

## **Business Report on Location**

This report is on a possible location of a new clothing outlet. It is based on four main topics: purpose & scope, industry overview, market background, recommendations & conclusion.

### **Purpose & scope**

As a management Consultant, my main objective is to find a best location, which fits the outlet's needs and gives the outlet a maximum benefit. All the decisions that I have made are based on primary and secondary researches:

#### **Primary research**

My aim is to find out the business situations in the high streets in Edinburgh and Antwerp. I went to Princess Street and went abroad to the Meir Street in Antwerp to find out all the shops' names. Then all the shops are grouped into different categories according to what they are selling. In the clothes category, I will analysis each shop, for example, theirs brands, their type of customers, number of outlet, market share and their business situations.

This encourages me to understand my potential competitors. I also carried out a survey about the Euro in Antwerp. This helps me to know people's view on the currency and the effect of Euro. From the primary research, I am able to collect updated, unique and suitable information. However, it is a expensive method to collect data. All the result is printed in the following pages.

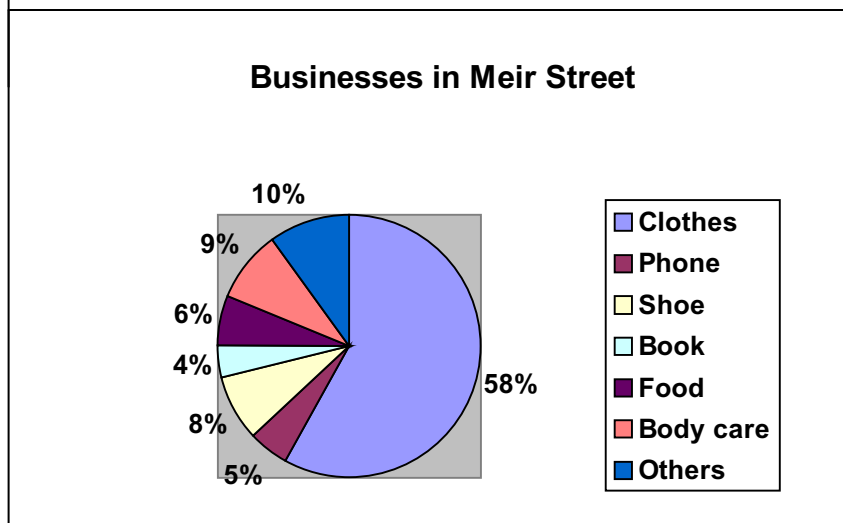
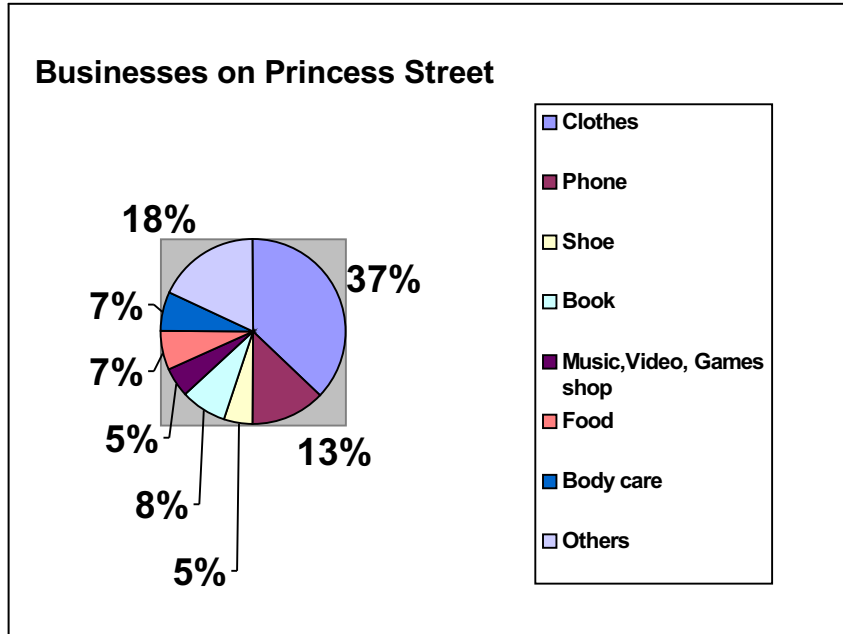
#### **Secondary research**

I have used the Internet to find out the economic issues in Europe and the issues on the currency. This helps me to find out the external factors which affect my business and my decision on the location. By using secondary research, I can have a good overview of the market and obtain information without any cost.

The whole decision making and market research took me about five days to be done.

## Industry Overview

Having obtained the information, I have done two pie charts to show the types of businesses on Princess Street and Meir Street.



The pie charts show that many shops are in the clothes sectors on Princess Street and Meir Street. This shows that there is higher demand in clothes, however, there are more competitors in the clothes sector than other sectors. The market trends in Edinburgh and Antwerp are towards the teen fashion and Young Professional fashion. This happens because the young people, especially female, are more likely to spend their money on theirs

clothes. They are not the financial supporters in the community so they have spare money to spend. If the new clothing outlet can sell clothes which are a mixture between teen fashion and young professional fashion. It can copy the clothing styles from the far East, e.g., Japan , Hong Kong, because the teen fashion in these places are more trendy. The helps the clothing outlet to stand out from its competitors.

### **Economic trend**

Overall, the economic trend in the world is declining due to the combination of the impact of the US downturn, the worldwide fall in share prices since March 2000 (particularly in the technology sector). Many businesses have to be closed down or seek ways to reduce operating costs—rationalization. UK economic growth continued at a steady rate of 0.5% in both the second and third quarters of 2001, but then slowed quite sharply to a provisional estimate of only 0.2% in the fourth quarter of 2001, however, this slowdown has been much less marked than in the US, Japan or indeed Euroland. The latter had a significant adverse impact on business and consumer confidence in September and October, although these effects have been partially reversed since then. Parts of the services sector, such as travel and tourism and advertising, were severely affected both before and after 11 September. There have also have been consequent knock-on effects on parts of the business and financial services. However, consumer spending appears to have held up reasonably well in the UK, with most retailers reporting strong Christmas sales. Public spending growth began to accelerate during 2001, which has boosted domestic demand in the government services and construction sector in particular. Although unemployment rose slightly during the fourth quarter of 2001, employment continued to increases as the labour force expanded. This shows that the economy in UK can not be easily affected by external factors. Generally, people nowadays will not spend money on luxuries if it is not necessary. Many people will do their purchases when there are sales or prices cut. People become more concern about prices. A good application of marketing mix and pricing policy can help the new clothing outlet to gain market share and beat competitors.

### **Currency—Euro & Pound**

At the present, currency is a big issue if decisions have to be made about business. Belgium is using Euro as its Currency and UK is stilling using pound. This is a key factor which affects the locating decision. In this case, UK in a better position because pound is stronger than Euro now. It is cheaper for UK to import goods from places in Europe so it can import more good at a

lower cost. As a result, UK can sell the imported goods locally with a cheaper price without cutting the profit margin. Tony Blair's Labour government says that entry is purely a question of where Britain's economic interest lies. If it can be shown that the country's material well being will benefit, then it should go in, if not, not. UK still has an option so it will not be affected if there are any changes in Euro.

## **Market Background—Edinburgh & Antwerp**

### **Edinburgh**

If I choose Edinburgh to locate the clothing outlet, I will try to find a vacant shop on Princess Street. Although there will be lots of competitions and the rent will be relatively high, there are a lot of positive benefits brought from this place. Firstly, Princess Street is a main street in Edinburgh. Everyone in Edinburgh must know where it is located. It is placed in an excellent business environment. For instance, there is a train station (Waverly Station) and an elegant hotel at the east-end of Princess Street. Along the Street, there are bus stations, which go to a variety of destinations in Edinburgh. There are lots of taxis available as well. Convenience transport means that customers are more likely to come and shop. Apart from the transport, there is a very nice view as well. Princess Street is located opposite to Princess Street Garden and the Edinburgh Castle. Above the Princess Street Garden, there are lots of impressive architectures and there are a variety of galleries, for instance, National Gallery and the Royal Scottish Academy. As Princess Street is located in the middle of all these attractions, the tourists will definitely go to Princess Street if they come to visit. On the Princess Street, there are lots of big shops. The outlet's main competitors will be Frasers, River Island, Mark & Spencer, Gap, Next and Jenners because they sell the same sort of things as the clothing outlet do. The analyses of the competitors are printed on the next pages. These shops have certain positions in the market and they have stable customers. Hopefully these shops will bring a reasonable number of customers to the new clothing outlet. As it is a completely new shop, it has the benefit to attract the customers. There are lots of apartments near Princess Street, most of the rents are very expensive. This shows that there are some wealthy people living around. Their socio-economic groups are in group A and B which are professions, managers, doctors, lawyers and teachers. They are more likely to spend money on shopping. They can be the

potential clients. Apart from the clothes shops, there are a variety of shops that are listed on the next pages.

### **Antwerp**

If I choose Antwerp to locate the clothing outlet, I will choose Meir Street because it is the main shopping street with different ranges of shops. The total numbers of shops are more than the shops on Princess Street. It has two sides of shops, which provide customers enough space to shop. I note that some of the shops in Meir Street are the outlets of some international companies, for instance, C&A, Diesel, Espirit, Hugo Boss, Mango, Morgan and Replay. This means the fashion is came from different countries. They can be very strong competitors, however, they can also bring customers to my new clothing shop. The services within easy walking distance include banks, car park, telephone box, toilets, Museums and taxis. There are underground and tramline around as well, which do not exist in Edinburgh. Apart from the shops, there are a lot of good restaurants near Meir Street. This includes fast food—Macdonald's, traditional Chinese restaurant, traditional Japanese restaurant, local restaurant and some pleasant western restaurants. These restaurants attract people to come to Meir Street. Lots of foreign businesses locate their outlets in Antwerp means that there is less risky for the new clothing outlet because someone else has tried it before. From my observation, the shops' sizes in Antwerp are larger than the shops in Edinburgh. If the outlet is located in Antwerp, there will be more space for stoppages and displays. The customers are able to shop in a comfortable environment.

### **Advantages in Antwerp**

- Antwerp is a city which is the most populous in Flanders and one of Belgium's most fascinating artistic and historical centers.
- Antwerp is the commercial center where immense variety goods are bought and sold.
- The city has lots of famous attractions, which attract customers to come. Eg, the Cathedral of Our Lady, the paintings of Rubens, Jordaens and Van Dyck, its numerous museums and Meddelheim park.
- Antwerp is now also famous for its fashion designers, architectural school and theatres.
- The port of Antwerp is an important link in the chain of international trade. They are also warehoused, repacked, distributed and forwarded to other destinations. This business provides Antwerp with good economy.

- The wealth of warehousing and storage space is a major element in Antwerp's role as a distribution center. The foreign manufacturer can decide to store his goods in a distribution center in Antwerp in order to deliver them more quickly and cheaply to the customers.
- The impact of the goods traffic due to port industry is not limited to maritime traffic.
- Antwerp's port has grown into a center of world trade, transport and warehousing.
- The port creates jobs, e.g., it provides works for 57200 people. If people have work, they are more likely to spend money. This helps the economy.
- Antwerp is the terminus of 12 international railway lines, making it Europe's leading railway port. Goods can be transported efficiently.
- \* People in Belgium can speak a variety of languages, for example, Dutch, Belgian's language , English. Etc.

### **Advantages in Edinburgh**

- It is the capital of Scotland. It has a cultural background.
- It has lots of cultural activities, for instance, Edinburgh Festival. It brings a lot of customers to Edinburgh. During Christmas, it has a fun fair in Princess Street Garden. This attracts lots of tourists.
- During every Christmas and Easter, Edinburgh is full of festival atmosphere. This encourages the customers' shopping mood.
- There are some famous universities in Edinburgh, for example, Edinburgh University and St, Andrew's University. Etc. this means there will be lots of graduated people. Generally, they are more capable in dealing with new environment. This provides lots of well-educated work force with new skills, which are needed, for business. (650 language graduates per year, 3000 more studying a language with business)
- Although Edinburgh is located at the North of Britain, it is well linked with all the regions in UK by rail and by plane. As a result, the customers are not only coming from Edinburgh.
- It is closed to Glasgow which is currently really successful in different kinds of business. There are lots of new shops in Glasgow. This may bring influence to Edinburgh. (people in Glasgow may come to Edinburgh to shop)
- Scotland has high productivity- Scotland consistently outperforms UK average for manufacturing prod. Per head. Long tradition of shift working, including continuous production.

- Excellent environment and strong successful culture results in good employee loyalty and low staff turnover.
- Edinburgh University among the highest levels of research and contract funding in the UK.
- Cost effective and flexible- hourly wages, including indirect social wage costs are among lowest in EU
- English language is the mother tongue and there is a basic understanding of Scot/Roman based legal systems like French and German.
- Training and Employment Grants available.
- Government and Local government are anxious to welcome inward investment. It provides grants for new businesses.
- It has the Edinburgh International Conference Center Ltd. which was again a considerable wealth-generator for Edinburgh and the Laotians, creating over 17 million of economic impact in the year 2000. it enhances Edinburgh's profile as a global business and tourism center, hosing 24 international events which attracted 12,669 delegated from around the world so when the businessmen come to attend meeting, they may consider operating business in Edinburgh.
- The city also offers a wide range of excellent accommodation and exciting social programme options. These activities help to impress the tourists and the businessmen.

### **Recommendation & conclusion**

After considering all the advantages of two cities, I think I will go for Edinburgh as the location of the new clothing outlet. At the economic side, I think the economy in Edinburgh is more stable than the economy in Antwerp as the UK economy is currently stable and expanding and the 4<sup>th</sup> biggest in the world. Evidences above shows that the UK economy is not remarkably affected the world events whereas the economy in Antwerp is less stable. The British people have the advantage of being able to speak English perfectly. English is an essential language in the business world. From my experience, although the Belgian can speak English, they can't speak as fluent as the British do. Euro is a big factor which affects me to make the decision. My research shows that the goods are more expensive after Belgium currency is changed to Euro. This discourages customers from consuming. As pound is strong now, Britain can gain lots of benefits at present. As Euro is not introduced for a long time, it takes time to be strong and to be recognizable by the world. It is true that there are more tourists

in Edinburgh than in Antwerp. The city's economy continued to thrive with tourism proving a key contributor. If the outlet is located in Princess Street, a lot of key marketing decisions have to be made because there are too many strong competitors. Large sum of money has to be spent on advertising to acknowledge people the existence of the shop. The fashions that the shop provides have to be very trendy which helps the products to stand out from the competitors. Competitive pricing can be used because it will be risky if we do premium pricing. People will not buy the products. Penetration pricing can not be used because lower prices always give people a perception of low quality. The shop is aiming at the middle class- young profession. Special offers have to be made but it can't be used frequently. It is helped to boost short-term profit. If the outlet can be operated profitably, it can consider opening a second outlet in Antwerp, which is the second best location.