



RED//GREEN

A Feasibility Study for Entering the Australian Market

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RED//GREEN Presentation Outline

- Macro environment
 - Political, Economic, Social and Technological
- Micro environment
 - Customers, Industry, Competitors and Distribution
- SWOT analysis
- Market entry strategy
 - Objectives, Strategy, Marketing mix
- Control and evaluation
- Conclusion

Macro Environment – Political

■ EU – Australia

- (ECDEL & Joint Declaration 1997)
- EU is Australia's Largest Trading Partner
- Western Style Stable Democracy

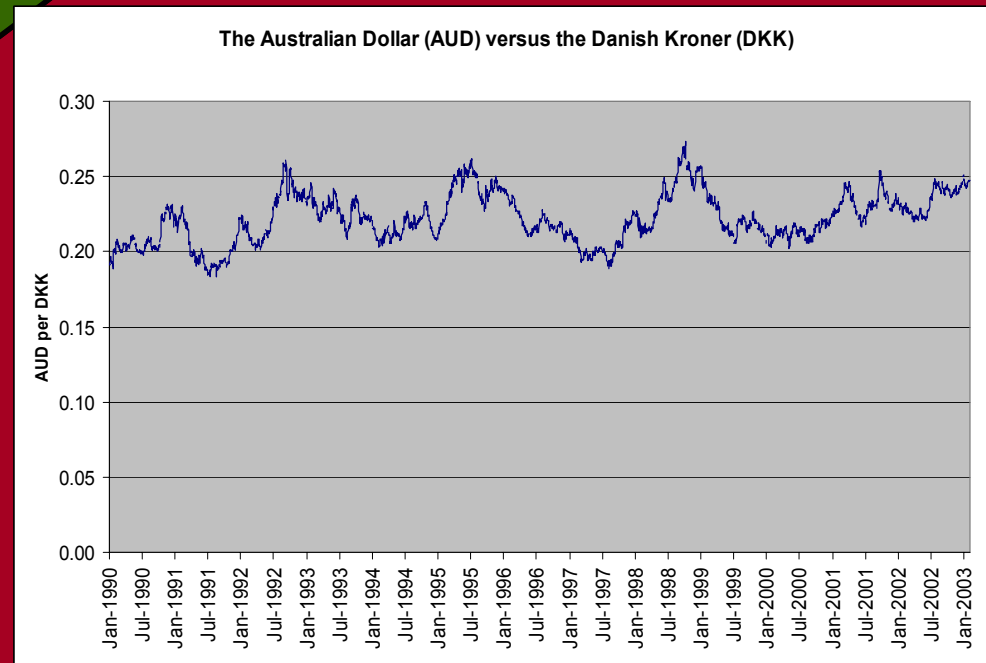
Macro environment – Economic

Western Style, Healthy Market Economy

GDP Growing at 3 %

Stable Currency

Inflation 4.3 %



Macro environment - Social

- Approx. 20 million Inhabitants (2001)
 - 95% are of European Descent
- Egalitarianism
- 4 out of 5 Live Near the Coast
- 6.7 % (2001) Unemployment

Macro Environment – Technological

- State of the art telecommunications
- Attracts foreign investors
- Annual Australia – EU meetings on science and technology development/cooperation

Micro Environment - Customers

- Highly demanding customers
- 35-60 years “young, rich and beautiful men and women”
- Large clothing budget

Micro Environment - Industry

- 10% turnover for retailers in the market
- 8.6 % of the retailing industry is clothing and soft goods
- Average gross profit 44%, pre-tax net profit 3.5%

Micro Environment - Market in Sydney

- Largest Percentage of Retail Sales in Australia
- Population: 4 million (1996)
- Affluent Population
- Cosmopolitan Culture
- Ideal Transportation Facilities
- → Ideal Market for Red//Green

Micro Environment - Competitors

- High foreign failure for set up from scratch
- Major brands present with similar products
- Most Competitors in Sydney
- 7519 Clothing and Soft-goods stores in 1999
- 22.8% of Retail Sales take Place in Sydney

Micro Environment - Competitors

- Hugo Boss (Sydney, Melbourne)
- Esprit (Sydney, Perth)
- Lacoste (Sydney, Melbourne)
- Nautica (Sydney)
- Columbia (Sydney, Brisbane)

Micro Environment - Distribution

- No serious issues applicable
- Excellent port and airport facilities
- Network of highways and railways

SWOT Analysis

<p>S</p> <p>Lifestyle fits Australia High GDP/stable government Retail Business is prospering</p>	<p>W</p> <p>Distance to Denmark Price of goods Small total population</p>
<p>O</p> <p>Highly urbanised population GDP grows faster than in the EU Major Tourist Dest.</p>	<p>T</p> <p>Market saturation Competitors Not Differentiating</p>

Market Entry Objectives

- Capture 1.7 % Marketshare in Sydney
- Build brand awareness
- Build cash flow in order to Expand in two years time.

Market Entry Strategy

- Direct Export will not Work
- Use a Combination of FDI and Franchising
 - FDI for 'Flagship' Store in Sydney
 - Franchises around Sydney once Brand is Established
 - Use Internet to Build Brand around Australia
- Intensively Capture Marketshare
 - Focus on Sydney
- Once Brand is Established, Expand into Melbourne, Perth, and Brisbane (Target 2 years)

Marketing Mix

- **Product:** Focus on Nautical Lines
- **Price:** Higher than average
→ Differentiate EU – AUS
- **Promotion:** Clubs, Competitions
Nautical magazines and Journals
- **Place:** Flagship store in harbour area
Within one year, 4 Franchises
Blanket Sydney – “Starbucks Style”

Control and Evaluation

■ Balanced Score Card Approach

- Speed of Franchise Openings
- 1.7 % Marketshare
- Pre-tax Profit 3.5%
- Brand Awareness 30% in Target Market
- Have four franchises in Sydney in one year

Conclusion

“Being rich and beautiful never goes out of fashion”