ocean Recovery or the Nature Conservancy.

### 4.2 Marketing Objectives

#### Relationships
1. Making sure that customers are satisfied by providing an excellent customer services in store.
2. Organizing VIP evenings for customers in store.
3. Expanding the customer base by adding 100 new customers each

#### Product Development
1. Introduction of more bright and pastel colors in the clothes during the summer/spring season (Business Review ST. by Olcay Gulsen, 2015)
2. Introduction of more wool, silk, real leather and fur items during the winter season. (Business Review ST. by Olcay Gulsen, 2015)

#### Market Share
1. Become commercially successful within two years with a percentage of 20%. 

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<table>
<thead>
<tr>
<th>4.2 Marketing Objectives</th>
<th>4.3 Societal Objectives</th>
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<tbody>
<tr>
<td><strong>Brand Awareness</strong></td>
<td>1. ST. By Olcay Gulsen will find a local initiative to fulfill their societal objectives that will strengthening the brand image of the company in Hong Kong, for example: Ocean Recovery or the Nature Conservancy.</td>
</tr>
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<tr>
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<td></td>
<td><strong>Market Share</strong></td>
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<td></td>
<td>3. Become commercially successful within two years with a percentage of 20%.</td>
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</table>
CHAPTER 7 - MARKETING PLAN

In Chapter 7, the marketing plan will be discussed based on the financial, societal and marketing objectives from Chapter 4. Converting these objectives into concrete actions will be explained and specific activities and examples will be given. At the end of this chapter a detailed plan of action will be laid out.

With regards to the 4 P's (Product, Place, Promotion and Price) the following should be noted:

7.1 : 4 P’S

Place : Start with the focus on Hong Kong before entering the rest of China

Hong Kong is a relatively small area. The population is a mix of locals and expats who live on Hong Kong Island. “There are many clothing brands in the city and the biggest challenge for those companies is to make sure they make enough money to pay the extremely high rent” (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016). Nevertheless, the importance of having a retail store in Hong Kong is big, people are going to shops. Shopping is part of the leisure time, especially in the evening.

Big brands and names like Gucci, Chanel, and Audi are well known by many people, but coming to Hong Kong as a small brand is very challenging. In Europe, customers want something special and will therefore shop at smaller stores. In Hong Kong this is the opposite, people want European clothes from a brand that they recognize and know. (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016).
In the demographic analysis, research has shown that Hong Kong is an interesting market with many potential customers. The women aged between 15 and 64 are currently the biggest in the Hong Kong market which is an advantage for St. By Olcay Gulsen.

Many international brands choose to establish the brand in Hong Kong before entering the brand to China’s mainland. Hong Kong is a place for original fashion and trendsetters according to China’s middle class. People are well aware of fashion and consider style as important.

According to GHC Asia, a leading independent communication agency, Hong Kong is a high fashion place, where people have money to spend. They are very internationally minded and they know what is going on in London and New York. (personal communication, March 3, 2016.)

Conclusion

The choice for Hong Kong is well established. This city is a springboard to conquer the rest of China, and the places that ST. chose to start their future stores are strategically good locations as we have seen in chapter 4.

Promotion: The focus on social media is extremely important. Therefore, ST by Olcay Gulsen will focus actively on FB (messenger), Instagram, WeChat, Google Adwords, fashion bloggers and e-mail marketing.

“The use of social media in Hong Kong is a must and many stores stay connected with their (potential) consumers via social media” (C. Lam, Ministry of Foreign Affairs, personal communication, December 18, 2015).

ST. by Olcay Gulsen must develop a social media campaign for the upcoming two years in order to reach their consumers. This applies to Facebook, Fashion bloggers, Twitter, Instagram and WeChat.

The biggest social networks in Hong Kong are Facebook, Instagram and Twitter for the English speaking inhabitants / expats. WeChat is a popular Chinese network. In general it is easiest to reach the potential target group through the above mentioned platforms in the local language (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016).

More details about social media strategies, online sales and other interesting promotional activities are explained in detail in 5.2: objectives and actions.

Conclusion

Given the enormous popularity of Social Media in Hong Kong and the fact that ST. would like to grow by 100 customers per month per store, social media is one of ST’s most important marketing tools.

Price: St. By Olcay Gulsen will deliver high quality and stylish clothes for an affordable price.

ST. studio will choose a price setting that is similar to the competitors that have established a top-quality image in the market of Hong Kong. “People are less conscious about the price but are focused on quality” (Business Review 2015, p.10).

More detailed explanation is contained in action 12 from chapter 5.2: objectives and actions.
Product: The product offering, in the current and future shops in Hong Kong, should be in line with the DNA from ST. Studio

People really need to understand the brand and marketing has to be used to create a distinctive place or image in the mind of the customers (positioning).

“In Hong Kong, the product offering should be done in exactly the same way as in the Netherlands and other international markets. Everything must be in line with the DNA from ST. Studio” (M. Mulder, Service Experience Manager, personal communication, December 9, 2015).

This is also confirmed by Nicola Oldfield GHC Asia: “In everything ST. by Olcay Gulsen does around the brand, the message needs to be consistent.” (Personal communication, March 3, 2016).

“The Olcay Gulsen collection suits the preferences of HK/Chinese customers with its sophisticated and stylish designs.” (Business Review, 2015, p5).

Conclusion

To avoid confusion the product offering is done in exactly the same way as in the Netherlands and other international markets. This will help the customer to understand the brand.

7.2 OBJECTIVES + ACTIONS

Marketing Objectives

☐ Action 1: Local printed media magazines, like HK Magazine and the South China Morning Post (SCMP) write directly or indirectly about ST. by Olcay Gulsen once a month.

This action belongs to objective 4.2.1, creating brand awareness, from chapter 4: “local magazines, like HK Magazine and the South China Morning Post (SCMP) write directly or indirectly about ST. by Olcay Gulsen once a month.” and to 4.2.3 “Expanding the customer base by adding 100 new customers each month per retail store”

How will this be done?

The following examples need to be taken into consideration:

I. Directly through articles about new collections in HK magazine and SCMP

II. Directly through Interviews/Articles once a month

III. Indirectly through articles about trends, ST. By Olcay Gulsen is mentioned.

ST. by Olcay Gulsen should reach out to local (lifestyle) magazines besides the big fashion magazines. “SCMP has a style magazine in the weekend if you can get some product placement in there, this would be great.” (N. Oldfield GHC Asia, personal communication, March 3, 2016). Furthermore, ST. by Olcay Gulsen will pay for advertisement to be make sure they are featured in HK magazine and the SCMP.
Who will do this?

The local partner Fairton needs to take the lead to make sure this action will be fulfilled.

When and where?

The best moment to reach out to HK magazine and the SCMP is for the opening of the new stores in IFC and Hysan Place. Meanwhile, advertising in HK Magazine and the SCMP can be done around the new collection for spring/summer and winter.

Action 2: Start with Chatbots on Facebook Messenger. Make a start with Facebook live streaming about the happenings in the store and start with Facebook advertisement.

This action belongs to objective 4.2.2, creating brand awareness, from chapter 4: “In order to become dominant on the market, ST. By Olcay Gulsen should become very active on social media”

How will this be done?

Facebook wants to transform within the upcoming 10 years to an all-over social system. “Facebook wants to be an all-in-one platform on the internet that users do not have to leave” mentions Mark Zuckerberg on the F8-Congress in San Fransisco (Financieel Dagblad, 2016, P2). Part of this future vision are the chatbots. The idea is that companies and users, via robots, connect with each other through Facebook Messenger to do business, so for example ordering flowers, calling a cab, checking news sites etc. (financieel dagblad, 2016, P2). In the case of St. by Olcay Gulsen the idea is to give customers the opportunity to order clothes through Facebook messenger, ask questions, be updated about discounts, VIP events etc.

Following the idea of SnapChat, to view life stories from friends around the world, Facebook has just started with live streaming. By doing so you can broadcast live events with your phone. A great idea would be to record the happenings in and outside the store of St. By Olcay Gulsen. For example: recording a VIP evening in the store to engage actively with potential consumers.

Facebook is a growing platform for online advertisement. (financieel dagblad, 2016, P2) St. By Olcay Gulsen should start a Facebook Advert to reach out to the target group. With this form of advertisement it is possible to choose the type of people you want to reach. It is possible to choose the audience, location, age, interests and more. Running an advertisement is already possible from EUR 1,- a day.

For example: Starting an advertisement about an in-store free fashion consultancy on Friday Evening or the outcome of a new collection.

That free services are working proves the example of the successful Canadian yoga brand Lululemon in Hong Kong. They built a brand and huge community online and provided customers with a free yoga classes, free sport and nutrition advice. The marketing was all done through social media and Facebook. (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016)

St. By Olcay Gulsen should carefully consider the content, the time of the post and analyse the statistics afterwards with Google Analytics. This is not especially for Hong Kong but more important for the shop and the brand. As an example, local people in Hong Kong stay up late, so 11 P.M might be a good time to post.
Furthermore, it is important to start small and focus on Hong Kong before building future business in China. (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016)

Who will do this?

Fairton needs to be in charge of the Facebook Page under the name ST. By Olcay Gulsen Hong Kong. Currently, this page has only 42 likes so their is a lot to do, there needs to be way more activity. (Potential) Customers have to see this platform is actively used and updated to follow the brand.

An in store trained employee or a Fairton representative can record the live streamings and engage customers with the ongoing activities in store.

The start of a Facebook advertisement campaign in Hong Kong is the responsibility of Fairton. The exact content needs to be discussed with ST. Studio headquarters in Amsterdam. For example: Advertisement 1 is about the first co-branded event with Sassy in the shopping Mall Pacific Place from 16:00 until 20:00 P.M on June 27th 2016.

When and where?

The live streaming events will take place in the store, for example during a VIP evening in the store.

The customer service will be done through chatbots on Facebook Messenger or through Fairton employees from the ST. by Olcay Gulsen HK account.

This action belongs to objective 4.2.2, creating brand awareness, from chapter 4: “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”

How will this be done?

Currently, the Instagram from ST. by Olcay Gulsen called STbyOlcayGulsen_HK has 10.5K followers. This account is already very active and much interaction takes place. Nevertheless, it is important to stay focused on this account for the upcoming two years and to try to reach more and more customers by using the right hashtags, showing who was in the store, showcasing new collections etc etc.

Furthermore, Twitter is a big player in Hong Kong. Currently, ST. by Olcay Gulsen doesn’t have a Twitter account so this is a big opportunity to create some brand awareness.

Who will do this?

Fairton is responsible for the Instagram and Twitter account.

When and where?

Fairton needs to start building an audience group as soon as possible on Twitter and Instagram.

Action 3: Start with a Twitter account and build as many followers as possible on Twitter. Furthermore, build as many followers as possible on Instagram.

Action 4: Build a community on WeChat and provide customer service for the Chinese speaking community
This action belongs to objective 4.2.2, creating brand awareness, from chapter 4: “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”

**How will this be done?**

WeChat is a very popular mobile text and voice communication service and is one of the largest messaging apps in China. (Wikipedia, 2016). The app connects half a billion people and includes different features like broadcasting a message to a group of people that is very interesting for ST. by Olcay Gulsen. It is also a great way to connect with consumers and provide customer service through WeChat.

“Chinese customers buy cinema tickets, go shopping, book a trip or gamble via WeChat” (Financieel Dagblad, 2016, P2)

Who will do this?

Fairton is responsible for the WeChat account and to help customers with excellent customer service.

**When and where?**

As soon as possible.

☐ **Action 5 : Start with a Google Adwords remarketing campaign**

This action belongs to objective 4.2.2, creating brand awareness, from chapter 4: “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”

**How will this be done?**

Remarketing is used to show ads to people who have visited the website of ST. by Olcay Gulsen. This specifically reaches out to previous visitors and users. This will help the company to collect data from customers through the website and remind the potential clients via advertisements. (Google, n.d.)

For example a client will visit the home page of ST. By Olcay Gulsen. Afterwards, Google Adwords will reengage a viewed item when he or she is visiting another website with advertisements from ST. By Olcay Gulsen.

Who will do this?

Fairton needs to set up the process, afterwards Google will do it automatically.

**When and where?**

As soon as possible

☐ **Action 6 : Cooperation with 10 local fashion bloggers (Online influencers) who can represent the brand.**

This action belongs to objective 4.2.3, creating brand awareness, from chapter 4: “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”
How will this be done?

GHC Asia recommended finding a fashion blogger that ST. by Olcay Gulsen would like to represent the brand and their style. “Give fashion bloggers a lot of free clothes to style in a different way, or take them on a fotoshoot in HK and they will post their fashion stories on their blogs and their followers will see the brand but in a slightly more organic way. The potential buyers need someone else wearing it, people like to copy other people” (N. Oldfield GHC Asia, personal communication, March 3, 2016)

Example: A fashion blogger will write a post to encourage people to share a style photo. The one with the most likes will win a coupon from ST. Supertrash by Olcay Gulsen.

Furthermore, ST. by Olcay Gulsen could consider cooperating with the Hong Kong Design Institute to find talented fashion bloggers and (future) designers. By doing so you can attract and educate young talent which might be beneficial for the (future of the) company. For example, it could be interesting to start an ST. By Olcay Gulsen academy and to support them with study projects, give lectures and classes about the brand, the fashion world, to exhibit the work of young designers in store, and to help them with their career opportunities within the company.

Who will do this?

Fairton needs to find local young fashion bloggers and contact Hong Kong Design Institute.

When and where?

Fairton can have a look at [http://hkfashionbloggers.com/](http://hkfashionbloggers.com/) as it has a collective of influential fashion bloggers.

- **Action 7**: Send an e-mail once a month to current clients to update them about discounts, sales, VIP evenings, in-store events etc.

This action belongs to objective 4.2.4, creating brand awareness, from chapter 4: “Sending an e-mail once a month to (potential) clients to update them about discounts, sales, VIP evenings, in-store events etc.”

How will this be done?

“Email marketing in Hong Kong is very effective for International companies to build a data-base and to reach out to customers directly” (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016). Local potential customers likes to be updated and are crazy about discounts and sales.

Who will do this?

Fairton needs to to be in charge and is responsible for sending out an e-mail every month to current clients.

When and where?

Fairton located in Hong Kong will send an e-mail once a month to every customer.

- **Action 8**: Influential people and fashion bloggers will post a photo with a “Win a voucher / coupon from ST” text.
This action belongs to objective 4.2.5, creating brand awareness, from chapter 4: “Providing coupons/vouchers trough influential people/fashion bloggers”

**How will this be done?**

A big trend among inhabitants of Hong Kong is their high degree of sensitivity for coupons and discounted deals. This is one of the biggest reasons why people follow a brand in Hong Kong. Buyers are not brand loyal in general but you have to find an original way to attract customers to the shop. ST. By Olcay Gulsen could, for example, send monthly e-mails with Friday discounts or start an e-mail campaign to like a photo on Facebook with the winner receiving a free coupon. (O. Venhuis, Managing Director MWI, personal communication, January 7, 2016).

In contrast, Nicola Oldfield from GHC Asia mentions that people are not so price sensitive on the luxury side in the Hong Kong market. “They are not looking for a deal or a percentage off, they are looking for something that nobody else has or to have a brand that shows that they are really stylish.” Only use vouchers and coupons through people who are influential, do not work with flyers. It’s about the word of mouth. (personal communication, March 3, 2016)

This objective can also be combined with action 4, the cooperation with fashion bloggers.

**Who will do this?**

Fairton needs to organise the vouchers and make sure to provide them to the influential people and fashion bloggers.

**When and where?**

On the first Friday evening of the month there are one or two bloggers who will post a photo.

**Action 9 : Organise a co-branded event with Genie Juicery or Sassy**

This action belongs to objective 4.2.6, creating brand awareness, from chapter 4: “ST. By Olcay Gulsen should organise co-branded events with Sassy and Genie Juicery in order to open up a bigger audience and to position themselves in a lifestyle way”

**How will this be done?**

Since ST. by Olcay Gulsen is a new brand in a new market, it is a good idea to tie it in with another brand that has a like minded target audience and do a co-branded event.

ST. by Olcay Gulsen can get all the people from that brand’s databases. Maybe there is a complementary health brand that you can tie up with or a beauty brand that people love in HK allowing you to create an event combining beauty and fashion together. By doing this you can access a good audience and build a lifestyle/fashion event. It’s just easier because both brands invite their data base of people and there is an incentive to share this around to all. (N. Oldfield GHC Asia, personal communication, March 3, 2016)

ST. by Olcay Gulsen could cooperate for example with the brand Genie Juicery, a start-up juicery in Hong Kong. A cooperation with this company could be interesting for someone who wants to look good and cares about their health. “The lifestyle element is important, people like brand
experiences rather than just fashion. Fashion is seen as one area but when you position it in a lifestyle way you can open the brand to a bigger audience.” (N. Oldfield GHC Asia, personal communication, March 3, 2016)

To target specifically expats, a great concrete example is given by GHC Asia as well to cooperate with Sassy. This is a well known expat online portal and Hong Kong’s ultimate travel guide.

Who will do this?

Fairton needs to contact Genie Juicery or Sassy in order to present the idea and plan and investigate if they are open for this kind of cooperation.

When and where?

In a trendy spot in Hong Kong, as soon as possible.

Action 10 : Build a partnership with Hotel Upper House to organise Fashion Trunk shows.

This action belongs to objective 4.2.7, creating brand awareness, from chapter 4: “Cooperation with Hotel Upper House in Hong Kong to organise a fashion trunk show. This is also a great opportunity to give local designers a chance to support them.”

How will this be done?

“To create brand awareness, ST. by Olcay Gulsen could cooperate with a hotel in Hong Kong called Upper House, near the store in Pacific Place. This place is very attractive to organize a fashion trunk show as well as different fashion events” (N. Oldfield GHC Asia, personal communication, March 3, 2016)

Furthermore ST. by Olcay Gulsen could support local fashion designers to show their collection as well during their trunk show. This example shows that ST. can support both a start-up as well as local brands.

who will do this?

Fairton is responsible for organising the fashion trunk show in cooperation with Hotel Upper House. ST Studio needs to make sure the collection is ready to showcase during the fashion show.

When and where?

During the presentation of the new collections

Action 11 : Work with Key Opinion Leaders in the fashion/style industry for the opening of the new stores

This action belongs to objective 4.2.8, creating brand awareness, from chapter 4: “ST. By Olcay Gulsen should work with celebrities, influencers and key opinion leaders (KOL’S) in order to create brand awareness.”

How will this be done?

According to Dhr. Venhuis, Managing Director MWI, potential clients are very influenced by celebrities, in other words the Key Opinion Leaders (KOL’S). “To target customers with a local celebrity, Supertrash needs to be willing to make a big investment for this type of marketing. A better and cheaper recommendation would be to make use of bloggers and other fashion influences, as ST. by Olcay Gulsen did for the opening for the first two stores” (personal communication, January 7, 2016)

Also, Nicola Oldfield from GHC Asia explains the importance of cooperation with KOL’S: “A marketing and promotion strategy is more about tying up with
influences in the market. So finding people that already have influence in the fashion/style industry and are linked to that sector and using their influence to show the brand.” Examples are fashion bloggers, on the local side and expat side, or dynamic video bloggers that are creating content with brands” (personal communication, March 3, 2016)

GHC Asia recommends cooperating specifically with Jasmine Smith http://dressmeblog.me/ (personal communication, March 3, 2016)

Who will do this?

Fairton needs to make sure they will finds key opinion leaders. Since this might be quite expensive, they need to consult ST. Studio Headquarters to discuss the financial aspect.

When and where?

During the opening of the new stores in IFC and Hysan Place, Hong Kong.

Action 12 : Fairton is responsible for carrying out permanent research about the prices from the competitors

This action belongs to objective 4.2.9, creating brand awareness from chapter 4 : “ST. studio will opt for a price setting that is similar to the competitors that establishes a top-quality image in the market of Hong kong. People are less conscious about the price but are focused on quality (Fairton, personal communication, February 29, 2016).

How will this be done?

According to European standards, the price for the clothing in Hong Kong is higher. This is for mostly every brand in Hong Kong. (Mulder M, Service Experience Manager, personal communication, January 7, 2016)

We have seen that the target group from Hong Kong are financially positioned in the middle class and have a strong financial background. Furthermore, the target group is relatively less price conscious but more concerned whether the purchase is value for money in terms of style, quality and fitting, including comfort. Therefore, we can conclude that customers are willing to pay for the product if ST. by Olcay Gulsen makes sure to deliver high quality and stylish clothes. Customers want value for their money. (Fairton, personal communication, February 29, 2016).

Who will do this?

ST. By Olcay Gulsen needs to make sure that the quality of the clothes is good. Fairton is responsible for the price setting.

When and where?

For the current stores and future stores.

Action 13 : Fairton will search for local and worldwide competitions to participate in

This action belongs to objective 4.2.10, creating brand awareness from chapter 4 : Recognition of outstanding achievements like : “Best online sales, best customer service , most innovative store”. (Best Hong Kong Website, n.d.)

How will this be done?
Fairton will search for various competitions to join and which to enroll ST. by Olcay Gulsen. ST. could reach out to Red Ocean or GHC Asia to investigate the different possibilities as to which competitions could be interesting to participate in.

Who will do this?

Fairton will take the lead since they know the local market the best. Furthermore, they have the biggest network.

When and where?

For the current stores and future stores in Hong Kong

Action 14: Start with the focus on online sales

This action belongs to objective 4.2.3, Relationships, from chapter 4: “Expanding the customer base by adding 100 new customers each month per retail store.” and 4.2.1, relationships, “Making sure that customers are satisfied by providing an excellent customer service in store”, and 4.2.2, brand awareness, “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”.

How will this be done?

Currently, ST. By Olcay Gulsen doesn’t have a webshop / website in Hong Kong. Nevertheless, Fairton has the exclusive rights to develop this. Currently, we do not sell from www.ststudio.com to our customers in Hong Kong. This year, we want to cooperate with Ecom in Hong Kong, a world leading provider of B2B solutions that allows enterprises to operate their supply chain efficiently. Stock can be sent from their inventory so buyers benefit greatly in terms of delivery time and delivery cost. (Marcella Mulder, Service Experience Manager, personal communication, April 21, 2016)

This is also a great way to provide excellent customer service and to build in a chat option for customers with questions. Furthermore, their website can be linked to various social media accounts.

Nevertheless, retail shops remain very important according to Nicola Oldfield from GHC Asia: Online shopping is strange in Hong Kong because everything is so close, it is a very small city to get around. On Hong Kong Island, especially where the expats live, people don’t tend to shop online unless they tend to get something from oversees. So if ST. by Olcay Gulsen is already here it is maybe better to get them in the store than trying to pursue them to sell online because you know you get more customers. if they didn’t have a store in Hong Kong this would be much more difficult. If people can’t access it easily, then it is difficult to get attention. Also when you want to get bloggers to work with you and media who get interested, if there is no one here to talk about the brand or the clothes that they can try on, it is going to be really difficult to get any attention. Online is a second phase, you can get people to go to the website and look but they may not buy. At a mall you can spend you whole day there, lunch, coffee.” (personal communication, March 3, 2016)
Who will do this?

Fairton has the rights to develop a webshop

When and where?

As soon as possible

Action 15: Start with the ST. By Olcay Gulsen fitting Room

This action belongs to objective 4.2.3, Relationships, from chapter 4: “Expanding the customer base by adding 100 new customers each month per retail store.” and 4.2.1, relationships, “Making sure that customers are satisfied by providing excellent customer service in the current store and future stores.”

How will this be done?

The Swedish e-commerce fashion start-up Grana in Hong Kong is an interesting and successful example of how to innovate in the fashion world. What is it that they do? They let consumers try on clothing before making a purchase via the in-store computers. “Many shoppers complain that the product they receive looks different out of the box from the image they saw online, or the clothing or accessory doesn’t fit them.” (SCMP, 2015).

Therefore, Grana allows their customers to buy the clothes only through their pop-up stores, their webshop and a fitting room. The concept from the fitting room is described on the website from Grana as: “The first-ever permanent physical space where you can come to try on our entire range, buy on the in-store computers, then get delivery direct to your doorstep or collect from the fitting room itself.” (Grana, n.d.)

By following this formula, a company is able to keep the prices low. The advantages are that the company doesn’t need stock, no warehouse and less human resources. “Focusing on making the process of buying and selling online will reduce the costs, especially in Hong Kong where the rental prices are extremely high” (O. Venhuis, Managing Director MWI, 2016).

Who will do this?

Fairton is responsible for the implementation of the fitting room

When and where?

As soon as possible

Action 16: Create a ST. By Olcay Gulsen loyalty app in cooperation with BrandLoyalty Hong Kong and IceMobile

This action belongs to objective 4.2.11, “Create a ST. By Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and Ice mobile”.

“Customers tend to be more loyal to a company with a loyalty programme than a company without.” (Brand Loyalty, personal communication, 2016)

BrandLoyalty is a company that specialises in the development of tailor-made loyalty programmes for food retailers all around the world. Currently, BrandLoyalty has an office in Hong Kong from where they have conquered the market in the rest of China and Asia Pacific. The loyalty programmes that are active in Hong Kong and Taiwan are loyalty promotions whereby a customer collects stamps which can be redeemed for selected products.

Across the world, you see that people love to collect. Although every culture and country has its own differences and preferences, the mechanism of collecting stamps remains the same. In Asia we see for
example that people love animation figures, it has to be cute and sweet, more so than in Europe. (Ten Brink, Customer Insights Analyst, Brand Loyalty Netherlands, personal communication, April 28, 2016)

How will this be done?

An app with a collecting system will be made. Relevant events will be presented that encourage people to collect.

“I recommend to start a loyalty programme that lasts for a longer period of time following the example of clothing retail apps like the H&M app. Give customers the feeling that they are special. I think that a loyalty programme through an app is a very good way to communicate with people, as an app gives you the option to communicate one on one, at a personal level. (Ten Brink, Customer Insights Analyst, Brand Loyalty Netherlands, personal communication, April 28, 2016)

When the customers buy something, they can earn and save points in the ST. By Olcay Gulsen app. When they have collected enough points, they will be able to buy a product with a certain discount or are, for example, able to buy tickets for an exclusive fashion show. The following advantages for the customers and ST. Studio are summed up below.

Advantages for customers:

I. Customers can get discounts on certain products when they redeem the points they have collected.
II. Customers can redeem collected points to purchase tickets for ST. Studio fashion shows.
III. Customers can redeem collected points to attend a pre-sale in the store before the store opens to other customers.

IV. Customers will receive extra points on their birthdays.
V. Customers will receive extra points as a welcome gift when they download the app.
VI. Customers are able to see future events like attending a design process or a meet and greet with a representative from the brand.
VII. Customers can buy a festival ticket for 20% discount when they redeem a predefined amount of points.

Advantages for ST. Studio:

I. ST. By Olcay Gulsen is able to collect a lot of data about the consumer like birthdays, what they buy, interests etc.
II. The shop will recognise the consumer with the app when the customer is in the store so they can easily connect consumers with an action to trigger sales. “You are now in the store, spend €100, today on our new collection and you will receive 100 extra loyalty points.” or “You have 35 stamps, with 40 stamps you get 50% discount on a pair of jeans. Go now to the store to enjoy your discount!”
III. One on one and personal communication through the app and push messages will differentiate the brand from competitors.
IV. ST. By Olcay Gulsen can cooperate with festival and events organisers in Hong Kong. This will also create brand awareness for the brand.

“Customers will be encouraged to buy something new because they get points. The great thing is that ST. By Olcay Gulsen currently has two stores but soon this will be 3/4. The customers are able to use the app everywhere and can easily move from one store to another and use the collected points. The beauty of the app is that a customer can see right away what you can do with it and how much you still need to save to get something.” (Ten Brink, Customer Insights Analyst, Brand Loyalty Netherlands, personal communication, April 28, 2016)
Who will do this?

A potential developer is IceMobile, a subsidiary of BrandLoyalty that specialises in developing apps for the retail market. The app and the exact details about the design and content will be developed according to the wishes of ST. Studio and Fairton, in collaboration with an app developer. The app and events that the app will provide need to be developed in line with the culture of Hong Kong. (Ten Brink, Customer Insights Analyst, Brand Loyalty Netherlands, personal communication, April 28, 2016)

It is unfortunately not possible to give an exact overview of the costs because this depends on many technical factors that IceMobile needs to discuss with ST. Studio Headquarters. An interesting link which may provide other references can be found here: https://www.appspecialisten.nl/kennisbank/de-kosten-van-een-app-laten-maken-zie-wat-andere-apps-hebben-gekost-van-%E2%82%AC-2500-tot-%E2%82%AC

When and where?

For the current stores and future stores, as soon as possible.
**Action 17: Provide customers with coffee, supplementary drinks or a free fashion consultation during the visit**

This action belongs to objective 4.2.1, Relationships, from chapter 4: “Making sure that customers are satisfied by providing excellent customer services in store”, 4.2.3, relationships, “Expanding the customer base by adding 100 new customers each month” and 4.2.1, brand awareness, “In order to become dominant on the market, ST. By Olcay Gulsen should become very active on social media”

*How will this be done?*

A concrete idea would be to provide customers with coffee, supplementary drinks or free style consultation after you have bought your first pair of jeans, for example; What about the rest of your wardrobe? Another suggestion from Nicola Oldfield, GHC ASIA, is to provide travel accessories because most people travel in Hong Kong. (Personal Communication, March 3, 2016)

By providing the extra service, customers are more likely to come back and spread their views by word of mouth. This extra service can contribute to reaching the target of 100 customers a month.

To conclude, all of these activities should be posted online through live streaming or by adding a status update on Facebook with a photo of a customer enjoying a cup of coffee or tea while in the shop.

*Who will do this?*

In store employees who are trained by Fairton.

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**When and where?**

Current stores in Festival Walk and Pacific Place and the future stores in Hysan Place and IFC.

**Action 18: Organise a special VIP evening once a month in the current stores in Pacific Place and Festival Walk**

This action belongs to objective 4.2.2, Relationships, from chapter 4: “Organising VIP evenings for customers in store”.

*How will this be done?*

To meet the personality behind the brand and showcase some key looks, organising special VIP evenings in store are important” explains Nicola Oldfield from GHC Asia:

> Try to get people from the ST. brand, a spokesperson, and do some kind of presentation and have an evening or lunch with them. By doing so, ST. by Olcay Gulsen uses the presence of their stores, they do things in store. By doing this in a great way they make sure that people are involved with the brand. (Personal Communication, March 3, 2016)

Another concrete idea that she proposed was to invite five Hong Kong top models, who have a certain influence online, to get them in store and do a photoshoot while they are wearing some key looks from ST. by Olcay Gulsen.

Worth mentioning is also that people in Hong Kong are fond of loyalty programmes, such as VIP cards/programmes. “People are encouraged to become a member to enjoy privileges such as 10% discount or extra discount
on birthdays etc.” (C.Lam, Ministry of Foreign Affairs, personal communication, December 18, 2015)

Example program VIP evening:

19:00 - Welcome with a drink and a small snack in one of the stores
19:15 - Short welcome and presentation about the brand by brand representative
19:45 - Presentation of the new collection + Q&A + feedback attendees
20:15 - Shop with discount: Every attendee can shop a look with 30% discount

Who will do this?
A ST. By Olcay Gulsen representative who can explain something about the philosophy of the brand.

When and where?
Current stores in Festival Walk and Pacific Place

☐ Action 19: Build a partnership with a restaurant or bar in Hong Kong and build a coffee bar in the new store.

This action belongs to objective 4.2.3, Relationships, from chapter 4: “Expanding the customer base by adding 100 new customers each month per retail store.” and 4.2.11, brand awareness, “Create a ST. By Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and Ice Mobile”, objective 4.2.1, Relationships, from chapter 4: “Making sure that customers are satisfied by providing an excellent customer services in store”, and 4.2.1, brand awareness, “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”

How will this be done?

A creative way to attract customers is to build a partnership with a restaurant or bar in Hong Kong. Customers buy something at ST. by Olcay Gulsen and get a discount at a certain place. Furthermore, the partnering restaurants and bars can be linked via the ST. By Olcay Gulsen app and can communicate directly one on one through the consumers. All of the outcomes, photos and results from the cooperation can be posted online via social media.

“There are many independent restaurants / small restaurant groups in HK and they are usually more likely to agree a coop – e.g. Black Sheep Group” (N. Oldfield GHC Asia, personal communication, March 3, 2016)

Another great way to build a community is to start with a cafe within the shop. Other companies like Armani and the music company HMV are doing this as well. This is an interesting concept to keep the customers for a longer period of time in the shop so it can become a lifestyle and meeting place instead of only a clothing shop. You can build brand loyalty very easily and it’s a great way to focus on customer service. You can advise the customer and explain the vision and mission behind ST. by Olcay Gulsen.

Who will do this?

Fairton needs to be in charge of finding a restaurant or bar in Hong Kong that they find suitable to work with. Furthermore, they need to discuss with ST. Studio how they can build a coffee bar in the new store in Hysan Place and IFC.

When and where?

During the opening of the new stores on Hysan Place and IFC.
**Societal Objectives**

*Action 20: Luxury fashion magazines, like Harper's Bazaar, write directly or indirectly about ST. by Olcay Gulsen once a month.*

This action belongs to objective 4.2.3, Relationships, from chapter 4: “Expanding the customer base by adding 100 new customers each month per retail store.” and 4.2.1, brand awareness, “In order to become dominant in the market, ST. By Olcay Gulsen should become very active on social media”

*How will this be done?*

Working in the media space with high end luxury lifestyle titles and fashion titles could be important because this will give them credibility. Positioning ST. by Olcay Gulsen with the right kind of media is key. If someone like Harper’s Bazaar start to feature ST. by Olcay Gulsen and start to put the brand in their magazines and say what is hot for the season, this will have a lot of influence on the consumers in Hong Kong. Positioning the brand with the right kind of media is very important to reach out to potential customers. All the results like articles can be posted online. - (N. Oldfield GHC Asia, personal communication, March 3, 2016).

*Who will do this?*

Fairton needs to make sure to get in touch with different luxury fashion magazines like Harper’s Bazaar. They will write frequently about ST. Studio and the new collection, actions, promotions, discounts, VIP evenings etc.

*When and where?*

This is a continuous action for Fairton

*Action 21: Cooperate with Nature Conservancy or Ocean Recovery Alliance*

This action belongs to objective 4.3, societal objectives, from chapter 4: “St. By Olcay Gulsen will find a local initiative to fulfill their societal objectives that will strengthen the brand image of the company in Hong Kong, for example: Ocean Recovery or the Nature Conservancy”

*How will this be done?*

Another thing to talk about is the corporate social responsibility side of the story. According to the experts from GHC Asia, people in Hong Kong are conscious of this aspect. “If you can show, as an international brand, that the fashion you create is ethical, then this is beneficial. Depending on what the CSR is, it is a good thing to do” (personal communication, March 3, 2016).

Examples of some great initiatives are the Nature Conservancy and Ocean Recovery Alliance. The goal of Nature Conservancy is to leave a sustainable world for future generations and Ocean Recovery Alliance is creating innovative projects to help improve the ocean environment. Both initiatives are based in Hong Kong.

Furthermore, communication will also be done through the channels of Nature Conservancy or Sustainable World themselves. For example, Nature Conservancy will write an article about their cooperation with ST. By Olcay Gulsen Hong Kong through their website or Sustainable World will write an article for a local magazine about their cooperation.
Who will do this?

Fairton in cooperation with Nature Conservancy or Sustainable World for future.

When and where?

This is a permanent and on-going action

Financial Objectives

- Action 22: Reaching the break-even point for the current stores and the future stores in IFC and Hysan Place after two years.

This action belongs to objective 4.3, financial objectives, from chapter 4: “Reaching the break-even point for the current stores and the future stores in IFC and Hysan Place after two years.”

How will this be done?

With the above mentioned actions and corresponding societal, marketing, and product development objectives, this goal is likely to be reached. The total budget to spend on marketing is EUR 150K.

“In terms of the budget I think that should be the minimum as there is a lot of outreach there and some partnerships (media or brand) may charge a fee. In case ST. By Olcay Gulsen needs to prioritise the actions because the budget may not be sufficient action 1,2,3, and 4 are key.” - (N. Oldfield GHC Asia, personal communication, March 3, 2016).

In chapter 6, further details will be explained if the actions can be turned into reality with the total budget of EUR 150K per year. Otherwise, a list of priorities will be provided with the most important actions to focus on.

Who will do this?

ST. Studio and Fairton are both responsible for making sure the stores break even and to turn the actions into practice.

When and where?

As soon as possible

Product Development Objectives

- Action 23: Introduction of more wool, silk, real leather and fur items during the winter season and introduction of more bright and pastel colors in the clothes during the summer season.

This action belongs to objective 4.2.1&2, product development, “Introduction of more wool, silk, real leather and fur items during the winter season and introduction of more bright and pastel colors in the clothes during the summer season” (ST. RTW, FW 2015 Product Feedback, 2015).

How will this be done?

The production and design of the new collection is in the hands of St. Studio.

Who will do this?

ST. Studio is responsible for the implementation.
When and where?

Spring & Summer season and Fall & winter season for the current and future stores.

☐ Action 24 : ST. By Olcay Gulsen will become commercially successful within two years with a marketshare percentage of 20%

This action belongs to objective 4.2.3, market share, “Become commercially successful within two years.”

How will this be done?

To set realistic objectives and suitable metric for assessing results it is important to calculate the percentage of sales in the market in Hong Kong.

“If ST. By Olcay Gulsen starts from a zero base in Hong Kong then I’d imagine anything over 20% would be quite strong” - (N. Oldfield GHC Asia, personal communication, May 13, 2016 ). In chapter 6, further details will be explained and given on how the market share percentage is calculated and how this can be measured.

Who will do this?

Fairton should be make sure to achieve the calculated market share.

When and where?

Current stores in Pacific Place and Festival Walk and the future stores in IFC and Hysan Place.

7.3 Summarized Plan of Action

<table>
<thead>
<tr>
<th>What</th>
<th>Who is responsible for the implementation?</th>
<th>How?</th>
<th>Where?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action 1</td>
<td>Fairton</td>
<td>I. Directly trough articles about new collections in HK magazine and SCMP</td>
<td>I. SCMP</td>
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<tr>
<td></td>
<td>Local printed media Magazines, like HK Magazine and the South China Morning Post (SCMP) write directly or indirectly about ST. by Olcay Gulsen once a month.</td>
<td>II. Directly trough Interviews / Articles once a month</td>
<td>II. HK Magazine</td>
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<td>III. Indirectly trough articles about trends, ST. By Olcay Gulsen is mentioned.</td>
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<td>Action 2</td>
<td>Fairton</td>
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<tr>
<td>Start with Chatbots on Facebook Messenger. Make a start with Facebook live streaming about the happenings in the store and start with Facebook advertisement.</td>
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<table>
<thead>
<tr>
<th>Action 3</th>
<th>Fairton</th>
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<tbody>
<tr>
<td><strong>Action 3</strong>&lt;br&gt;Start with a twitter account and build as many followers as possible on twitter. Furthermore, build as many followers as possible on Instagram.</td>
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<tr>
<th>Action 3</th>
<th>Fairton</th>
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<tbody>
<tr>
<td><strong>Action 3</strong>&lt;br&gt;Start with a twitter account and keep this account updated with interesting events, new collections etc. II. Keep updating the Instagram account with events, new collections and expand the follower base on Instagram by following people, commenting, liking etc. III. Both channels are great to provide excellent customer service</td>
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<td>Action 4</td>
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<td>Action 5</td>
<td>Fairton</td>
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<td>Action 6</td>
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<td>Action 7</td>
<td>Fairton</td>
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<tr>
<td>Send an e-mail once a month to current clients to update them about discounts, sales, VIP evenings, in-store events etc.</td>
<td>Fairton will send an e-mail, once a month, to current clients to update them about the latest developments around ST. By Olcay Gulsen (Discounts, VIP evenings etc)</td>
</tr>
<tr>
<td><strong>Action 10</strong></td>
<td>Fairton in cooperation with Hotel Upper House to organize Fashion Trunk shows.</td>
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</tbody>
</table>
| **Action 11** | **Fairton** | **I.** Finding people that already has influence in the fashion/style industry and are linked to that sector and using their influence to show the brand.**
**Examples are fashion bloggers, on the local side and expat side, or dynamic video bloggers that are creating content with brands.**  
**II. Cooperate with Jasmine Smith [http://dressmeblog.me/](http://dressmeblog.me/)** | **During the opening of the new stores in IFC and Hysan Place, Hong Kong.** |

| **Action 12** | **Fairton is responsible to do permanent research about the prices from the competitors** | **ST. By Olcay Gulsen needs to make sure that the quality from the clothes is from a good quality. Fairton is responsible for the price setting.**  
**I. “Fabric & Materials : Quality yet to improve, change to finer fabric is necessary.” (ST. RTW, Business Review 2015.”)**  
**II. Explaining to customers where the clothes are coming from and how it is made because customers care about the origine. (ST. RTW, Business Review 2015.”)** | **For the current stores and future stores.** |
<table>
<thead>
<tr>
<th><strong>Action 13</strong></th>
<th>Fairton</th>
<th>Searching for various competitions to join and enroll ST. By Olcay Gulsen.</th>
<th>Current Stores and future stores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action 14</strong></td>
<td>Fairton</td>
<td>Fairton has the exclusive right to find a suitable partner who can develop a website for ST. By Olcay Gulsen in Hong Kong</td>
<td>As soon as possible</td>
</tr>
</tbody>
</table>

| **Action 15** | Fairton | The concept from the fitting room is based on the idea from the start-up Grana. The fitting room is the first ever permanent physical space where you can come try on the entire range, buy it from the computers in the store and get delivery to your house. | As soon as possible |

| **Action 16** | Fairton in cooperation with Brand Loyalty and Ice Mobile | Creating a brand loyalty app with a saving system for the customers. Relevant events will be presented that make people excited to safe for. | For the current stores and future stores. |

<p>| <strong>Action 16</strong> | Fairton in cooperation with Brand Loyalty and Ice Mobile | Creating a brand loyalty app with a saving system for the customers. Relevant events will be presented that make people excited to safe for. | For the current stores and future stores. |</p>
<table>
<thead>
<tr>
<th>Action 17</th>
<th>Trained in store employees</th>
<th>I. Offer something to drink to people who are visiting the store like coffee, thee, water and offer the customer a relaxing seat in case they would like to sit.</th>
<th>This applies to all stores (Festival Walk, Pacific Place and the future stores in Hysan Place and IFC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action 18</strong></td>
<td>A ST. By Olcay Gulsen representative in Hong Kong</td>
<td>I. Organizing VIP evenings for current customers to give them a chance to meet the personality behind the brand.</td>
<td>Current stores in Festival Walk and Pacific Place</td>
</tr>
<tr>
<td></td>
<td></td>
<td>II. Showcase some key looks during those evening</td>
<td></td>
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<tr>
<td><strong>Action 19</strong></td>
<td></td>
<td><strong>Fairton</strong></td>
<td>New stores on Hysan Place and IFC.</td>
</tr>
<tr>
<td></td>
<td>Build a partnership with a restaurant or bar in Hong Kong and build a coffee place in the new store.</td>
<td>I. “There are many independent restaurants / small restaurant groups in HK and they are usually more likely to agree a coop – e.g. Black Sheep Group” (Nicola Oldfield, group manager director, GHC Asia). Have a look at: <a href="http://www.aworkofsubstance.com/project/blacksheep/">http://www.aworkofsubstance.com/project/blacksheep/</a></td>
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<tr>
<td></td>
<td></td>
<td>II. Build a community to start with a coffee cafe in the shop</td>
<td></td>
</tr>
<tr>
<td>Action 20</td>
<td>Fairton</td>
<td>1. Position ST. by Olcay Gulsen with the right kind of media like Harper’s Bazaar, ELLE etc through interviews, advertisement etc.</td>
<td>Luxury fashion magazines in Hong Kong.</td>
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<tr>
<td>Action 21</td>
<td>Fairton</td>
<td>Cooperate with Nature Conservancy and Ocean Recovery Alliance to show that ST. By Olcay Gulsen is a brand that cares about the society</td>
<td>This is a permanent and on-going action</td>
</tr>
<tr>
<td>Action 22</td>
<td>ST. Studio and Fairton</td>
<td>Reaching the break-even point for the current stores and the future stores in IFC and Hysan Place after two years.</td>
<td>Following the societal, marketing and product development objectives that are mentioned in 5.2.</td>
</tr>
<tr>
<td>Action 24</td>
<td>Fairton</td>
<td>ST. By Olcay Gulsen will become commercially successful within two years with a marketshare percentage of 20%.</td>
<td>Following the societal, marketing and product development objectives that are mentioned in 5.2.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This action applies to the current and future stores and has to turn into action as soon as possible.</td>
<td>This action applies to the current stores in Pacific Place and Festival Walk and the future stores in IFC and Hysan Place.</td>
</tr>
</tbody>
</table>
**Chapter 8 - Metrics and Control**

8.1 Templates Management Reports

The final step in the marketing plan is to control the implementation of the actions and to measure the results. This chapter explains how to measure performance and how to achieve the recommended actions and objectives which are essential for guiding the implementation of the marketing plan. Furthermore, this chapter will explain how to plan and measure the marketing plan’s progress. Which actions are working out as planned? Which actions need to change? How do we track results and control the planning implementation? (Wood, 2011).

Typically a marketing plan includes four main tools measuring progress: 1) Metrics, 2) Forecasts, 3) Budgets and 4) Schedules. (Wood, 2011, exhibit 10.2). I recommend two kinds of management reports on different levels. The first report is written by the man or woman who is responsible for the execution of the actions to the one who is responsible for the result; most of the time this is an internal Fairton matter. For example a Fairton employee from the marketing department reports to the head of marketing from Fairton. The responsibility for the second report lies in the hands of the Fairton marketing director to ST. Studio headquarters in Amsterdam. He or she reports to headquarters ST. Studio and offers this report to the different departments within ST, for example: finance and control, department sales and the general management.

On the following pages two templates from a management report are given. The first one is called: Management Report with respect to action results and the second one is called management report with respect to achieving objectives.
The first table shows the following information: Actions (Chapter 5), the responsible party, the colour code, metrics, budget, schedule and the forecast. Important for the reader to keep in mind is that this first template is written for a Fairton employee who needs to report the results to a marketing manager within Fairton.

In the second template, a marketing manager will report the results to ST. Headquarters in Amsterdam. I suppose that headquarters wants to know if certain objectives are achieved or not. Only the most important objectives are mentioned in this management report. The other objectives (objectives more on an operational level) are included in the first template. The lay out of the second template shows the following: objectives (Chapter 4), the responsible party, the colour code, metrics, budget, schedule and the forecast. According to my own interpretation I formulated the following most important objectives that need to be discussed in this second management report.

- (Financial) Objective 1: Reaching the break-even point for the current stores and the future stores (Presenting the development according to confrontation between budgets vs realtime costs and revenues. What are the sales, revenues and expenses? What were the costs? Which costs exactly? What is the development of the costs in the shops? What were the marketing costs?)

- (Marketing) Objective 1: Making sure that customers are satisfied by providing an excellent customer service (Customer satisfaction)

- (Marketing) Objective 3: Expanding the customer base by adding 100 new customers each month (How many new customers are there new in store this month? Did the amount of customers decrease? What did they spend?

  Interesting to see not only how many customers there are new in store but also to investigate what they have spent.

- Market Share: Become Commercially successful within two years with a percentage of 20%

- (Brand Awareness) Objective 5.2: In order to become dominant in the market, ST. Should become dominant on social media (social media presence)

- (Brand Awareness) Objective 5.9: ST. Studio will choose a price setting that is similar to the competitors (Price Setting)

- (Societal) objective 1: ST. By Olcay gulsen will find a local initiative to fulfill their societal objectives that will strengthen the brand image of the company in Hong Kong. For example: Ocean Recovery or the Nature Conservancy. (Corporate social responsibility)

To track the results very carefully, every month two templates need to be filled in and discussed. To measure the results per month is important because the marketing plan is only based on two years. The marketing plan is ambitious and the time in which to achieve the objectives and actions is relatively short. Therefore, it is important to be flexible and adjust the actions to various circumstances. An example of an action that needs to be measured per month is: “Expanding the customer base by adding 100 new customers each month”

The following information is important to read and to understand the templates:
Template 1 - Management Report with respect to actions results

1: The actions that are mentioned in chapter five are summed up on the left side of the template. An overview of this actions with the explanation can be found in 5.3 (A summarized plan of action).

2: The responsible party is mentioned. Who is responsible for this action? (Who reports to whom?)

3: The color code. This means the following:

- Grey - Action is not planned for this month.
- Red - High risk. The action is not in line with the expectations and is not going as planned. Are we going to continue with this action? Do we have to stop? Will we change the action?
- Orange - Something in this action is going well but this action needs continued attention to keep it on track.
- Green - Action runs smoothly, nothing needs to be fixed or done

4: Fourthly, Metrics. What did we achieve in the last month according to this action? (Measuring the results)

5: Budget. What were the costs last month? Is this in line with the budget?

6: Schedule. What will we do (differently) in the next month? How can you intensify certain actions or slow down? Are you going to propose to change certain actions?

7: Forecast. What do we want to achieve by next month? What are the results next month?

Template 2 - management report with respect to achieving objectives.

1: The most important objectives that are mentioned in chapter four are summed up and explained on the left side of the template.

2: The responsible party is mentioned. Who is responsible for this objective? (Who reports to whom?)

3: The color code. This means the following:

- Grey - Action is not planned for this month.
- Red - High risk. The achieved result is not in line with the expectations and is not going as planned. Are we going to chance the objective? Do we hold on to this objective?
- Orange - the achieved result needs continues attention. Something in this objective goes well but this objective needs continues attention to keep the objective on track.
- Green - the achieved result with respect to the objective is a good result.

4: Metrics. What did we achieve in the last month according to this action? (Measuring the results)

5: Budget. What were the costs last month? Is this in line with the budget? An overview of the monthly operating cash flows; cash in and cash out.

6: Schedule. What will we do (differently) in the next month? How can you intensify certain actions or slow down? Are we going to propose to change certain actions?
7: Forecast. What do we want to achieve by next month? What are the results next month?
Management Report with respect to actions results - Template 1

<table>
<thead>
<tr>
<th>ACTION</th>
<th>RESPONSIBLE PARTY</th>
<th>COLOR CODE</th>
<th>METRICS</th>
<th>BUDGET</th>
<th>SCHEDULES</th>
<th>FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE: Local printed media</td>
<td>Man or woman who is responsible for the execution of this action. This man or woman reports to the one who is responsible for the result. Most of the time this is an internal Fairton matter.</td>
<td>Grey / Red / Orange / Green?</td>
<td>What did we achieve in the last month? (Measuring results)</td>
<td>What were the costs? Which costs exactly? Presenting the development of the costs, this means a confrontation between budgeted costs vs realtime costs.</td>
<td>What will we do differently in the next month? How can we intensify certain actions or slow down? Are you going to propose any changes?</td>
<td>What do we want to achieve next month?</td>
</tr>
<tr>
<td>Action 1</td>
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<td>Action 2</td>
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<td>Action 5</td>
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<td>Action 6 ETC</td>
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</table>
## Management report with respect to achieving objectives - Template 2

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>RESPONSIBLE PARTY</th>
<th>COLOR CODE</th>
<th>METRICS</th>
<th>BUDGET</th>
<th>SCHEDULES</th>
<th>FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXAMPLE : Reaching the break-even point for the current stores and the future stores (Sales, revenues, costs)</td>
<td>Fairton Marketing Director to ST. Studio in Amsterdam</td>
<td>Grey / Red / Orange / Green?</td>
<td>What did we achieve in the last month? (Measuring results)</td>
<td>What were the exact operational costs, including marketing costs? What were the COG’s? What are the sales, revenues and expenses? What is the development of the costs in the shops? What were the marketing costs? Presenting the development of the revenues and costs, this means a confrontation between budgeted, revenues and costs vs realtime revenues and costs.</td>
<td>What will we do differently in the next month? How can we adjust our objective? Are you going to propose any changes? if so, how? Do we hold to the objectives?</td>
<td>What do we want to achieve next months?</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>RESPONSIBLE PARTY</td>
<td>COLOR CODE</td>
<td>METRICS</td>
<td>BUDGET</td>
<td>SCHEDULES</td>
<td>FORECAST</td>
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<tr>
<td>Making sure that customers are satisfied by providing an excellent customer service <em>(Customer Satisfaction)</em></td>
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<td>Expanding the customer base by adding 100 new customers each month</td>
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<tr>
<td>Become Commercially successful within two years with a percentage of 20%</td>
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<tr>
<td>In order to become dominant on the market, ST. Should become dominant on Social Media <em>(Social media Presence)</em></td>
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<td>ST. Studio will choose for a price setting that is similar to the competitors <em>(Price Setting)</em></td>
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<tr>
<td>OBJECTIVE</td>
<td>RESPONSIBLE PARTY</td>
<td>COLOR CODE</td>
<td>METRICS</td>
<td>BUDGET</td>
<td>SCHEDULES</td>
<td>FORECAST</td>
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<tr>
<td>ST. By Olcay gulsen will find a local initiative to fulfill their societal objectives that will strengthening the brand image of the company in Hong Kong. For example: Ocean Recovery or the Nature Conservancy. (Corporate social responsibility)</td>
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8.2 Priority List

ST. By Olcay Gulsen has a marketing budget of 150K for one year.

I recommend ST. Studio in Amsterdam makes a list of their top 4 priorities in order to make sure they will manage to break even and will not cross the line of 150K. All 24 actions are important but some are more important. Which actions need to be done first? Which one has priority over the other ones? This is also in line with the recommendations of GHC Asia.

According to my own experience and knowledge, I would chose to prioritise four actions.

Why? The research showed that the use of social media is one of the most important marketing tools. Therefore, I recommend the two most important social media actions that are linked to Facebook and WeChat because I believe they will have the most impact. Furthermore, the plan showed that people are more brand loyal to a brand with a loyalty program than without. That is why the focus on the ST. brand loyalty app is important because this will lead to increased sales and numbers of customers. To conclude, number four is a combination of action one, nine, eleven and twenty (Chapter 5).

Action 9, the organisation of a co-branded event with Genie Juicery or Sassy can be combined with action number 11 where Key opinion leaders will attend the event. Local printed media magazines, like HK Magazine and the South China Morning Post (SCMP) will write directly or indirectly about this event (Action number 1). Luxury fashion magazines, like Harper’s Bazaar will write directly or indirectly about this event as well. (Action 20)

1 Start with Chatbots on Facebook Messenger. Make a start with Facebook live streaming about the happenings in the store and start with Facebook advertisement.

2 Build a community on WeChat and provide customer service for the Chinese speaking community

3 Create a ST. by Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and IceMobile

4 A co-branded event with Genie Juicery or Sassy. Key opinion leaders will attend the event while local printed media magazines and luxury fashion magazines will write directly or indirectly about the event.

8.3 Market Share

As mentioned in chapter 4 a market share of 20% is expressed.

The following comment was made by Mr. Garland, CEO from Red Ocean explains the following:

A target share is of course just a financial (ie $ revenue) target divided by the total value of the segment you are targeting, so to set a share target you also need to know the total value of the market you are targeting share in. You should be able to find a value for total fashion in Hong Kong but getting a fix on the actual segment you are targeting may not be so easy. In any case, with just 2 stores in a market like HK, they are probably looking at something significantly below 1%, even if they do a great deal of advertising and promotion (though this is just a guess). A more common (and probably appropriate) way of expressing a target however is purely in terms of a $ value of sales and this should be something that reflects a reasonable rate of return on the capital invested / generates a reasonable operating cash flow (in the context of their strategy). Exactly what this number should be depends on their strategy and expected
payback, but at the very least, if you are talking about commercial success, then normally you would be talking about positive operating cash flows (ie their cash in is greater than their cash out – achieved within say a year). Not sure how much access you have to their financials but if not too much then the most basic way of approaching this is probably just to get a number for their annual operating costs + COGS, add whatever margin is reasonable within the industry and that’s your target. If you can find a figure for value of the market segment, then you can get back to share by dividing one by the other. (personal communication, full data)

The market share can be calculated as follows : (Woods, 2011, P.50)

**One’s company product sale in the market (units or dollars)**

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**Overall sales of such product in the market (units or dollars)**

This results in three recommendations:

1- ST. Studio needs to search for a local partner in Hong Kong, preferably Fairton who is able to calculate the total value of the market and the market share from ST. By Olcay Gulsen based on the above mentioned formula.

2- Fairton needs to contact various institutions, for example the Chamber of Commerce, HKTDC RESEARCH, GFK Market Research Experts whose expertise can help to establish the numbers. In particular HKTDC could be an interesting research partner. The following link could be of great value:

3- The recommendation ( cash in / cash out ; cashflow ) from Mr. Garland, CEO Red Ocean, should be discussed and processed in template two, objective 1 : financial.

8.4 Consumer Satisfaction

To measure if products and services are meeting the expectations of the consumer, it is essential for the company to measure and manage customer satisfaction.

To be able to do this, the company needs reliable and representative tools. A very promising example of such a tool is the Dutch Start-up TryLikes . They make it possible to measure the feedback from the customers all the time. Step one is to ask simple but specific questions (15 to 20 questions in total) with one question at a time through a TryLike device. Customers can give a thumbs up (like) or a thumbs down (dislike), based on the Facebook idea.

Step two is to analyse the responses and in step three Fairton can show, based on the feedback from step two, to the employees in store where they need to put more effort in. The result : A company is able to make more money because customers are coming back, will spend more money and are very happy. (R. Betlem, May 12, 2016, P2)

ST. By Olcay Gulsen could consider working together with TryLikes to include their system in stores. By doing so, ST. by Olcay Gulsen will be able to measure and manage the customer satisfaction in their current and future stores. Instead of the thumbs up or thumbs down they could consider using the well known system of smilies.

By doing so ST. will be able to measure and manage the customer satisfaction in their current and future stores.
8.5 Conclusion

The main conclusions from Chapter 6 could be summarised as follows:

1. It is wise to work with two management reports:

   A) *Management Report with respect to actions results*: The first one is an internal Fairton matter. The one who is responsible for the execution of a particular action reports to the one who is responsible for the result. This report will be delivered to the marketing director. This report describes: Actions (Chapter 5), the responsible party, the colour code, metrics, budget, schedule and the forecast.

   B) *management report with respect to achieving objectives*: The second report is on the level from the Fairton Marketing Director to ST. Studio in Amsterdam. This report describes the achievements of the seven most important objectives, the responsible party, the colour code, metrics, budget, schedule and the forecast.

2. To report consistently the advice is to use the two templates (*Management Report with respect to actions results* and *management report with respect to achieving objectives*) to control the implementation from the actions and to measure the results.

3. Make a list of the top 4 priorities in order make sure they will manage to break even and will not cross the threshold of 150K.

4. To measure and calculate the market share, Fairton should cooperate with a professional local partner like the Chamber of Commerce, HKTDC RESEARCH, GFK Market Research Experts.

5. To measure consumer satisfaction, Fairton and ST. Headquarters could decide to work with the system from the Dutch start-up TryLikes.
CHAPTER 9 : CONCLUSIONS AND RECOMMENDATIONS

9.1 Ambition of ST. By Olcay Gulsen in Hong Kong

In this final paper a marketing plan was written to answer the main research question: “How can ST. by Olcay Gulsen become commercially successful in Hong Kong within two years.”? This main research question reflects the ambition of ST. to become commercially successful in Hong Kong within two years. Commercially successful means in this research that a company is able to reach their break-even point and can cover variable and fixed costs with the sales they generate. The main research question applies to the two current stores in the Festival Walk shopping mall, Pacific Place shopping mall and the two future stores in Hysan Place and in the International Financial Centre (IFC).

9.2 How realistic is this ambition of ST? How promising is the plan of ST?

Based on both different analysis (DESTEP, Porter’s Five Forces, Competitive landscape) and interviews, a considerable amount of research and literature study the plan of ST is promising and the ambition to become successful in the Hong Kong market can be realised. The conclusion is based on the following seven arguments:

1. An internal strength from ST is the cooperation with the local Chinese partner Fairton. They have a big customer database and are responsible for marketing planning, implementation and control. In addition they are responsible for the hiring and recruitment of the employees in store. Together with ST. Studio they invest in the marketing budget (50% ST. Studio and 50 % Fairton). This shows that Fairton is a valuable resource for ST. By Olcay Gulsen to rely on when it comes to understanding the local market.

2. ST. By Olcay has an advantage over Chinese and local competitors because it is a European brand. Like Miss Lam mentioned: “European Brands have a certain prestige in Hong Kong. Hong Kong is a very driven marketing city and there are many possibilities to create brand visibility”. (personal communication, December 18,2015)

3. Five global retail trends offer business opportunities in Hong Kong for ST. External research showed that a demographic trend is that more and more women participate in the economy, gaining increasing economic independence. An important economic trend is the experience economy. Young generations prefer to attend live events, travel and dine at trendy spots. Furthermore, the rental prices in the city are extremely high. The ecological trend is the sustainability and ethics. Young generations are looking for products and services that provide them with trustworthy information, a brand that reflects a mission and clothes which are produced in a socially conscious and ethical way. Four technological trends are important. Smalls malls: using tech to battle competitors; social selling: snap, chat and buy; Tech investment: Feed the digital shopping habit; loyalty programs: keep them coming back. The social cultural trends are athleisure: A look becomes a lifestyle; retailment: drink, dine and discover.

4. External technological research has shown that Hong Kong’s technology sector is highly developed. Fashion is China’s biggest e-commerce category. This means that fashion retail is growing online.

5. The observation analysis from the ghost shoppers in the current stores in Pacific Place and Festival Walk are in general very positive. The overall
image was warm / friendly and welcoming. This shows that the current stores are making a good impression and have potential to grow.

6. The first selling period (August 30th to November 22 2015) shows that the clothes from ST. by Olcay Gulsen fit the preferences of the customers in Hong Kong. Customers appreciate the quality from a western brand. (Business Review, 2015, P5).

7. The brand key model from Unilever is applied to ST to understand in what way and to what extent the ST. brand has been developed and positioned. The conclusion is that the brand has a very distinctive position. Brand issues like target audience, competitive environment, insights, benefits, values and personality, reasons to believe, consumer discrimination and essence were quit easy to fill in. This means that the brand has created a common language for the current stores in Hong Kong which can also be used for the future stores as well. People in Hong Kong are well aware of fashion and consider style as important. Hong Kong is described as a place for original fashion and trendsetters. (Lam, Ministry of Foreign affairs, 2015). ST. Studio feels committed and connected to women between 25 and 35, they are looking for affordable, good quality clothing with a sexy and feminine look. ST. Studio encourages and motivates their target group to feel free - the brand wants to show women’s strength and power. (About ST, 2016)

9.3 Challenges

Nevertheless, to become really successful in the market in Hong Kong ST has to counter several challenges. The first challenges are the competitive threats:

1. Competitive threats are very high. There are a lot of competitors. This means ST. by Olcay Gulsen should stay innovative, creative and smart to stay one step ahead of the competition. This should be seen as a challenge to grow instead of a threat.

2. Rental of retail space is extremely costly. ST should be prepared to pay a high rental price. Therefore, they need a lot of sales. And they must be ready to make a significant investment for the future when they would like to open the two other stores in IFC and Hysan Place.

The second challenge can be related to social and societal responsibilities:

1. External ecological research have shown that customers are concerned about the original country of production, health and fair consumption. They want a high standard of quality and comfort. Here lies an opportunity to build a brand and create brand awareness around corporate social responsibility with marketing support. By doing so, the Company is more likely to attract new customers.

The third challenge can be called the cultural challenge:

ST should pay attention to cultural differences around numbers, colours and sizes. For example: number four is associated with death and finding skilled and English speaking employees could be a challenge.

The fourth challenge can be related to Fairton:

1. Dependence on one Chinese partner. Fairton is responsible for the marketing budget (limited to 150K a year) and also hiring, training and recruiting the staff in the shops. They are the only partner who fully understands the foreign marketplace and the local fashion/business
culture. This requires a clear plan, firm agreements and regular management reports.

The fifth challenge can be related to the website/webshop:

1. There is no webshop available at the moment. Nevertheless, Fairton is entitled to do this. It is as yet unknown when the webshop/website is planned for the future.

9.4 Recommendations

To overcome these challenges a concrete plan of action is required. This action plan consists of the following recommendations:

Recommendation 1: Write a Marketing Plan

Write a marketing plan for the current and future ST. By Olcay Gulsen stores in Hong Kong. Formulate marketing, financial and societal objectives that will lead to concrete actions, including a priority list in order to make sure ST will manage break even and will not cross the threshold of 150K.

Recommendation 2: Determine the objectives.

Three different objectives must be formulated, namely the marketing, financial and the societal objectives. The marketing objectives must be based on different levels: customer relationship, product development, market share and brand awareness. 18 objectives are recommended (see chapter 4).

Recommendation 3: Convert objectives into actions.

The above mentioned objectives must be converted into concrete actions. This results in a concrete plan of action explaining how the action will be done, by whom, when and where. 24 actions are formulated (See chapter 5)

Recommendation 4: Make a list of 4 priorities

ST. By Olcay Gulsen has 150K marketing budget for one year. Unfortunately, it is not possible to be more specific, measurable and time-defined with respect to costs and revenues. In order to make sure ST will manage to break even and will not cross the threshold of 150K it is recommended to make a list of the top 4 priorities:

1 Start with Chatbots on Facebook Messenger. Make a start with Facebook live streaming about the happenings in the store and start with Facebook advertisement.

2 Build a community on WeChat and provide customer service for the Chinese speaking community

3 Create a ST. by Olcay Gulsen brand loyalty app in cooperation with brand loyalty Hong Kong and IceMobile. Make a start with a brand loyalty program in Hong Kong for the current and future stores. An option could be to do this in cooperation with brand loyalty and Ice Mobile. This will attract many customers and it has been proven that customers stay more loyal to a brand with a loyalty programme than without.

4 Organise a co-branded event with Genie Juicery or Sassy. Key opinion leaders will attend the event while local printed media magazines and luxury fashion magazines wil write directly or indirectly about the event. Organise a
co-branded event with Genie Juicery or Sassy and invite Key Opinion Leaders and (fashion) bloggers to show that the ST is not only a fashion brand but also a creator of lifestyle and a creative brand.

Recommendation 5: Make use of the two Management Reports

To control the implementation of the actions and to measure the results, a management report is essential for guiding the implementation of the marketing plan and to measure the recommended actions and objectives.

Two templates have been designed. The first one is called: management report with respect to actions results and the second one is called management report with respect to achieving objectives.

The first management report shows the following information: actions, the responsible party, the colour code, metrics, budget, schedule and the forecast. This report is an internal matter and a Fairton employee from the marketing department reports to the head of marketing from Fairton. The second management report shows: objectives, the responsible party, the colour code, metrics, budget, schedule and the forecast. (See chapter 6) The responsibility for the second report lies in the hands of the Fairton marketing director to ST. Studio headquarters in Amsterdam. He or she reports to headquarters ST. Studio and offers this report to the different departments within ST, for example: finance and control, department sales and the general management.

Recommendation 6: Continue the cooperation with Fairton

Continue the cooperation with Fairton. Having a local partner in a foreign market can help you overcome language barriers, cultural differences and helps to have an understanding of the local marketplace.

Recommendation 7: Focus on Social Media

Focus on social media is extremely important. ST. by Olcay Gulsen should become more active on Facebook, Twitter, Instagram, WeChat and make a start with a Google remarketing campaign.

Recommendation 8: Provide excellent customers service with the help of TryLikes

Providing excellent customer service is key. Cooperate with the Dutch startup Trylikes to professionally measure the level of customer service in store. Furthermore, provide customer service and talk to customers through Facebook Messenger and WeChat. To conclude, provide customers with coffee, supplementary drinks or a free fashion consultation during the visit or build a coffee bar in store where visitors can have a coffee or work together with their laptops.

Recommendation 9: Focus on online sales

Focus more on online sales. By doing so ST. will be able to keep the prices low. The company doesn’t need stock, no warehouse and less human resources. This is also a solution for the extremely high rental prices in Hong Kong. Another idea is to start with the ST. Gulsen fitting room (Action 15 Chapter Five)

Recommendation 10: Cooperate with Ocean Recovery and Nature Conservancy

Cooperate with Ocean Recovery and Nature Conservancy in order to contribute to a positive societal reputation in the market of Hong Kong.
Recommendation 11: Cooperate with Blue Mount

Cooperate with Blue Mount, a leading provider of bespoke quality in visual merchandising and brand services Hong Kong to make the shop window in Pacific Place as attractive as possible.

Recommendation 12: Cooperate with Market Research Experts

To measure and calculate the exact market share, Fairton should cooperate with a professional local partner like the Chamber of Commerce, HKTDC RESEARCH or GFK Market Research Experts.

Recommendation 13: Focus on Hong Kong

Focus on Hong Kong for the upcoming years before entering the rest of the market in China.

Recommendation 14: Share the Story of Fair Trade and Ethical Clothing

Customers want to know the real story behind the production of the clothes from ST. Where are the clothes from? What is the production cycle? Are the working conditions safe? Is there no child labour involved? Show and explain this process on the ST. website and social media. Make videos, visit the factory where the apparel is made, write articles, post pictures. Because customers care! Transparency will attract new customers who are more brand loyal to ST.
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