MARKETING BUSINESS PLAN

VICTORIA’S SECRET

Victoria’s Secret on the Dutch market

Aesa Brans
Student number: 10023259
Class: ES4-4D
Supervisor: Ms. Ariens

Academy of European Studies & Communication Management
The Hague University of Applied Sciences
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Preface

After studying the bachelor programme ‘European Studies’ at The Hague University of Applied Sciences for almost four years, time now has come to represent my final bachelor thesis. Victoria’s Secret is one of my favourite brands in terms of lingerie, cosmetics, body care and fragrances. Therefore, my bachelor thesis represents a marketing business plan for Victoria’s Secret. Moreover, this marketing report discusses the possibilities of the further expansion of Victoria’s Secret on the Dutch market by using the most effective marketing tools. Within the interesting area of business, marketing and communication, I have gained more knowledge on these subjects. Moreover, I have discovered that I would love to obtain a job related to this area in my future career as a Junior European Professional.

Word of thanks

This bachelor thesis would not have been completed without the support of many kind people. Hereby, I would like to take this opportunity to express my appreciation to them.

First and foremost, I would like to thank Ms. Ariens, my supervisor, for her kindness, guidance and valuable feedback during this dissertation process. Her assistance and support has made this business marketing report a fun and instructive project. Secondly, I would like to thank all the respondents at Amsterdam Schiphol Airport for their kindness and cooperation during my field research. The field research for this marketing report was focused on the target audience of Victoria’s Secret. Luckily, 36 respondents were willing to cooperate with my semi-structured interviews. Their personal answers and information have completed my field research, and moreover, complemented several chapters of this marketing report. Last but not least, I would like to take this opportunity to thank my family and friends for their love and endless support. They have been there for me at all times, during my education and beyond.

Aesa Brans

The Hague, June 2014
Executive Summary

Victoria's Secret is the leading specialty retailer of lingerie and beauty products. This brand is dominating the world with body fashion, fragrances and cosmetics. In addition, Victoria’s Secret is also globally recognized for their supermodels and world-famous fashion shows. There are more than 1,000 Victoria’s Secret Lingerie and Beauty & Accessories stores worldwide. Owned and operated by its parent company L Brands, Victoria’s Secret belongs to the top 3 lingerie brands in the world. With an implemented multi-channel strategy, Victoria’s Secret is able to market its products through the official stores, catalogues and websites. Victoria's Secret's success has set the bar for the lingerie & beauty industry and continues to internationally expand this brand overseas.

In 2011 and 2012, Victoria’s Secret entered European ground by opening two Beauty & Accessories stores at Amsterdam Schiphol Airport in the Netherlands. The key focus of this research report refers to the further expansion of Victoria’s Secret on the Dutch market in combination with the most effective and suitable marketing tools. Therefore, the central research question is formulated as follows: ‘Which marketing tools can be used by Victoria’s Secret to further expand their business on the Dutch market in 2015?’ In order to answer the central research question, information was gathered through desk research. Existing literature, books, articles, databases and reports have been used. Field research was conducted in the form of semi-structured interviews among the target audience at Amsterdam Schiphol Airport in the Netherlands.

As previously discussed in the first chapters, Victoria’s Secret has established a strong brand presence in the lingerie and fashion industry. With its standard product lines and various sub-classifications, Victoria’s Secret has proven to offer a wide and deep assortment to their customers. Furthermore, the company positions the brand as a sexy, yet, sophisticated lingerie and beauty retailer within the market. The external analysis shows there is competition among existing competitors in the lingerie and beauty industry. Victoria’s Secret beats its competitors by offering very high quality when many other companies try to beat or match this existing competition on prices. Therefore, Victoria’s Secret’s differentiation strategy is based on the high quality of products and customer services. The company prices its various products at a higher level than many other lingerie companies, which ensures the exclusivity and luxurious image of the brand.
Store expansion is feasible by implementing the most effective marketing tools. As the marketing mix chapter indicates, these marketing tools refer to product, place (distribution policy), price and promotion. In addition, people and psychological distribution aspects are also analysed to develop a stronger marketing strategy.

With regards to future perspectives, recommendations have been made for Victoria’s Secret. In order to win more market share and a stronger position on the competitive market, it is highly recommended for Victoria’s Secret to further expand their business on the Dutch market. In this case, it is suggested to expand the full product assortment of Victoria’s Secret. This is possible by introducing a new flagship store on the Dutch market. A new flagship store with a full product assortment will create more brand awareness for Victoria’s Secret, and moreover, reinforce the competitive position of this company in the Netherlands. With regards to the most important growth strategies, Victoria’s Secret should put the emphasis on market development. Market development allows a new flagship store to improve its brand awareness by targeting existing products to a new market segment in the Netherlands. Furthermore, it is also recommended to expand the Victoria’s Secret Beauty & Accessories stores in the Netherlands. Further research is suggested to analyse the added value of the different airports for Victoria’s Secret Beauty & Accessories.
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Introduction

Victoria's Secret is the leading specialty retailer of women's intimate apparel and other apparel with fashion-inspired collections, prestige fragrances and cosmetics, celebrated supermodels and a world-famous runway show in the United States of America. This brand is known all around the globe for being sexy, glamorous and even angelic. Since Victoria's Secret reached its full potential in the U.S. market, L Brands, the parent company of Victoria’s Secret, has set its focus on the international expansion of the stores. Leslie H. Wexner, CEO of L Brands, stated the following in the annual report of 2012-2013: “We have a clear opportunity to double the business in the next five years. Why? We simply have the world’s best brands. Over the last 10 years, we have evolved from a business of multiple specialty retailers to an enterprise of some of the world’s most emotionally compelling brands, concentrating on the high-margin, high-loyalty categories of lingerie, beauty and personal care that delight customers around the globe” (Limited Brands, 2013).

Problem definition

There are over 1,000 Victoria’s Secret Lingerie and Beauty & Accessories stores worldwide. However, Victoria’s Secret has a clear vision of the further expansion of their business around the globe. Victoria’s Secret opened its first European Beauty & Accessories store in Lounge 3 at Amsterdam Schiphol Airport in the fall of 2011. This very first European branch of Victoria's Secret was only accessible to passengers after they had passed through passport control at Schiphol Airport. A year later, a second Beauty & Accessories store was opened in the center of Schiphol Plaza (Victoria’s Secret opens first European store in Amsterdam, 2011). Victoria’s Secret hereby hopes that opening a second outlet will fulfill the wishes of the numerous fans of this American brand (Odedra, 2012). Since there are only two Victoria’s Secret stores located at the same airport in the Netherlands, this marketing business plan will explore the possibilities of the further expansion of Victoria’s Secret on the Dutch market, and moreover, which marketing tools can be used in order to successfully expand their business. Therefore, the research question states: 'Which marketing tools can be used by Victoria’s Secret to further expand their business on the Dutch market in 2015?'

In order to answer the main research question, the following sub-questions were formulated:

- What is Victoria’s Secret and what is their product description?
- What is the market description of Victoria’s Secret?
- Who are the target groups?
- Who are the main competitors for Victoria’s Secret?
• What are the different kinds of marketing tools, which are currently used?
• Which marketing strategy is the most suitable for the Dutch market in order to win more market share?
• What is the best marketing action plan?

The purpose of this research is to explore the possibilities of the further expansion of Victoria’s Secret on the Dutch market in 2015, by using the most effective and suitable marketing tools.

Research methods

Desk research

The first step will involve desk and market research on Victoria’s Secret. Qualitative methods will be applied in order to establish a general framework for this marketing business plan. The annual reports of Limited Brands, parent company of Victoria’s Secret, will be used to gather general information, which will be integrated in several chapters of this marketing business plan. Desk research is necessary in order to define which marketing strategies Victoria’s Secret applies in the United States, and moreover, on a global level. Therefore, various data sets will be consulted as a contribution to this research. Additionally, the Internet, newspapers and other research reports will be used during the research process.

Furthermore, existing literature such as marketing and management books will be used to gain more information on several theories and models. Grondslagen van de Marketing by B. Verhage and Marketing Management by P. Kotler and K.L. Keller will be consulted in order to gather more information on marketing and strategy management. These books are useful for the internal as well as external analysis. Moreover, the confrontation matrix and marketing mix chapters are also based on the theories and models of these books.

Field research

Quantitative methods will be used to measure consumer demand in the fashion and lingerie industry in the Netherlands. As part of this field research, semi-structured interviews will be conducted near the Victoria’s Secret store at Amsterdam Schiphol Airport. The purpose of these semi-structured interviews is to explore the brand awareness, brand recognition and consumer behaviour of Victoria’s Secret among the Dutch consumers. Moreover, the semi-structured interviews will be designed to measure the desire of the target groups for the further expansion of the Victoria’s Secret stores on the Dutch market in 2015.
The target audience of Victoria’s Secret refers to women around the age of 14 - 55 years old, since this brand sells a huge variety of product collections. Therefore, a number of around 30 women of all different ages will be interviewed near the store of Victoria's Secret at Amsterdam Airport Schiphol. Additionally, an online survey through Thesis Tools might be designed in order to complete the results of the semi-structured interviews with the target audience.

*Structure of the report*
This marketing business plan for Victoria’s Secret consists of several chapters. A short outline of these chapters is outlined below.

The first chapter, theoretical framework, explains the marketing models and theories, which are integrated within the chapters of this marketing business plan. The second chapter provides general information of Victoria’s Secret. Certain aspects such as company description, history, mission, vision statement, value proposition, products description and distribution can be found in this chapter. The third chapter, which is displayed as market description, discusses the positioning perspective of Victoria’s Secret. Moreover, the Abell model exemplifies the target groups, needs, and technology of this brand. The next chapter refers to the internal analysis of Victoria’s Secret. The internal analysis consists of the strengths and weaknesses of Victoria’s Secret, which describes the internal environment. In addition, interesting findings of the field research are implemented within this chapter. The outcome of this analysis forms a general basis for the SWOT analysis.

The external analysis chapter provides various analyses to describe the external environment of Victoria’s Secret in the Netherlands. The first analysis describes the macro environment, which is also known as the DESTEP analysis. The second analysis refers to the five forces of porter, which describes the power within the market. The competitive analysis is another part of the external analysis. This part describes direct and indirect competitors for Victoria’s Secret in the Netherlands. The last analysis refers to a distribution analysis, which explains the distribution channels of Victoria’s Secret. The conclusion section of the external analysis describes the external elements, which refers to the opportunities and threats of Victoria’s Secret.

Chapter 6 provides a confrontation analysis for Victoria’s Secret. The first analysis of this chapter discusses a SWOT analysis. The SWOT analysis indicates strengths, weaknesses, opportunities and threats of a company.
In addition, a confrontation matrix will be discussed, which is based on the outcomes of the SWOT analysis. The confrontation matrix analyses the further output of the SWOT analysis. Afterwards, the strategic options for Victoria’s Secret will be discussed in this chapter. Furthermore, this chapter also indicates the best marketing and growth strategies for Victoria’s Secret on the Dutch market.

The marketing mix is the last chapter of this marketing business plan, which discusses the elaboration of the marketing tools. Several elements such as product, price, place and promotion will be discussed in this chapter.

The conclusion section of this report discusses the findings of the several marketing analyses. In addition, the recommendation section gives a recommendation on the further expansion of Victoria’s Secret on the Dutch market by using the most effective marketing tools.
1. Theoretical Framework

Throughout this research process, several marketing theories and models will be used. These theories and models are integrated in the upcoming chapters of this marketing business plan. The paragraphs below provide a description of these marketing theories and models.

In the second chapter of this report, several aspects such as product assortment and distribution channels are discussed. In order to review the product assortment, the product mix theory has been used. Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers (Suttle, 2014). The product mix theory discusses the depth, width and length of a product assortment.

The market description chapter discusses brand positioning, target groups, needs and technology. This section is based on the model of Abell. The Abell model is an important model to analyse the scope within the market. According to the model of Abell, a business can be defined by using three dimensions:

- Customer groups: who is the organisation going to serve;
- Customer needs: which customer needs is the organisation attempting to meet;
- Technology: in what way is the organisation to meet those specific needs (Abells Business Definition Framework, 2014).

As mentioned before, the external analysis consists of several analyses, which will describe all the relevant factors within the external environment of Victoria’s Secret. In order to explore the external environment market opportunities of Victoria’s Secret in the Netherlands, the DESTEP method has been used. This model explains the following factors:

- Demographic aspects: this factor addresses the composition of the population;
- Economic aspects: these are all factors that have to do with economic growth, inflation, purchasing power, etc.;
- Social (cultural) aspects: these are characteristics in the area of cultures;
- Technological aspects: these aspects refer to all developments and innovations an organization has to respond to in order to keep up with the times;
- Ecological aspects: this includes all factors in the area of the physical surroundings and the environment;
- Political-legal aspects: these aspects refer to all political measures at a decision-making, provincial and municipal level. (Vliet, 2013).
However, within this report, the decision has been made to only discuss the most relevant elements of the DESTEP analysis. Demographic, social – cultural and technological aspects will be described in the external analysis of this report.

The five forces of Porter is an effective model, which is also a part of the external analysis. This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. Porter’s five forces help to identify where power lies in a business situation.

1. Supplier power: an assessment of how easy it is for suppliers to drive up prices;
2. Buyer power: an assessment of how easy it is for buyers to drive prices down;
3. Competitive rivalry: the main driver is the number and capability of competitors in the market;
4. Threat of substitution: this is where close substitute products exist in a market, it increases the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of suppliers and the attractiveness of the market;

A SWOT analysis refers to a straightforward model that analyses an organization’s strengths, weaknesses, opportunities and threats to create the foundation of a marketing strategy (Business Dictionary, 2014). The next step refers to a confrontation matrix. The confrontation matrix is a tool, which is used to further analyse the output of a SWOT analysis. This model provides an overview of each different combination of strength, weakness, opportunity, and threat (The Confrontation Matrix, 2014).

The conclusion section of this chapter also discusses which growth strategy is suitable. The business analyst Igor Ansoff outlined some important strategies for business growth. According to the marketing theories of Ansoff, there are four growth strategies possible:

1. Market penetration: to increase market share for a firm's products in its existing markets;
2. Product development: to develop new products for existing markets;
3. Market development: to find and develop new markets for current product lines;
4. Diversification: to develop new product markets outside the existing business (Ansoff’s growth strategies).
The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market (Definition of 'Marketing Mix', 2014). The marketing mix discusses the elaboration of the marketing tools. The chapter provides the most important and relevant marketing elements such as product, price, place and promotion.
2. Company Description

This chapter provides a company description of Victoria’s Secret and its parent company L Brands. Internal aspects such as general information, history, product assortment, and distribution channels are discussed in this chapter.

§2.1 L Brands

L Brands is an international company that sells lingerie, personal care and beauty products, apparel and accessories. The company operates more than 2,600 specialty stores in the United States, and its brands are sold in more than 680 company-owned and franchised additional locations worldwide (L Brands, 2014). L Brands was previously known as Limited Brands. However, the company's name changed from “Limited Brands” to “L Brands” in March 2013. Leslie H. Wexner is the founder, chairman and chief executive officer of L Brands. L Brand’s international opportunities are endless, but after the security of their business domestically, they plan on expanding globally at a fast pace (University of Oregon Investment Group, 2011).

§2.2 History of L Brands

Leslie Wexner, CEO of L Brands, opened his first store in the Kingsdale Shopping Center in Columbus, Ohio in 1963. He named his store ‘The Limited’, a clothing store with the focus on women’s clothes. Over the years, The Limited store grew quickly, and therefore, Leslie Wexner used the profits to expand his business interests, focusing primarily upon women's clothing. In 1982, The Limited purchased Victoria's Secret, which was founded by Roy Raymond. By the end of the 1990, Leslie Wexner and his store The Limited owned several chains, including Victoria's Secret, Lane Bryant, Lerner Stores, Henri Bendel, Abercrombie & Fitch, and Bath & Body Works. In 2002, the company changed its name to Limited Brands, and by 2007, the company put an emphasis on intimate apparel and personal care through its well-recognized brands: Victoria’s Secret, PINK, Bath & Body Works, C.O. Bigelow, La Senza, White Barn Candle Co. and Henri Bendel. (Limited Brands Inc., 2014).

§2.3 Victoria’s Secret

Victoria’s Secret is the leading specialty retailer of women's lingerie, accessories, fragrances and cosmetics. This brand is known all around the globe for being sexy, young and sophisticated (L Brands, 2014). Moreover, they are also famous for their supermodels and annual fashion shows in the United States. Through the Victoria’s Secret stores, catalogues and websites, this brand sells products such as bras, panties, clothing, accessories, fragrances, lotions, cosmetics, swimwear, and athletic attire.
Victoria’s Secret is able to offer a wide range of products, which also consist of various sub-classifications such as PINK, VS Sport, Dream Angels, Body by Victoria, Cotton Lingerie, Bombshell, and the Incredible (Victoria's Secret, 2014).

§2.4 History of Victoria’s Secret
Roy Raymond has founded Victoria’s Secret in 1977. He started Victoria’s Secret with the idea that all men should feel comfortable when they buy lingerie for their girlfriends and wives. The name ‘Victoria’s Secret’ is based on a Victorian boudoir, replete with dark wood, oriental rugs, and silk drapery. Therefore, Roy Raymond has chosen the name “Victoria” to evoke the propriety and respectability associated with the Victorian era; outwardly refined, where the secrets of Victoria were hidden beneath (The Victoria's Secret Show Analysis, 2013). On June 12, 1977, he opened the first Victoria's Secret store at the Stanford Shopping Centre in California. The stores were designed to offer women and men a comfortable environment, with timber-panelled walls, Victorian furnishings and a helpful staff team. Moreover, instead of having racks of bras and panties in every size in the stores, only lingerie samples were displayed. Customers were able to look at the samples and then the sales staff would offer the right customer service (MVRO). In 1982, after five years of operation, Raymond sold the Victoria's Secret company, with its six stores and 42-page catalogue, grossing $6 million per year, to Leslie Wexner, founder of The Limited, for $1 million. Nowadays, Victoria's Secret belongs to the top three lingerie brands in the world with profits of $6,574 million in 2012 (Limited Brands, 2013).

§2.5 Mission & Vision
The vision and mission of Victoria's Secret is the same as its parent company L Brands. Limited Brands states the following mission statement in their annual report of 2012-2013: “being committed to building a family of the world's best fashion brands offering captivating customer experiences that drive long-term loyalty and deliver sustained growth for their shareholders” (Limited Brands, 2013). Furthermore, Victoria’s Secret personal vision statement is as follows: “delivering a best in class, captivating, branded customer experience that builds loyalty and enables consistent sales and profit growth” (Limited Brands, 2013).
§2.6 Organizational structure
The headquarters of Victoria’s Secret, which is also the headquarters for the parent company Limited Brands, is located in Columbus, Ohio. Leslie Wexner is the current CEO of Victoria’s Secret and L Brands (previously known as Limited Brands). Figure 1 demonstrates the official organizational structure of Victoria’s Secret and its direct distribution channels.

Figure 1: Organizational chart Victoria’s Secret

As illustrated in figure 1, Victoria’s Secret markets its products through three important distribution channels: Victoria’s Secret Stores, Victoria’s Secret Direct and Victoria’s Secret beauty. The names of the CEO’s are displayed in the organizational chart. Furthermore, other departments of Victoria’s Secret include: new media, marketing, production, creative, and merchandising (Tuck School of Business at Dartmouth, 2014).

§2.7 Value proposition
The value proposition of Victoria’s Secret refers to fulfilling an idea of beauty and fantasy. Victoria’s Secret employs some of the most beautiful and talented women in the world. Models such as Gisele Bündchen, Miranda Kerr, Alessandra Ambrosia, Candace Swanepoel, Heidi Klum, Tyra Banks, and many others have all been “Angels” for the company. With the focus on employing these models, Victoria’s Secret inspires their consumers to believe that by purchasing the lingerie and swimwear, they will look as beautiful and angelic as the models wearing it. Furthermore, by employing these models, Victoria’s Secret gives value to the consumer, helping them to believe that they could look that way in their garments or by using their beauty products (Parsley, 2012).
§2.8 Products
Victoria's Secret consists of several sub-brands or collections. Each sub-brand and collection is focused on a certain theme. For example: the Victoria’s Secret PINK collection aims at the college girl’s lifestyle and celebrating campus life. The collection of PINK consists of sleepwear, loungewear, and bras and panties designed to appeal to the young, optimistic, self-confident girl who wears, loves, and lives the colour pink. Each of these collections is offered in a variety of different styles based on the extent of coverage given by the bra, the configuration of the bra strap or even its entire silhouette. Finally, the consumer has the choice to shop by fabric type such as cotton, smooth stretch, lace, embroidered, and satin (Kumar, 2005).

Overall, the products of Victoria's Secret Stores can be divided in the following merchandising categories:

1. Basic products: these products are sold all year round and have styles and colours, which can be sold in all seasons and for the most part, never go out of style;
2. Fashion products: these products can be defined as items with styles, colours or silhouettes which typically sell for one season (spring and fall) and then shift to regular replenishment;
3. Launch fashion products: these products are fashion items, which are heavily promoted and may even announce the introduction of a completely new category (Castillo, 2013).
§2.9 Product assortment

Victoria's Secret has successfully implemented an assortment strategy, which allows them to offer various products and sub-classifications for consumer selection. Lingerie can be defined as the core business of Victoria’s Secret. Alongside these lingerie products, Victoria’s Secret also offers clothes, beauty and accessories in its full product assortment. The table below demonstrates the extent of the width and depth of the Victoria’s Secret full product assortment. The horizontal line represents the width of the Victoria’s Secret product assortment. The vertical line displays the depth of the Victoria’s Secret product assortment.

*Figure 2: Full product assortment Victoria’s Secret*

<table>
<thead>
<tr>
<th>Bras</th>
<th>Panties</th>
<th>Sleep/loungewear</th>
<th>Swimwear</th>
<th>Beauty</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Push ups</td>
<td>Thongs</td>
<td>Pyjamas</td>
<td>Bikinis</td>
<td>Fragrances</td>
<td>Dresses</td>
</tr>
<tr>
<td>Full perfect</td>
<td>V-strings</td>
<td>Baby dolls</td>
<td>One-pieces</td>
<td>Body care</td>
<td>Tops</td>
</tr>
<tr>
<td>Coverage</td>
<td>Cheekies</td>
<td>Slips</td>
<td>Tankinis,</td>
<td>Make up</td>
<td>Yoga,</td>
</tr>
<tr>
<td>Strapless</td>
<td>Chkinis</td>
<td>Sleep t-shirts</td>
<td>Cover-ups</td>
<td>Self tanners</td>
<td>Sweaters</td>
</tr>
<tr>
<td>Multi-way</td>
<td>Hipsters</td>
<td>Robes</td>
<td>Flip-flops,</td>
<td>Sun care</td>
<td>Pants</td>
</tr>
<tr>
<td>Demi</td>
<td>Briefs</td>
<td>Slippers</td>
<td>Beachdresses</td>
<td>Skin care</td>
<td>Denim wear</td>
</tr>
<tr>
<td>Racer back</td>
<td>No lines &amp;</td>
<td>Tops</td>
<td></td>
<td>Hair care</td>
<td></td>
</tr>
<tr>
<td>Wireless</td>
<td>seamless</td>
<td>Bottoms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports</td>
<td>Shape wear</td>
<td>Hosiery</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in figure 2, Victoria’s Secret offers their customers a wide range of product lines. This brand is not only famous for its bras and panties; they also offer sleep & loungewear, swimwear, beauty products and clothes to their customers. These products are the standard product categories of Victoria’s Secret. Since there are many standard product lines, Victoria’s Secret has a wide assortment, categorized in several product categories. Within these standard product categories, Victoria’s Secret has developed various styles, which can be defined as sub-products. The table above displays a wide range of sub-products within the standard product categories. For example: the bras of Victoria’s Secret consist of different styles. Push-ups, coverage, strapless, multi-way, demi, racer back, wireless and sport bras: Victoria’s Secret guarantees that there is a perfect bra for every woman. Therefore, Victoria’s Secret also has a deep product assortment, because there is a huge variety of different sub-products and classifications within the standard product lines (Victoria's Secret, 2014).
§2.10 Channels

Product description and assortment analysis were displayed in the previous paragraph. In this section, the sales channels of Victoria’s Secret will be discussed. In general, Victoria’s Secret comprises of three major distribution units:

1. **Victoria’s Secret Stores**: by visiting the Victoria’s Secret stores, customers are able to buy the products from several collections of Victoria’s Secret. The Victoria's Secret stores aim to obtain the image as being the most sophisticated, young and sexy lingerie and beauty brand in the world;

2. **Victoria’s Secret Direct**: through the website www.VictoriasSecret.com and Victoria’s Secret Catalogue, Victoria’s Secret Direct makes it possible for customers from all over the world to purchase the products of several Victoria’s Secret collections. Victoria’s Secret Direct reaches more than 390 million customers each year in over 200 countries. This website is one of the most profitable and fastest growing websites on the Internet (University of Oregon Investment Group, 2011);

3. **Victoria’s Secret Beauty**: Victoria’s Secret Beauty also operates in the beauty, cosmetics and fragrance market. These stores are principally located in airports and tourist destinations. These stores are focused on Victoria’s Secret branded beauty and accessory products and are operated by partners under a franchise or wholesale model (Limited Brands, 2013).

Furthermore, it is also important to define the optimal level of distribution intensity. Victoria’s Secret maintains a combination of a selective and exclusive distribution strategy. For instance, the products of Victoria’s Secret are not available at drugstores. Customers have to purchase the products in the specialty stores of Victoria’s Secret. This means that the customer has to be willing to make a special purchasing effort, which also shows that Victoria’s Secret is characterized by a strong brand loyalty (Verhage, 2011).

§2.11 Supply Chain

The critical processes that make up the Victoria's Secret's supply chain are:

1. Product Design and Product Launch;
2. Merchandise Planning, Allocation and Forecasting;
3. Production & Sourcing;
4. Logistics;
5. Store Operations (Kumar, 2005).
3. Market Description

This chapter provides a market description for Victoria’s Secret, which includes the following elements: brand & positioning strategy, product positioning and the model of Abell.

§3.1 Brand & positioning
Victoria’s Secret positions the brand as a sexy, yet, sophisticated lingerie and beauty retailer. The official website states the following: “we are one of the most powerful, sexy and glamorous stores in the world, where you'll find a dazzling assortment of intimate apparel, beauty products, sleepwear, hosiery, and more” (Victoria's Secret, 2014). Nowadays, this brand is one of the dominant players in the mid to up-market lingerie stakes. Victoria’s Secret has never made any secret of its highly sexualized merchandise, which has allowed it to establish a strong brand positioning (Victoria’s Secret vs. La Senza, 2014). Positioning is also based on consumer perceptions. In order to describe the positioning strategy of Victoria’s Secret, a perceptual map has been created. Figure 3 displays a perceptual map of two Victoria’s Secret product lines. These can be distinguished into the standard Victoria’s Secret collection and the Victoria’s Secret PINK collection. A perceptual map, also known as a product-positioning map, indicates how customers of Victoria’s Secret perceive the products within the market. This positioning map is based on two elements: price and quality (Verhage, 2011).

Figure 3: perceptual map - product positioning Victoria’s Secret

Legend:
- = Victoria’s Secret standard product lines
- = Victoria’s Secret PINK product lines
As shown in figure 3, Victoria’s Secret standard collection has obtained a strong image in terms of high quality. L Brands, parent company of Victoria’s Secret, aims to provide high-quality, safe and effective products. L brands also states the following: “We apply a disciplined approach when it comes to quality and protecting our customers and the environment” (L Brands, 2014). The price category of these products is also expensive. This is price-quality signalling, because the high price signals to consumers that the product is high in quality. The younger collection line, Victoria’s Secret PINK, also stands for qualitative products. However, since this product line is aimed at a younger public (girls between 14 – 21), the price category is less expensive in comparison to the standard product lines of Victoria’s Secret. For example, the push-up bras from the standard Victoria’s Secret collection cost around 55 dollar, while the average price of the push-up bras from the Victoria’s Secret PINK collection cost around 35 dollar (Victoria’s Secret PINK, 2014).

Victoria Secret is pursuing a focused positioning strategy with its different products available at several high-end price ranges. Victoria’s Secret’s differentiation is embedded in its quality of conformance. Therefore, the company prices its various products at a higher level than many other lingerie companies to reach a large target audience. According to Rabobank, there is still market in the lower market segment as well as in the higher market segment (Rabobank, 2014). Many companies and brands are established in the middle (average) market segment. As shown in figure 3, the standard product lines of Victoria’s Secret can be categorized in the higher market segment, because the product prices are more expensive in comparison to other lingerie retailers. The product collection of Victoria’s Secret PINK is also categorized in the high market segment. However, these products are less expensive than the standard product lines of Victoria’s Secret. Nowadays, there is much competition and limited space for distinctive products within these market segments. Therefore, it is essential for Victoria’s Secret to maintain a strong position strategy.
§3.2 Abell model

Figure 4 represents the Abell model for Victoria’s Secret. This model has been used in order to define the scope within the market. The three dimensions (customer groups, customer needs and technology) are illustrated in figure 4. Moreover, keywords are displayed to describe the three elements of Abell.

*Figure 4: Abell model Victoria’s Secret*

**Customer groups**

One of Victoria’s secret strategies is not just to focus on a specific group of women, but women of all ages. Victoria’s Secret target group refers to middle class women between the ages of 14 - 55 years old. Since this brand sells a huge variety of collections for all types of women, the target audience can be divided into four age segments:

- 14-20 years old: this age segment consists of teenage girls with a tendency for spending on colourful bras and panties. Moreover, these girls tend to be more concerned with image and fashion.
- 21-30 years old: this age segment can be defined as young adolescents with a tendency for fashionable products. Daytime as well as night time lingerie is popular within this category.
• 31-44 years old: this age segment refers to business and career women. They have a disposable income and are able to buy various lingerie products. Sexy as well as practical lingerie products are popular in this age segment.
• 45-55 years old: women in this age segment tend to look for quality and comfort. Supportive body wear is preferred within this category (CBI Ministry of Foreign Affairs of the Netherlands, 2011).

In all of these age segments, suitable products are expected. This is important in order to meet the customer needs of a specific target segment. Furthermore, not only women, but also men are defined as a target group of Victoria’s Secret. Victoria’s Secret was originally intended to create convenience and comfort for men. The founder of Victoria’s Secret, Roy Raymond, wanted to open a store where men would feel comfortable to purchase lingerie for his significant other.

Customer needs
The development of lingerie has been an on-going process for centuries. For most women, underwear was all about practicality, comfort and quality. However, keywords such as ‘sexy’ and ‘feminine’ appear a lot in the lingerie industry nowadays. Women of all different ages have various reasons to buy lingerie. For instance, some women might feel more feminism and sexy when they buy lingerie. Additionally, buying lingerie might be a confident boost for the self-esteem of a lot of women. Victoria’s Secret is fulfilling these needs by selling products that represent comfort and feminine at the same time. The lingerie of Victoria’s Secret is produced and designed in different styles, forms, sizes, colours, textures and materials. By considering these elements, Victoria’s Secret is also able to fulfil the individual need of every woman.

Other aspects of possible customer needs refer to excellent customer service and accessibility. According to Triumph, a lingerie retailer, almost two-thirds of women across the world are wearing the wrong bra size. A research has been done amongst 10,000 women, which revealed that 64% of the women do not wear the right bra size (Daily Mail Reporter, 2014). Therefore, providing the right customer service is important for a lingerie retailer. Victoria’s Secret employs the so called ‘bra fit specialists’ to help their customers with finding the right bra sizes. The customer service of Victoria’s Secret is not only present in the physical stores. The company also created a web page, which provides clear information on measurements and bra sizes.
In terms of accessibility, the Internet and online web shopping is an on-going customer need, because not everyone has the time to visit lingerie stores. Victoria’s Secret has made it possible for customers from all over the world to purchase the Victoria’s Secret products online. This is possible through Victoria’s Secret Direct, which refers to the official websites (Victoria’s Secret and Victoria’s Secret PINK) and online catalogues.

Technology
Victoria’s Secret is aware of the fact that it is important to know in what way they can respond to the needs of their target audience. Since the Internet has been popular for a long time, Victoria’s Secret has a strong focus on the online marketing strategy. Through the official websites of Victoria’s Secret, Victoria’s Secret PINK and Victoria’s Secret catalogues, customers from all over the world are able to purchase the products online. This makes Victoria’s Secret accessible in a global perspective. In addition, Victoria’s Secret regularly updates the official websites and social media channels to inform their customers on the newest collections and latest trends.
4. Internal Analysis

This chapter provides insight into the strengths and weaknesses of Victoria’s Secret. These internal aspects are summarized below. In addition, interesting findings of the field research are integrated within this internal analysis. The results of the field research characterize the strengths and weaknesses of Victoria’s Secret on the Dutch market. The semi-structured interviews have been conducted near the Victoria’s Secret Beauty store at Amsterdam Schiphol Airport in the Netherlands. The target audience of Victoria’s Secret refers to girls and women between the ages of 14 – 55 years old. During the field research, a number of 36 respondents were available to cooperate with the semi-structured interviews. In terms of non-response, a group of 10 – 15 people were unable to participate with the field research.

§4.1 Strengths of Victoria’s Secret

• **Strong brand presence**: Victoria’s Secret has strong brand recognition because of its image as one of the dominant players in the lingerie industry. Moreover, Victoria’s Secret is globally recognized. According to recent field research for this marketing report, more than 90% of the Dutch respondents are familiar with the concept of Victoria’s Secret, which shows Victoria’s Secret has obtained a strong brand name in the Netherlands.

• **Wide and deep assortment**: Victoria’s Secret has a large assortment in terms of width and depth of the product lines. The company sells various standard products such as bras, panties, swimwear, sleep & lounge wear, beauty products and clothes. Within these product lines, customers can purchase sub-products such as different models and styles. The full assortment is available through the Victoria’s Secret stores, online web shop and catalogues.

• **Advertising strategies**: throughout the years, Victoria’s has developed strong advertising strategies. For instance, the company has a number of the best models and photographers for advertising their products. Alongside these campaigns, Victoria’s Secret also organizes annual fashion shows to further improve its brand image and consumer knowledge regarding the upcoming products. Additionally, Victoria’s Secret employs one of the famous models in the Netherlands. Doutzen Kroes is often featured in the campaigns and annual fashion shows of Victoria’s Secret. According to the results of the field research, more than 50% of the respondents have seen the annual fashion show of Victoria’s Secret online.
• **Online marketing:** Victoria’s Secret is an active player in terms of online marketing. The official websites and online catalogues of Victoria’s Secret are regularly updated to inform their customers on the latest news, developments and special promotions. Furthermore, Victoria’s Secret also makes use of social media accounts such as Facebook, Twitter, YouTube, Pinterest, and Instagram (Victoria's Secret, 2014).

• **Corporate social responsibility:** Victoria’s Secret has integrated the protection and preservation of global resources into their everyday business activities. Victoria’s Secret mails over one million catalogues per day, catalogues that are printed entirely on Forest Stewardship Council certified paper. By using this paper they show ethical and thoughtful environmental behaviour (Riane, 2014).

### §4.2 Weaknesses of Victoria’s Secret

• **Sexy lingerie versus insecurity:** The interpretation of this aspect might be perceived as positive (strength) as well as negative (weakness). Various famous models, also known as the Victoria’s Secret Angels, are regularly featured in the newest lingerie and beauty campaigns of Victoria’s Secret. Through the official websites, social media, catalogues and campaigns, the Victoria’s Secret models are portrayed and idolized as “perfect”, “sexy” and “glamorous”. Some women interpret this aspect as an inspiration, while other women, especially younger girls, might be questioning what “perfection” really is. According to recent field research for this marketing report, young adults between the ages of 14 – 20 feel insecure about their own body from time to time. However, more than 30% of the younger respondents indicate that buying sexy lingerie and glamorous products strengthens the confidence boost and the feeling of sexiness.

• **Limited number of stores:** although Victoria’s Secret is working on a global expansion, not every country in the world has a Victoria’s Secret store. Moreover, the Netherlands only has two Victoria’s Secret stores.

• **Victoria’s Secret Beauty and its limited assortment:** the Victoria’s Secret Beauty & Accessories stores only sell a limited part of the Victoria’s Secret lingerie. This aspect might be perceived as a weakness, because Victoria’s Secret has become famous for its lingerie products. More than 70% of the respondents state the following: “it would be great if Victoria’s Secret starts to sell bras in the Netherlands” and “a full product assortment offer is strongly desired.”
• **Limited payment options and extra costs of the online web shop:** the websites of Victoria’s Secret are accessible for customers from all over the world. However, the payment options for customers are no diverse. For instance, IDEAL is a popular payment tool in the Netherlands. However, Dutch customers can only pay with a credit card at the Victoria’s Secret web shop. Furthermore, Dutch customers, as well as every customer in Europe, have to be aware of the import duties. Victoria’s Secret engaged with eShopWorld to handle the collection of VAT, administrative fees, import duties and/or taxes for packages shipping to the European Union. Packages outside the EU might be controlled at the customs. If an order does require these additional charges, customers have to pay these costs in order for their packages to clear the customs. These additional charges have to be paid online within 10 days, or the shipment will be returned to Victoria’s Secret. Customers will receive an email from eShopWorld with a link to pay these extra costs (Victoria's Secret, 2014).
5. External Analysis

This chapter describes the external environment of the Dutch market for Victoria’s Secret. To obtain a realistic picture of the market situation for Victoria’s Secret, it is essential to consider all the relevant macro-environment factors. These external aspects will be analysed through different marketing methods and analyses.

§5.1 DESTEP analysis

This section provides relevant elements of the DESTEP method. Only the demographic, economical, social-cultural and technological aspects of the Dutch lingerie market are discussed below, because these aspects mainly drive the purchases within this market.

Demographic context

The Netherlands has approximately seventeen million inhabitants, and around eight and half million of that number, consists of Dutch women (CBS, 2013). Victoria’s Secret segments their target audience in different age groups. Women between the ages of 14 – 55 years old are the main target group of Victoria’s Secret. The statistics of CBS shows that each age group consists of approximately of one million women in the Netherlands (CBS, 2013). Market research by CBI Ministry of Foreign Affairs of the Netherlands indicates that age structure of the population is a basic determinant of how much will be spent on lingerie and body wear products, since the different age categories have different clothing behaviour (CBI Ministry of Foreign Affairs of the Netherlands, 2011).

Economic context

The Netherlands ranked 6th in EU consumption of bodywear (below Germany, Italy, UK, France and Spain) and is accounted for 3.7% of total EU consumption. This aspect indicates that the size of the lingerie market has increased after the economic recession. Expectations for consumer expenditure on lingerie and body wear for the future are optimistic (CBI Ministry of Foreign Affairs of the Netherlands, 2011).

Social – cultural context

Cultural and social influences are considered the most fundamental determinants of an individual’s wants and needs (Kotler & Keller, 2009), and are therefore essential elements to consider when expanding an existing company such as Victoria’s Secret on the Dutch market. Nowadays, The Netherlands is a multicultural society, which consists of various cultural and ethnic groups.
As parent company L Brands states in their annual report: “we are looking to expand Victoria’s Secret internationally” (Limited Brands, 2013). This could be potentially problematic in cultures that may not be accepting of the “sexiness” and sometimes a racy image that Victoria’s Secret tends to portray. However, the western cultures within the Dutch society tend to be more comfortable in the areas of sexuality and showing body parts. According to market research by CBI Ministry of Foreign Affairs of the Netherlands, the Dutch population have generally become larger and heavier, which shows there is an increasing demand in larger body sizes. Furthermore, shape wear has become popular among younger segments due to the great attention by the media and cultures. These messages indicate that girls and women do not have to change their bodies, but change lingerie and body wear as reaction to plastic surgery. The right shape wear can help girls and women to achieve their desired images without plastic surgery (CBI Ministry of Foreign Affairs of the Netherlands, 2011).

**Technological context**

One of the biggest developments in the lingerie market refers to the way of how products can be sold to the target audience. E-commerce had a significant impact on the lingerie industry, which can be defined as the ‘online revolution’ of the century. According to ING Economisch Bureau, the number of online web shops has increased to 10% in a relatively short period of time, and moreover, still reveals a slight increase in comparison to physical stores (Erich, 2013). The increase of online web shops is based on the fast professionalization within the e-commerce sector. Nowadays, more and more web shops have clear products information, expansion of assortments, reliable paying terms, and accurate delivery. These factors have contributed to the success of online shopping (Erich, 2013).
§5.2 Industry analysis
The industry analysis describes the market for Victoria’s Secret, which is also related to the five forces of Porter.

Supplier power
The power of the suppliers is relatively low within this market. In 2012, L Brands, parent company of Victoria’s Secret, bought a merchandize of approximately 1000 suppliers all over the world. No supplier provided 10% or more of the purchases (Limited Brands, 2013).

Buyer power
In terms of the Victoria’s Secret buyer power, it can be assumed the buyer power is average due to the fact its buyers do not have the direct power to influence the price they are willing to pay for the Victoria’s Secret products. Many customers are loyal to Victoria Secret, because of the high quality of the products and excellent customer services. This aspect also connects the customer needs within this market. Therefore, by making customer satisfaction, alongside with offering high quality products, Victoria’s Secret is able to keep the buyer power low.

Competitive rivalry
In general, the competition among existing competitors in the lingerie and beauty market is high. Victoria’s Secret has to be aware of the threat of competitive rivalry, since there are many competitors. However, Victoria’s Secret has obtained a strong position on the competitive market. Victoria’s Secret differentiates in terms of high quality products and services, while other competitors have a clear focus on cheaper prices (Business Strategy, 2010).

Threat of substitution
The threat of product substitution within the lingerie and beauty market is low. Customers cannot substitute underwear, beauty and body products. However, they are able to switch to other brands. Nevertheless, the products of Victoria’s Secret differ in comparison to its competitors, because of the quality, high-end pricing and luxury image. Moreover, these products are only available in the specialty stores of Victoria’s Secret.
**Threat of new entry**
The threat of new entry is relatively low, since it is not easy for new competitors to enter a market because of significant entry barriers (Business Strategy: Michael P. Three Generic Strategies and The Five Forces Model, 2010).

**§5.3 Competitors analysis**
This section provides a description of the main competitors of Victoria’s Secret. These companies are also active players in the lingerie and fashion industry in the Netherlands. In order to obtain a clear and specific overview of the competitors, a comparison table has been created for this marketing report. Figure 5 provides a comparison analysis, which shows the important competitors in the Dutch lingerie and fashion market. The competitors are analysed on the following aspects: market segment, target group, product assortment, promotion activities and online web shops: online accessibility. These aspects mainly drive the competition within the lingerie and fashion industry.

Moreover, a distinction has been made between direct and indirect competitors. Direct competitors form a threat in terms of the same market segment, target audience and product lines. Therefore, it is important to keep an eye on those competitors. Indirect competitors are also competitors for Victoria’s Secret. However, these companies might focus on other market segments, or they only sell a part of the same products in their own product assortment. The distinction of competitors is as follows:

- Direct competitors: Hunkemöller, H&M, HEMA, Livera and Marlies Dekkers
- Indirect competitors (department stores): Bijenkorf and V&D

*Figure 5: Competitors in the lingerie & fashion industry*

<table>
<thead>
<tr>
<th>Stores</th>
<th>Segment</th>
<th>Target Group</th>
<th>Assortment</th>
<th>Promotion</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria’s Secret</td>
<td>High</td>
<td>14 – 55 years</td>
<td>Wide + deep</td>
<td>++</td>
<td>Yes</td>
</tr>
<tr>
<td>Direct competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunkemöller</td>
<td>Middle</td>
<td>14 – 60 years</td>
<td>Wide + deep</td>
<td>++</td>
<td>Yes</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>Low / middle</td>
<td>18 – 34 years</td>
<td>Wide</td>
<td>+</td>
<td>Yes</td>
</tr>
<tr>
<td>HEMA</td>
<td>Low / middle</td>
<td>12 – 65 years</td>
<td>Small</td>
<td>+</td>
<td>Yes</td>
</tr>
<tr>
<td>Livera</td>
<td>Middle / high</td>
<td>25 – 45 years</td>
<td>Wide + deep</td>
<td>+ -</td>
<td>Yes</td>
</tr>
<tr>
<td>Marlies Dekkers</td>
<td>High</td>
<td>18 – 45 years</td>
<td>Wide</td>
<td>+ -</td>
<td>Yes</td>
</tr>
<tr>
<td>Indirect competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bijenkorf</td>
<td>High</td>
<td>14 – 65 years</td>
<td>Wide</td>
<td>+</td>
<td>Yes</td>
</tr>
<tr>
<td>V&amp;D</td>
<td>Middle</td>
<td>14 – 65 years</td>
<td>Wide</td>
<td>+</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Legend:** ranking -- / - 0 / + /++
As shown in figure 5, Victoria’s Secret has various competitors in the lingerie and fashion industry in the Netherlands. Hunkemöller and H&M are the biggest competitors of Victoria’s Secret, since both of these companies have a similar concept. The first competitor, Hunkemöller, sells a large and detailed assortment, which consist of lingerie, swimwear, beauty products, clothes (sleep & loungewear) and accessories. Moreover, sub-products within these categories are also available, which indicates that Hunkemöller offers a deep assortment to their customers. In terms of promotion and advertising, Hunkemöller is also familiar with employing sexy models to promote their lingerie products. For example, Sylvie Meis, a Dutch actress and model, is regularly featured in the newest lingerie and beauty campaigns of Hunkemöller (Hunkemoller, 2014).

In general, the rivalry among existing competitors in the lingerie industry is high. Victoria’s Secret beats its competitors by offering very high quality when many other companies try to beat or match this existing competition on prices (Business Strategy: Michael P. Three Generic Strategies and The Five Forces Model, 2010). An example of this fact refers to another competitor of Victoria’s Secret: H&M, also known as Hennes & Mauritz, is a Swedish multinational retail-clothing company. H&M has various stores in the Netherlands. The stores can be distinguished into the normal stores and specialty stores. The brand recognition of H&M is strong among the Dutch consumer, since they are well known because of its fashionable yet affordable products. H&M and H&M Beauty stores are categorized in the lower market segment. The low pricing strategy of H&M is developed to reach out to a large audience. In terms of high end and exclusive products, competitors such as Livera and Marlies Dekkers are categorized into the higher market segment. The prices of their products are more expensive in comparison to Hunkemöller, H&M and HEMA. However, both of these companies do not use an active promotion and marketing strategy at the moment. Victoria’s Secret could benefit from this aspect, since this brand is famous for their on-going campaigns, catalogues and annual fashion shows.

Bijenkorf and V&D are well-known department stores in the Netherlands. These department stores can be recognized as indirect competitors, since their full product assortments are not specialized in lingerie and body wear. Both department stores have a wide range of lingerie products, but there is not much depth within the full product assortments. However, Bijenkorf as well as V&D, both sell famous lingerie brands such as Triumph, Calvin Klein, After Eden, Sapph and many more.
It is also essential to define the competitors of Victoria’s Secret Beauty & Accessories stores. The assortment of the Victoria’s Secret Beauty stores consists of beauty products, fragrances, body care and accessories. Furthermore, Victoria’s Secret Beauty only sells a limited part of its lingerie collection in the Beauty & Accessories stores. The following companies, also active in the beauty and body industry, are the direct and indirect competitors of Victoria’s Secret Beauty & Accessories stores:

- Direct competitors: The Body Shop, Yves Rocher and Rituals
- Indirect competitors: Ici Paris and Douglas

The Body Shop, Yves Rocher and Rituals are the biggest competitors in terms of beauty and body care products, because these companies have a similar beauty and accessories assortment concept as Victoria’s Secret. The Body Shop, Yves Rocher and Rituals offer beauty and body care products of their own brand to their customers. Moreover, within these products lines, customers can purchase various sub-products, which shows that these stores also have a deep assortment offer. However, Victoria’s Secret Beauty has an advantage in comparison to these stores. Alongside the standard beauty and body care products, the Victoria’s Secret Beauty & Accessories stores also offer a part of its lingerie (panties), bags and accessories for tablets and smartphones.
§5.4 Distribution analysis

This analysis provides a short overview on the distribution policy of Victoria’s Secret. A division can be made between the Victoria’s Secret stores by L Brands and the Victoria’s Secret stores by franchise partners.

In the U.S. and Canada, the Victoria’s Secret stores are fully owned and operated by its parent company L Brands. These stores are not based on franchise operations. As previously elaborated in chapter 2, Victoria’s Secret sells merchandise through three distribution channels: Victoria’s Secret retail stores, online & catalogues and Victoria’s Secret Beauty & Accessories. The first store outside the U.S. and Canada with a full assortment offer is a flagship store in London. This store was opened in 2012 and also owned and operated by L Brands. The flagship store takes up 40,386 square feet round the corner from Oxford Street and covers four floors with the full product assortment (Folkes, 2012).

Throughout the rest of the world, L Brands currently works with a small number of international partners to deliver Victoria's Secret to customers. They are not soliciting requests for new partners, distributors or licensees (L Brands, 2014). The international Victoria’s Secret Beauty and Accessories stores are located at tourist destinations, malls and airports. These Beauty & Accessories stores are operated with franchise partners from all over the world. According to L Brands, this smaller concept started with airports travellers in mind, with the focus on the award-winning beauty brands and exclusive accessories (L Brands, 2014). The franchise stores, ranging from 600 square feet to 1,000 square feet, are owned under a wholesale agreement, and carry an assortment of Victoria's Secret Beauty products and Victoria's Secret-branded accessories (L Brands, 2014).

Gerzon Holding BV is the franchise partner of the Victoria’s Secret Beauty and Accessories stores in the Netherlands. They are also the official franchise-holder for all fashion-related stores at Amsterdam Schiphol Airport. However, LS travel retail, a division of Lagardère Services, has recently confirmed that it has reached an agreement in principle with Philip Gerzon to acquire 100% of Charles F. Gerzon Holding. The French company aims to have more focus on the fashion retail sector (Lagardere, 2013).
§5.5 External elements

The opportunities and threats of Victoria’s Secret are discussed below. In addition, interesting findings of the field research are integrated within these external aspects of Victoria’s Secret.

Opportunities

• Global expansion possibilities: Victoria Secret’s has internationally expanded with various franchises. Moreover, the international expansion of Victoria’s Secret is an ongoing process. The first beauty store of Victoria’s Secret was launched at Amsterdam Schiphol Airport in 2011. In 2012, a second beauty store was opened at Schiphol Plaza. According to 80% of the respondents, a further expansion of the Victoria’s Secret stores on the Dutch market is strongly desired.

• Desire for further expansion and full assortment: As mentioned before, the results of the field research have shown that there is a desire to see more Victoria’s Secret stores in the Netherlands. Dutch customers would like to be able to purchase the full assortment of Victoria’s Secret.

• Space for low and high market segment: According to recent studies of Rabobank, there is space for low and high market segment on the Dutch market. The higher market segment maintained its position through the financial crisis.

• According to studies by Rabobank, there is still a demand for luxury products (Rabobank, 2014). Victoria’s Secret can be categorized in the higher market segment, since their products and sub-products are more expensive in comparison to other lingerie and beauty retailers in the Netherlands. The products of Victoria’s Secret are also perceived as luxury products.

Threats

• Competition from other competitors: One of the biggest threats of Victoria’s Secret refers to the competitors in the fashion, beauty and lingerie industry. In terms of the full assortment offer, it can be concluded that Hunkemöller and H&M are the biggest competitors of Victoria’s Secret, since their brand and product concepts are similar. Furthermore, the beauty competitors of Victoria’s Secret are: The Body Shop, Yves Rocher and Rituals.
6. Confrontation Analysis

This chapter provides a SWOT analysis for Victoria’s Secret. Moreover, the findings of the SWOT analysis can be found in the confrontation matrix model. Based on these models, this chapter also discusses the strategic options for Victoria’s Secret.

§6.1 SWOT analysis

The table below displays the internal and external elements for Victoria’s Secret and its position on the Dutch market. This model provides the strengths, weaknesses, opportunities and threats of Victoria’s Secret. These aspects are indicated in figure 6.

*Figure 6: SWOT analysis Victoria’s Secret*

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1. Victoria’s Secret has obtained a strong brand recognition, awareness and presence, which are also globally recognized.</td>
<td>W1. Sexy lingerie and models versus the insecurity of the younger target audience (girls between the ages of 14 – 25). These elements are linked to each other.</td>
</tr>
<tr>
<td>S2. Victoria’s Secret offers a wide and deep assortment to their customers.</td>
<td>W2. Limited stores around the globe: Victoria’s Secret is not established in every country of the world.</td>
</tr>
<tr>
<td>S3. Victoria’s Secret has developed strong advertising strategies: models (Victoria’s Secret Angels), annual fashion shows and various campaigns.</td>
<td>W3. Limited assortment of the Victoria’s Secret Beauty stores. The full assortment is not available in the Netherlands.</td>
</tr>
<tr>
<td>S4. Victoria’s Secret frequently uses online marketing. This also includes Social Media.</td>
<td>W4. Limited payment options and extra costs of the online web shop.</td>
</tr>
<tr>
<td>S5. Corporate social responsibility is integrated in their business activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>O1. There are still global expansion possibilities for Victoria’s Secret.</td>
<td>T1. Competition from other lingerie and beauty stores might form a threat on the market.</td>
</tr>
<tr>
<td>O2. Desire for the availability of full product assortments in the Netherlands.</td>
<td></td>
</tr>
<tr>
<td>O3. According to Rabobank, there is space for low and high market segment on the Dutch market.</td>
<td></td>
</tr>
<tr>
<td>O4. Moreover, there is still a demand for luxury products. Victoria’s Secret is categorized in the higher market segment.</td>
<td></td>
</tr>
</tbody>
</table>
### §6.2 Confrontation Matrix

The confrontation matrix model connects strengths & weaknesses with opportunities and threats of the SWOT analysis.

**Figure 7: Confrontation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S1. Strong brand awareness</td>
<td>W1. Insecurity target group</td>
</tr>
<tr>
<td></td>
<td>S2. Wide &amp; deep assortment</td>
<td>W2. Limited stores</td>
</tr>
<tr>
<td></td>
<td>S3. Strong advertising skills</td>
<td>W3. Limited assortment</td>
</tr>
<tr>
<td></td>
<td>S4. Online marketing</td>
<td>Beauty &amp; Accessories stores</td>
</tr>
<tr>
<td></td>
<td>S5. CSR practices</td>
<td>W4. Online payment &amp; costs</td>
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#### Opportunities

<table>
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<tr>
<th></th>
<th><strong>SO Strategies:</strong></th>
<th><strong>WO strategies:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Since Victoria’s Secret has obtained a strong brand name and awareness, global expansion possibilities lay ahead for the company. (S1+O1)</td>
<td>- Since not every country and airport has a Victoria’s Secret store, Victoria’s Secret can further expand on a global level. (W2+O1)</td>
</tr>
<tr>
<td>O1. Global expansion possibilities</td>
<td>- Victoria’s Secret is famous for its wide and deep assortment. According to field research, there is a strong desire for store expansion in the Netherlands, which is a positive opportunity. (S2+O2)</td>
<td>- The Beauty stores have a limited assortment in terms of lingerie. A new opportunity lies ahead in term of full assortment expansion, which will reinforces the differentiation strategy. (W3+O2)</td>
</tr>
<tr>
<td>O2. Desire for full assortment expansion</td>
<td>- Victoria’s Secret is also known for their luxury products. Therefore, the demand for luxury products within the market is beneficial. They should maintain the high quality and prices. There is also space for the higher market segment in the Netherlands. (S1, S2 + O3, O4)</td>
<td>- According to recent field research, the younger target group feels more confident when they buy sexy lingerie. Victoria’s Secret plays an important role with its lingerie assortment. There is a strong desire for expansion of the Victoria’s Secret lingerie, which should be considered. (W1+O2)</td>
</tr>
<tr>
<td>O3. Space for the higher market segment.</td>
<td></td>
<td></td>
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<tr>
<td>O4. Demand for luxury products</td>
<td><strong>ST Strategies:</strong> - There is always competition on the lingerie and beauty market.</td>
<td><strong>WT Strategies:</strong> - The assortment of Victoria’s Secret will not apply to everyone.</td>
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#### Threats

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<th><strong>ST Strategies:</strong></th>
<th><strong>WT Strategies:</strong></th>
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<tr>
<td>T1. Competition from other lingerie &amp; beauty stores</td>
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Academy of European Studies & Communication Management
However, Victoria’s Secret has created a strong brand name in the Netherlands, and moreover, a strong image in terms of products, fashion show and models. These aspects strengthen their position on the competitive market. A differentiation strategy should be maintained, which includes high quality products and offering excellent customer service. This is also part of their position strategy. (S1, S2, S3+T1)

For instance, the target audience refers to women between the ages of 14 – 55. 55 + women might not be interested in these kind of products. Since there is a lot of competition in the lingerie & beauty market, non-interested customers will shop at those stores. (W3 + T1)

§6.3 Strategic Options

This section describes the strategic options for Victoria’s Secret on the Dutch market. These strategic options are based on the outcomes of the confrontation matrix, which are also shortly discussed in figure 7.

**Strengths versus Opportunities**

Victoria’s Secret is famous for its lingerie, beauty, body care products, super models and fashion shows. Since the company is globally recognized, the brand name of Victoria’s Secret is also strong in the Netherlands. The Dutch market also shows an increasing demand in luxury products, which is beneficial for Victoria’s Secret, because they are positioned in the higher market segment. Since the brand awareness of Victoria’s Secret is strongly present on the Dutch market, the company should focus on expansion possibilities. The results of recent field research show that there is a desire for more Victoria’s Secret stores in the Netherlands.

**Strengths versus Threats**

In order to keep a balance in terms of possible threats within the market, Victoria’s Secret has to distinguish from the lingerie and beauty competitors. For instance, maintaining a differentiation strategy is a strategic option for Victoria’s Secret. This can be realized by offering the customers high quality products and excellent customer service. Furthermore, Victoria’s Secret should also focus on customer intimacy. Customer intimacy is important to create a strong customer relationship, positive word of mouth, brand and customer loyalty.
By listening to the customer needs, customer intimacy will be reinforced. As discussed in chapter 3, market description, an outstanding customer need, refers to a high customer service and high quality products. These elements should be maintained within the differentiation strategy of Victoria’s Secret. Since Victoria’s Secret has a wide and deep product assortment in terms of lingerie and beauty, Victoria’s Secret has obtained a strong position on the competitive market.

Weaknesses versus Opportunities
As mentioned in previous chapters, the Victoria’s Secret Beauty & Accessories stores do not offer a full product assortment. It has been researched that there is a strong desire among the Dutch customer for the full assortment on the Dutch market. Moreover, according to recent field research for this marketing report, the lingerie products of Victoria’s Secret contributes to the confidence level of younger girls. Therefore, it is beneficial for both parties to offer more lingerie products in the psychological stores.

Weaknesses versus Threats
According to recent studies by ING, there has been an increase in online purchases (Erich, 2013). It might be assumed that there is a slight connection between the limited assortment of the Victoria’s Secret Beauty & Accessories stores and the increase in online purchases. Since the current Beauty & Accessories stores of Victoria’s Secret do not offer the full assortment, customers tend to purchase the unavailable products online. This aspect might form a threat for the physical stores. Therefore, Victoria’s Secret should consider a full assortment expansion of their products on the Dutch market.

Conclusion
The most important aspect that comes forward is the further expansion of the Victoria’s Secret stores. It can be concluded that Victoria’s Secret should further expand its full product assortment on the Dutch market. Victoria’s Secret has a huge variety of high quality products and sub-classifications. The company will obtain more market share by offering a full product assortment in the Netherlands. Moreover, this aspect will reinforce the differentiation strategy of Victoria’s Secret, which is beneficial for its position on the competitive market. In addition, Victoria’s Secret has to maintain its high-level customer service, which strengthens the brand loyalty, customer intimacy and customer relationships.
**Growth strategies**

With regard to growth strategies, Victoria’s Secret should focus on market penetration and market development. A distinction is made between the full assortment stores of Victoria’s Secret and the Victoria’s Secret Beauty & Accessories.

*Market penetration (existing products to exciting customers)*

Victoria’s Secret Beauty & Accessories is already established on the Dutch market. To increase market share in the Netherlands, Victoria’s Secret Beauty & Accessories should consider market penetration. This strategy allows Victoria’s Secret Beauty & Accessories to achieve growth with the current (excising) products in its market segment.

*Market development (excising products to new markets)*

The Netherlands does not have a full assortment store of Victoria’s Secret yet. When opening a flagship store with more products on the Dutch market, the company will enter a new market. Therefore, Victoria’s Secret should put the emphasis on market development. Market development allows the full assortment stores of Victoria’s Secret to improve their brand recognition by targeting their existing products to a new market segment in the Netherlands.

It can be concluded that Victoria’s Secret should focus market development, because there is a strong demand for full assortment expansion among the Dutch consumers.
7. Marketing Mix

This chapter provides an improved marketing plan for Victoria’s Secret on the Dutch market, which includes several marketing elements.

§7.1 Product
The current Victoria’s Secret Beauty & Accessories stores at Amsterdam Schiphol Airport offers a limited part of the full product assortment to their customers. However, the Victoria’s Secret Beauty & Accessories has a wide and deep product assortment in terms of beauty, body, skin, hair, fragrances, bags and accessories. Within these product categories, customers are able to purchase various sub-products.

The results of recent field research at Amsterdam Schiphol Airport shows positive opinions on the current product assortment of the beauty stores. Victoria’s Secret offers the quality, style, value, and specialty products to a mass market. Moreover, the customers who are familiar with this brand already know what to expect when they purchase these high end products. However, according to results of the semi-structured interviews with the target audience, there is a strong demand for full product assortment expansion on the Dutch market. The marketing & strategic actions in terms of products are discussed below.

Marketing actions:

• **Beauty & Accessories store:** the current Victoria’s Secret Beauty & Accessories stores should continue with offering a deep and wide beauty and body assortment.

• **Flagship store & full assortment expansion:** There is an opportunity to launch a new flagship store on the Dutch market for Victoria’s Secret. A flagship store is beneficial for Victoria’s Secret to obtain a stronger position on the competitive market (having more stores) by offering the full product assortment to their customers.

• **Full product assortment:** as previously discussed in chapter 2, the full product assortment refers to lingerie, the core business of Victoria’s Secret. The lingerie products include bras, panties, baby dolls, and many more. In addition, the full assortment also consists of clothes, swimwear, sleep & loungewear, bags, beauty & body and accessories. The full assortment will be available in a new flagship store in the Netherlands.
§7.2 Price
Victoria’s Secret pricing strategy is generally categorized in the higher market segment, since this brand is offering high quality and luxury products within the market. Victoria’s Secret should maintain its pricing strategy in the Netherlands. In comparison to standard competitors such as Hunkemöller and H&M, Victoria’s Secret is priced competitively. Lingerie as well as beauty and body products are considered to be more expensive. By utilizing a higher pricing strategy, Victoria’s Secret is able to keep its exclusive image. Moreover, the expensive prices will not affect customer behaviour, since the high quality products and excellent customer services create brand loyalty. The dollar prices of the Victoria’s Secret products are not converted into Euros prices. Therefore, the European prices of the Victoria’s Secret products are more expensive in comparison to the United States, because there is a difference in terms of exchange rates between the dollar and euros.

Marketing actions:
- Position in the higher market segment: since there is a demand for luxury products and space for the higher market segment in the Netherlands, Victoria’s Secret should maintain its position within this market segment.
- Maintain pricing strategy: Victoria’s Secret should continue with its current pricing policy, since the customers are familiar with the current prices of Victoria’s Secret. Therefore, Victoria’s Secret is able to keep its image as being an exclusive and luxurious brand.

§7.3 Place
Location
Victoria’s Secret aims to maintain its image as an exclusive brand, which also has its influence on the location of their specialty stores. The international Victoria’s Secret stores are located in various tourist destinations, malls and airports. The current Dutch Victoria’s Secret Beauty & Accessories stores can be found at Amsterdam Schiphol Airport. The marketing & strategic actions below indicate possible locations for a new flagship store and Beauty & Accessories store in the Netherlands.

Marketing actions:
- Location flagship store: Dutch cities such as Amsterdam, The Hague and Rotterdam are the most suitable locations. The strongest asset of these three cities is the international atmosphere. Moreover, these cities are easily accessible by transport.
• For example, the PC Hoofdstraat in Amsterdam would be a good venue for opening a new Victoria’s Secret flagship store. This street is known for luxury shops and world famous brands. Moreover, the PC Hoofdstraat has a high-end character and international allure.

• Location Victoria’s Secret Beauty & Accessories: The Victoria’s Secret Beauty & Accessories stores are located at tourist destinations such as malls and airports. Victoria’s Secret Beauty & Accessories should consider to further expanding to Eindhoven Airport. Eindhoven Airport is the second largest and fastest growing airport in the Netherlands.

_Distribution policy_

In terms of distribution, there is distinction between an indirect distribution policy and a direct distribution policy. Victoria’s Secret does not use a direct distribution policy, since the company is not the direct manufacturer of their own products. The products of Victoria’s Secret are manufactured in Asian countries. Victoria’s Secret in the Netherlands has to be aware of the import duties. Afterwards, the products will be retailed at the Victoria’s Secret stores. Therefore, Victoria’s Secret makes use of an indirect distribution policy, which also applies to the Netherlands. In terms of transport and logistics, Victoria’s Secret uses over-seas factories. The transport is of key importance; both air- freight and ocean shipments are utilized. Victoria’s Secret has an internal logistics provider, Limited Logistics Service (LLS), who decides which method of transport to use (Kumar, 2005).

Furthermore, Victoria’s Secret will have to keep its image as an exclusive brand. Therefore, the products of Victoria’s Secret will not be distrusted through drug stores or in-store shops. The products of Victoria’s Secret will be available through their speciality stores and online websites. In this way, there is an overlap between the distribution channels.

_Marketing actions:_

• _Indirect distribution strategy:_ Victoria’s Secret has to maintain its indirect distribution strategy in the Netherlands.

• _Delivery of products:_ product shipping by airfreight, which is the fastest option.

• _Distribution channels:_ Victoria’s Secret has to continue with offering products in their own retail stores and online web shops. This ensures the brand exclusivity of Victoria’s Secret.
§7.4 Promotion

Victoria’s Secret has developed a worldwide marketing strategy in terms of promotion and advertising practices. The company uses a combination of website promotions, television commercials, broadcasted fashion shows, newsletters and social media accounts. By utilizing traditional and digital marketing tools, Victoria’s Secret is impacting a larger audience. Recent field research at Amsterdam Schiphol Airport indicates a strong brand awareness of Victoria’s Secret on the Dutch market.

Marketing actions:

- **Online marketing strategy:** to generate even more brand awareness and promote the brand in the Netherlands, Victoria’s Secret should continue with its current online marketing strategy. The official websites, catalogues, mobile & tablet applications and social media platforms can be defined as those online marketing tools. Victoria’s Secret has to continue with informing and updating their customers on the latest news, developments, offers and special discounts. However, these updates should be focused on the Dutch market, which can be realized by creating new social media platforms aimed at the Dutch Victoria’s Secret stores.

- **Email marketing:** Victoria’s Secret heavily relies on email marketing and mailing lists. Whenever there is a new product, discounts or special offer, they will send an email blast to their customers. By creating newsletters, which will be aimed at the Dutch Victoria’s Secret stores, customers will be even more triggered to visit the stores in the Netherlands. These newsletters should inform Dutch customers on the latest trends, product news, special offers and discounts.

- **Advertising:** in terms of advertising, Victoria’s Secret could introduce more TV commercials on the Dutch television, which will feature the famous Victoria’s Secret Angels. When opening a new store on the Dutch market, it would be more dynamic if a Victoria’s Secret Angel will be present at the opening. For example, Doutzen Kroes, a Dutch Victoria’s Secret Angel, could be present at the opening.

- **Fashion week:** Victoria’s Secret is well known for their Victoria’s Secret Angels and annual fashion shows in the United States. Therefore, Victoria’s Secret could participate in the Dutch and/or European fashion week shows. This will create more European exposure for the brand.
§7.5 Physical distribution
The store design of Victoria’s Secret is an important aspect, which determines the brand image of luxury and exclusivity. Therefore, the store interior has to be modern, glamorous, flirty, sophisticated and mysterious all at the same time. Additionally, the layout colours will be pink, black and white to ensure consistency with its brand. The current stores use lighting in strategic ways to highlight the products on display and helps to focus the consumer's attention. This aspect will also be integrated in the design of the new stores.

Marketing actions:
• Store design and layout: it is important to pay attention to the presentation of the new store, which includes store design, colours and merchandising.
• Visual merchandising: Victoria’s Secret should put the emphasis on visual merchandising, which includes that one of the walls of the stores will be reserved especially to fashion show videos and marketing campaigns of Victoria's Secret.
• Victoria’s Secret lifestyle: Victoria’s Secret has to create a unique shopping experience for customers, which is possible by showing important elements of the Victoria’s Secret lifestyle. The new store needs to look sexy, glamorous and feminine.

§7.6 People
Victoria’s Secret offers a high level of customer service, which is also one of their strengths. The employees at Victoria’s Secret will need to have strong sales and communication skills. In addition, the employees have to be friendly, helpful, passionate, innovative and committed to excellence.

Marketing actions:
• Recruitment: Victoria’s Secret has to hire employees with the right profile and skills for the new stores on the Dutch market.
• High level of customer service: Employees should continue with offering a high level of customer service, which will create customer loyalty and relationships.
• Sales & communication workshops: in order to fully understand the brand, customer services and sales, Victoria's Secret could consider organising sales workshops for the Dutch employees. In 2012, a European flagship store was launched in London, the United Kingdom. Therefore, an experienced employee of the British Victoria’s Secret store could travel to the Netherlands and offer sales workshops to Dutch employees.
Conclusion

It is no secret that Victoria’s Secret has become one of the world’s famous brands in terms of lingerie and beauty. L Brands, parent company of Victoria’s Secret, has set its eyes on the global market, and therefore, the company has integrated the international expansion of Victoria’s Secret within their operational strategies. The various stores of Victoria’s Secret around the world are a combination of company-owned and franchised locations. In 2011 and 2012, Victoria’s Secret has successfully entered the Dutch market with its Beauty & Accessories stores, which are based on a franchise concept. The research question of this research report is formulated as follows: ‘Which marketing tools can be used by Victoria’s Secret to further expand their business on the Dutch market in 2015?’

It can be concluded that it is an advantage for Victoria’s Secret to further expand the stores on the Dutch market. In order to successfully expand the brand in the Netherlands, Victoria’s Secret has to pay a lot of attention to the important marketing tools. The marketing tools refer to product, place, price and promotion tools.

In terms of products, Victoria’s Secret should expand the full product assortment on the Dutch market. According to semi-structured interviews of Victoria’s Secret, there is a strong demand for a full product assortment on the Dutch market. In addition, positive remarks on the current Victoria’s Secret Beauty & Accessories store indicate a possible opportunity to further expand this concept to other airports.

Secondly, the products of Victoria’s Secret are distributed through their own retail stores (full assortment stores and Victoria’s Secret Beauty & Accessories stores) and web shops. This distribution policy ensures the exclusivity of the brand. Therefore, the full assortment products will also be available at a new full assortment store, which will be similar to the Victoria’s Secret flagship store in London, the United Kingdom. This strategy also applies to the expansion of the Victoria’s Secret Beauty & Accessories stores.

Furthermore, Victoria’s Secret should continue with its current pricing policy. With its high-end pricing strategy, Victoria’s Secret is categorized in the higher market segment. In this way, the quality of products and luxurious image are taken into account. This aspect is also relating to its differentiation strategy, which is important on the competitive market.
The company has developed strong marketing and advertising strategies to build its brand recognition by using all available communication tools. This includes television commercials, magazine ads, online marketing, mobile marketing and email marketing. In addition, the broadcasted fashions shows and Victoria’s Secret Angels have strongly contributed to the brand name of Victoria’s Secret. Across each various forms of advertising, Victoria’s Secret sends out a message to ensure the sexy and glamorous brand image as well as the high quality products. These aspects have to be implemented in the marketing strategy in order to successfully promote the new Victoria’s Secret stores on the Dutch market.

People and psychical distribution are additional marketing tools. In order to offer excellent customer service, Victoria’s Secret has to hire and maintain sales associates with the right profile. In this case, communication and sales skills are required. Victoria’s Secret also offers a unique experience to their customers with the design and interior of the stores.
Recommendation

After desk and field research on Victoria’s Secret and its current business strategies, recommendations have been made with regards to the future perspectives on the Dutch market.

In order to obtain more market share on the Netherlands, Victoria’s Secret should focus on the following aspects:

- Expansion of the full product assortment on the Dutch market
- Expansion of the Beauty & Accessories stores
- Growth strategies: market penetration and market development
- Slightly adapt marketing and promotion strategies to reach the target audience

Firstly, the expansion of the full product assortment on the Dutch market is highly recommended. This is feasible by introducing a new flagship store of Victoria’s Secret. This store should be located in an international city such as Amsterdam. Additionally, it is recommended to conduct further research on the possible locations for the new Victoria’s Secret stores. In this case, Victoria’s Secret should consider utilizing market development as a growth strategy. By introducing its full product assortment on the Dutch market, Victoria’s Secret will create new markets with its existing products.

Secondly, it is suggested to further expand the Victoria’s Secret Beauty & Accessories stores to other airports in the Netherlands. For instance, Eindhoven could be considered to open a third Beauty & Accessories store. By using market penetration as a growth strategy, the Victoria’s Secret Beauty & Accessories stores can obtain more market share within the beauty and body industry. It is recommended for further research to analyse the added value of the different airports for Victoria’s Secret.

In terms of the communication policy, it is also recommended to slightly adapt the current promotion strategy. This means it would be more beneficial if the social media accounts and newsletters through email marketing will be focussed on the Dutch Victoria’s Secret stores. Social media channels such as Facebook and Twitter and email marketing are powerful communication tools to inform the customers on the latest news, discounts and special offers. Moreover, this will reinforce the customer relationship and brand loyalty.
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Appendices

Appendix 1: Questions of the semi-structured interview
Appendix 2: Summary of the semi-structured interviews
Appendix 1: Questions of the semi-structured interview

Semi-structured interview: Victoria’s Secret

Victoria's Secret is the leading specialty retailer of women's intimate apparel and other apparel with fashion-inspired collections, prestige fragrances and cosmetics, celebrated supermodels and a world-famous runway show in the United States of America. Victoria’s Secret has a clear vision of the further expansion of their business around the globe. Therefore, Victoria’s Secret opened two stores at Amsterdam Schiphol Airport: one store before the customs and one store after the customs. The purpose of this semi-structured interview is to explore the brand awareness and brand recognition of Victoria’s Secret. Moreover, I would like to find out if there is a desire to open more Victoria’s Secret stores in the Netherlands. The first part of this interview includes questions about Victoria’s Secret in general. The second part includes questions about the Victoria’s Secret store (before the customs) at Amsterdam Schiphol Airport in the Netherlands.

Thank you for your time, effort and cooperation!

Part 1: Victoria’s Secret in general

1. Which age group are you in?
   a. 14 – 20
   b. 21 – 30
   c. 31 – 44
   d. 44 – 55

2. Do you know the brand ‘Victoria’s Secret’?
   a. Yes
   b. No (go to question 13, part 2 of the interview)

3. How do you know Victoria’s Secret?
   a. The internet
   b. Television
   c. Newspapers / magazines
   d. Something else:
4. **How would you describe Victoria’s Secret?**

5. **Do you buy products of Victoria’s Secret, and if yes, where do you buy these products?**
   a. Yes, I only buy these products at the Victoria’s Secret Beauty & Accessories store at Schiphol Airport
   b. Yes, I only buy these products online through [www.VictoriasSecret.com](http://www.VictoriasSecret.com)
   c. Yes, I only buy these products at the current store as well as online
   d. Yes, I only buy these products in another country (e.g. holiday)
   e. No, I do not buy products of Victoria’s Secret (go to question 9)

6. **What do you usually buy at Victoria’s Secret**
   a. Lingerie products (bras, panties etc.)
   b. Swimwear
   c. Clothes (sports, sleep and loungewear)
   d. Beauty and body care products
   e. Bags and accessories

7. **What is the reason why you buy the products of Victoria’s Secret (your motivation)?**

8. **What makes Victoria’s Secret and its products so special in comparison to other lingerie and beauty retailers (Hunkemöller, H&M etc.)?**

9. **Have you ever watched the annual Victoria’s Secret fashion show?**
   a. Yes
   b. No (go to question 12)
10. Does it happen that you feel insecure about your own body after watching the “glamorous and sexy models” in the fashion shows?
   a. Yes, because:
      ………………………………………………………………………………………
      ………………………………………………………………………………………
   b. No, because:
      ………………………………………………………………………………………
      ………………………………………………………………………………………

11. After watching the Victoria’s Secret fashion show, are you more excited to buy their products?
   a. Yes, the products seem more appealing after watching the show
   b. Yes, the products will give me a confidence boost
   c. No, I do not get more excited to buy the products after the fashion show. I will buy the products anyway.
   d. No, I never buy products of Victoria’s Secret

12. In terms of Internet, do you regularly check the official website and social media channels to get informed on the latest news of Victoria’s Secret?
   c. Yes
   d. No

Part 2: Victoria’s Secret in the Netherlands

13. How did you find out that Victoria’s Secret store has established itself before (and after) the customs at Amsterdam Schiphol Airport?
   a. The Internet
   b. Television
   c. Newspapers / magazines
   d. Something else:
      ………………………………………………………………………………………
      ………………………………………………………………………………………
14. What do you think of the Beauty & Accessories assortment (products) of Victoria’s Secret Store at Schiphol?

…………………………………………………………………………………………
…………………………………………………………………………………………

15. Are you satisfied with the assortment (products) of the Victoria’s Secret Store at Schiphol?
  a. Yes, because:
     ………………………………………………………………………………………
     ………………………………………………………………………………………
  b. No, because:
     ………………………………………………………………………………………
     ………………………………………………………………………………………

16. What do you think of the customer services at the Victoria’s Secret Beauty and Accessories store (e.g. are the sales associates helpful)?

…………………………………………………………………………………………
…………………………………………………………………………………………

17. What do you think of the store presentation (design, interior, visual merchandising)?

…………………………………………………………………………………………
…………………………………………………………………………………………

18. Would you like to see more Victoria’s Secret stores in the Netherlands?
  a. Yes, because:
     ………………………………………………………………………………………
     ………………………………………………………………………………………
  b. No, because:
     ………………………………………………………………………………………
     ………………………………………………………………………………………

* If the individual answered ‘No’ at question 18, they have finished the interview. If the individual answered ‘yes’, continue for a few more questions.
19. According to your opinion, which cities are the best locations to open a new 
Victoria’s Secret store in the Netherlands (more answers are possible)?
   a. Amsterdam
   b. The Hague
   c. Rotterdam
   d. Utrecht
   e. Eindhoven
   f. Something else:
      ……………………………………………………………………………………………
      ……………………………………………………………………………………………

20. Would you buy more products of Victoria’s Secret if there will be more 
Victoria’s Secret stores in the Netherlands (e.g. on a regularly basis)?
   a. Yes, because:
      ……………………………………………………………………………………………
      ……………………………………………………………………………………………
   b. No, because:
      ……………………………………………………………………………………………
      ……………………………………………………………………………………………
Appendix 2: Summary of the semi-structured interviews

This section provides a summary of the field research for this marketing business report on Victoria’s Secret.

The field research

As previously discussed in the research methods paragraph, qualitative methods have been used in order to measure consumer behaviour. The purpose of the field research is to receive a better insight in terms of the brand awareness of Victoria’s Secret. Moreover, the semi-structured interview were also designed to measure the desire among the target groups for the further expansion of the Victoria’s Secret stores on the Dutch market in 2015.

This field research took place on Thursday May 1st 2014 near the Victoria’s Secret Beauty store at Amsterdam Schiphol Airport in the Netherlands. The whole day was scheduled to conduct semi-structured interviews with the selected target audience of Victoria’s Secret. The target audience of Victoria’s Secret refers to girls and women between the ages of 15 – 55 years old. As discussed in chapter 2 of this marketing report, the products lines and its sub-products are also based on the different age segments of the target groups. During the field research, a number of 36 respondents were available to cooperate with the semi-structured interviews. In terms of non-response, a group of 10 – 15 people were unable to participate with the field research. Due to time limit or no interest, these people were not available to cooperate with the interviews. Nevertheless, the aim was to reach out to 30 individuals, and the “goal” was achieved with 36 respondents.

Summary of the answers from the semi-structured interviews

1. Which age group are you in?

I was lucky to have 36 respondents who were able to cooperate with the semi-structured interviews. The target audience refers to girls and women between the ages of 14 – 55+. These respondents of the semi-structured interviews can be distinguished into the following age segments:

- 10 girls between the ages of 14 – 20 years old
- 16 young female adults between the ages of 21 – 30 years old
- 7 women between the ages of 31 – 44 years old
- 3 women between the ages of 45 – 55 + years old

Total individuals: 36
2. **Do you know the brand ‘Victoria’s Secret’?**
   a. Yes (34 respondents)
   b. No (2 respondents)

This question was designed to measure the brand recognition of Victoria’s Secret. Results have shown Victoria’s Secret has obtained a strong brand presence in the Netherlands.

3. **How do you know Victoria’s Secret?**
   a. The internet (26 respondents)
   b. Television (5 respondents)
   c. Newspapers / magazines (2 respondents)
   d. Something else (3 respondents)

The purpose of this question was to find out in what way Dutch customers have become aware of the brand. Results indicate that the Internet is a powerful tool to create brand recognition. Victoria’s Secret has proven to be an experienced player in the field of advertising and online promotion. Television, newspapers and magazines were less popular. The answer “something” else refers to other options. Three individuals have told me that they got to know Victoria’s Secret when they were on a trip in the United States.

4. **How would you describe Victoria’s Secret?**

This was an interesting question for the respondents. Many of the younger individuals have described Victoria’s Secret as a sexy, sophisticated and glamorous brand. These keywords are also integrated within the positioning strategy of Victoria’s Secret. The 10 women in the age groups of 44 – 55 years described that Victoria’s Secret stands for luxury, quality and comfort.

5. **Do you buy products of Victoria’s Secret, and if yes, where do you buy these products?**
   a. Yes, I only buy these products in the Victoria’s Secret Beauty & Accessories store at Schiphol Airport (16 respondents)
   b. Yes, I only buy these products online through www.VictoriasSecret.com and not in the stores (8 respondents)
   c. Yes, I buy these products at the current store as well as online (10 respondents)
   d. Yes, I only buy these products in other countries (0 respondents)
   e. No, I do not buy products of Victoria’s Secret (2 respondents)
This question was designed to measure in what way customers purchase the products of Victoria’s Secret. Less than 50% of the respondents only buy the products in the psychical stores (Victoria’s Secret Beauty & Accessories). Due to expensive shipping costs and the difficulty around it, the respondents are not tempted to order the products online. They prefer to buy products in a psychical store. Results also shows that approximately 25% of the respondents only buy the products online. The reasons why differ from person to person. Most people do not live nearby the Airport and therefore do not have time to visit the stores. In addition, the respondents who only purchase the products online are doing this because they want to buy items from the full product assortment.

6. **What do you usually buy at Victoria’s Secret (more answers are possible)?**
   a. Lingerie products (bras, panties etc.)
   b. Swimwear
   c. Clothes (sports, sleep and loungewear)
   d. Beauty and body care products
   e. Bags and accessories

The results of this question show which products are popular among the Dutch target audience. It can be concluded that lingerie, beauty and accessories are the most common products to be purchased.

7. **What is the reason why you buy the products of Victoria’s Secret (your motivation)?**
   This question is important to find out what the real motivation is behind the purchasing behaviour. The younger target group, approximately 30% (age segment 14 – 20 years) indicate that they buy these products to feel more girly or feminine. In general, the opinions other target groups were all the same? Women buy the products of Victoria’s Secret because they like the products. This shows Victoria’s Secret has created brand loyalty and customer relationships. In addition, 25% of the respondents indicate the products of Victoria’s Secret refer to a personal confidence boost.

8. **What makes Victoria’s Secret and its products so special in comparison to other lingerie and beauty retailers (Hunkemöller, H&M etc.)?**
   This question was designed to find out the position of Victoria’s Secret on the competitive market in a customer perspective. A part (approximately 45%) of the respondents think Victoria’s Secret is unique in comparison to others, because of its
strong brand name. According to the respondents, the popular models and sexy campaigns have contributed to the brand awareness of Victoria’s Secret. Furthermore, more than 50% of the respondents think Victoria’s Secret is unique because of its offered product assortment in comparison to other competitors.

9. **Have you ever watched the annual Victoria’s Secret fashion show?**
   a. Yes (22 respondents)
   b. No (14 respondents)

This question indicates how many Dutch customers have watched the famous annual fashion show, which is also broadcasted. As the results show, more than 50% have once seen the fashion show of Victoria’s Secret.

10. **Does it happen that you feel insecure about your own body after watching the “glamorous and sexy models” in the fashion shows?**
    This is an important question to measure the insecurity impact of the models on girls and women. Results have shown that the youngest age group (30% of the respondents) might feel insecure from time to time. This is understandable, since younger girls are in their puberty. The models are featured in the sexiest lingerie products and clothes. Younger girls look up to these models. The respondents of the other age groups do not feel insecure when looking at the models of Victoria’s Secret.

11. **After watching the Victoria’s Secret fashion show, are you more excited to buy their products?**
    a. Yes, the products seem more appealing after watching the show (12 respondents)
    b. Yes, the products will give me a confidence boost (10 respondents)
    c. No, I do not get more excited to buy the products after the fashion show. I will buy the products anyway (12 respondents)
    d. No, I never buy products of Victoria’s Secret (2 respondents)

This question indicates whether the annual fashion show has its impact on buying behaviour. It can be concluded that the buying behaviour of the 22 respondents are influenced by the annual fashion show. They say that the products during the show are looking sexy and glamorous, which also awakes the curiosity to visit the stores and buy the products. The others (approximately 35%) are not influenced by the fashion show of Victoria’s Secret.
12. In terms of Internet, do you regularly check the official website and social media channels to get informed on the latest news of Victoria’s Secret?
   a. Yes (15 respondents)
   b. No (21 respondents)

Victoria’s Secret is an active player in terms of online marketing. This question is designed to measure the effectiveness of the websites and social media channels. More than 50% of the respondents do not regularly check for updates due to the fact the website and social media channels are in English, and moreover, not aimed at the Dutch stores. The results of this question provide an opportunity for Victoria’s Secret and the improved marketing mix strategy.

13. How did you find out that Victoria’s Secret store has established itself before (and after) the customs at Amsterdam Schiphol Airport?
   a. The Internet (24 respondents)
   b. Television (0 respondents)
   c. Newspapers / magazines (0 respondents)
   d. Something else (11 respondents)

This question shows the results in which way Dutch customers have become aware of the news that Victoria’s Secret was established in the Netherlands. More than 50% of the respondents found out through several beauty and fashion websites. The other 11 respondents indicated they have become aware of the Dutch stores through word of mouth (family, friends, colleagues). The 2 respondents who did not know Victoria’s Secret or its concept just accidentally visit the store because they have to be at the airport. The results of this question show that there is an opportunity for Victoria’s Secret to make more use of television commercials and magazine advertorials.

14. What do you think of the Beauty & Accessories assortment (products) of Victoria’s Secret Store at Schiphol?

This question was designed to find out what the opinions are of the current product assortment from the Beauty & Accessories store. The majority (approximately 65%) of the respondents share the same opinion in terms of the Beauty & Accessories concept. They think the beauty and body products are made of good quality and there is a diverse choice in the product assortment. They all have purchased the products before. The other 35% is not familiar with the products because they have purchased the products for the first time. However, this part of the respondents also think the products are looking great.
15. Are you satisfied with the assortment (products) of the Victoria’s Secret Store at Schiphol?
This question was designed to measure the satisfaction on the current product assortment. More than 50% of the respondents are satisfied with the diverse and deep product assortment the Beauty & Accessories store. However, the respondents also express their desire for full product expansion. More than 70% of the respondents would love to buy more lingerie and clothes in the physical stores. This shows that there is an opportunity for Victoria’s Secret on the Dutch market.

16. What do you think of the customer services at the Victoria’s Secret Beauty and Accessories store (e.g. are the sales associates helpful)?
Victoria’s Secret aims to offer a high level of customer service. Therefore, this question is important to find out what the opinions are of the customer service in the Beauty & Accessories stores. All the respondents think that sales associates are kind and helpful. They do not force themselves on the customer, which is perceived as a positive aspect. Moreover, the customer service is good when customers have questions on certain products or need help to find a specific product.

17. What do you think of the store presentation (design, interior, visual merchandising)?
The store designs of Victoria’s Secret characterize the brand. All the respondents think that the store looks clean, sophisticated and professional.

18. Would you like to see more Victoria’s Secret stores in the Netherlands?
This question is one of the most important questions for this marketing report. More than 70% of the respondents would like to see more Victoria’s Secret stores in the Netherlands. This is a quite large percentage, which also shows Victoria’s Secret should consider further expansion. The respondents also indicated that they would like to see a full assortment store. Results have shown that approximately 25% of the respondents only buy the products online, because the full assortment product is not available on the Dutch market. Victoria’s Secret will gain more profit and market share if they decide to introduce a flagship store. Moreover, a part of the respondents also think it is a good idea to further expand the Beauty & Accessories store to other airports in the Netherlands, for example, Eindhoven airport.
19. According to your opinion, which cities are the best locations to open a new Victoria’s Secret store in the Netherlands (more answers are possible)?
   a. Amsterdam
   b. The Hague
   c. Rotterdam
   d. Utrecht
   e. Eindhoven
   f. Something else:

   This is a useful question to see which cities are preferable for customers. More than 50% indicates the provinces “North and South Holland” are perfect for the further expansion of the Victoria’s Secret Stores.

20. Would you buy more products of Victoria’s Secret if there will be more Victoria’s Secret stores in the Netherlands (e.g. on a regular basis)?

   More than 70% of the respondents would buy more products of Victoria’s Secret if there were more stores on the Dutch market. This shows there is a strong demand for the further expansion of the Victoria’s Secret stores.