

Unit 10 Assignment 1

Report

Target market: A target market is a group of people that a business selects to promote their products and services to. The target market has people within a certain age group. For example a Sony MP4 player is mainly aimed at teenagers, the teenagers are the target market and Sony is the business that is selling their products to the specified target group. The target market for my business will be mainly everyone. The reason for this is because my business will sell all sorts of clothes in different varieties for different age groups. So we will sell products which are fit for nearly any age group. Whether it is young people or old people most age groups like to wear good, fashionable and quality clothes. I identified my target market through market research. Market research showed me that nowadays young people tend to spend a lot of money on designer brands; old people on the other hand prefer clothes which are simple but quality. Questionnaires, identifying the competitor's customers, customer analysis, and product research have helped me identify my target market.

You can start a business through many different ways; it is up to you to choose which way is easier for you. For example contacts, if you have a friend that knows somebody that owns a business who is willing to sell his business, you can ask your friend for advice and the friend can also arrange a meeting with the businessman. This is one way of penetrating into a business by meeting the key people, once this is done then it is up to you to progress forward and to find out about the business by asking questions and doing a bit more research about it. Once you know everything which is important about the business, then the time comes where you have to make a decision whether or not to make an offer and buy the business.

To start up a franchise you have to be interested into a certain business or a certain brand name. You then have to go to the headquarters of the franchise and you will have to apply for a franchise license, once you have the franchise license you can arrange a meeting with the franchisor (owner) and discuss the location and go through the procedures (signing contracts, and agreeing to the rules and regulations). Once this is done you then have to pay the franchisor money for the brand. After the business is set up and it has started to run, the franchisee has to pay royalties to the franchisor. In other words the person that was interested in the business has to pay the owner parts of the money the franchise makes, this is known as paying royalties.

Business Planning: Business planning contains all the goals, strategies and actions that you visualize to ensure your businesses survival and growth. A business plan is a document that summarizes the operations and the financial objectives of a business. It contains detailed plans and budgets showing how to spot objectives. The business plan contains detailed financial projections, forecasts about the business's performance, and a marketing plan, it's an incredibly useful tool for business planning. A business plan also contains a projected profit and loss statement.

Unique selling point (USP): A unique selling point is also known as a unique selling proposition and it is vital for a business that wants to succeed. A unique selling point is something which sets your products and services in the mind of your potential customers and markets. A unique selling point is a way of advertising your business which includes an image or a slogan which is likely to stick in your customers mind. My unique selling point will be **DESIGNER RULES**

Work – life balance: Many businessmen tend to loose their social/personal life due to the greed of making higher profit. Most people take a risk by creating/opening a business to have a better life financially so they are able to enjoy life more comfortably. However some people forget that the reason they opened a business was to be more relaxed financially and not to go in the blindness of greed. There should be a balance with a business and social/personal life. I intend to work hard all the way but I believe there is a limit to hard work, true hard work is always rewarded and I aim to work with honesty. Along with hard work and honesty I will take holidays here and there and I will work certain hours which are flexible so I can still socialize and spend time with my family. I personally think it is up to you how you manage your time, but I agree that at times you have to make sacrifices. I will make sure that I have a balance with my business/social life. I will do this by making sure that I work my hardest when I am at work and I will make sure I leave all my worries and my work load at work when I am not working.

External Influences: Businesses usually operate in an external environment in which as well as competition from rival businesses have to take account of legal, political, social and economic influences. External influences are the changes in the world which affect a business and the business has no control over the changes.

- **Social factors** = The changes in society and social structures. The changes take place in the structure of population and in consumer life styles.
- **Legal factors** = The changes in laws and regulations. Businesses have to be aware and careful to stay within the law and to find ways in which changes in laws will affect the way they must behave.
- **Economic Factors** = They relate to the changes in the wider economy. A growing economy provides greater opportunities for businesses to make profits, so businesses welcome rising living standards.

- **Political factors** = The changes in government and government policy and how they can influence businesses.
- **Technological factors** = These help businesses with new inventions, how to cut costs and how to develop new products
- **Environmental Scanning** = Businesses examine the external environment to identify changes in the world around them which affect demand and supply conditions for their products.

There are many external influences which may affect my business and the way it behaves. If there are any changes made in the external environment then my business may have to make changes because I will have no control over the changes made. One external influence which is affecting many businesses and which may also affect my business is fake designer clothes imported from other countries like China and India. This will definitely affect my business because the fake clothes will be sold at really cheap prices so the general public will most likely buy the fake clothes and they won't buy the real branded clothes from retailers like my business, this will mean less profit for my business and the sales that are supposed to be made will decrease. In the future interest rates are bound to go up, this is another external influence which will affect my business. If interest rates go up then most people will have less disposal income so customers are most likely to cut down on luxuries. If the government decide to increase the minimum wage for employees then I will definitely have to increase the wages for my employees, managers that already get paid more than the sales people may feel that the sales people are getting a pay rise then we should also get a pay rise. This external influence will affect my business because I will have to pay my employees more money which will definitely decrease the profit coming in.

A **PEST** analysis is a useful tool for understanding market growth and decline. In other words it is a measurement tool. It is a planning tool for identifying the external Political/Legal, Economic, Social, and Technological issues that could affect the planning of an organisation.

Political
Economic
Social
Technological

Example of a Pest Analysis:

Political:

- Ecological/environmental issues
- Current legislation home market
- Future legislation
- European/international legislation
- Regulatory bodies and processes
- Government policies
- Government term and change
- Trading policies
- Funding, grants and initiatives
- Home market lobbying/pressure groups
- International pressure groups
- Wars and conflict

Social:

- Lifestyle trends
- Demographics
- Consumer attitudes and opinions
- Media views
- Law changes affecting social factors
- Brand, company, technology image
- Consumer buying patterns
- Fashion and role models
- Major events and influences
- Buying access and trends
- Ethic/religious factors
- Advertising and publicity
- Ethical issues

Economic:

- Home economy situations
- Home economy trends
- Overseas economies and trends
- General taxation issues
- Taxation specific to product/services
- Seasonality/weather issues
- Market and trade cycles
- Specific industry factors
- Market routes and distribution trends
- Customer/end – user drivers
- Interest and exchange rates
- International trade/monetary

Technological:

- Competing technology development
- Research funding
- Associated/dependent technologies
- Replacement technology / solutions
- Maturity of technology
- Manufacturing and maturity capacity
- Information and communications consumer buying mechanisms / technology
- Technology legislation
- Innovation potential
- Technology access, licensing, patents
- Intellectual property issues
- Global communication

Task 2

Primary research: Primary research is also known as field research. Primary research involves going out and collecting first hand information. This information is collected by interview or questionnaire designed for a specific need. This research is obtained directly from the relevant source. Telephone, mail, intercept, executive interview and web surveys are the most common primary research techniques. For my primary research I have decided to create a questionnaire for the general public to fill in, it is shown below.

1) Male/Female

2) What is the most popular designer clothes store in Loughborough?

TK Maxx Rebel Denim Designs

3) How often do you go out to buy designer clothes?

Everyday Once a week Once a year

4) Do you think there is a need for a new designer label clothes store in Loughborough?

Yes No

5) What location suites you best?

The Rushes Centre of town Precinct Other

6) What designer labels would you like to see in our store?

Hugo Boss G Star Evisu Henley's Other

7) Are there any ideas that you would like to suggest to bring change or to provide a better service for you?

8) Are you into fashion or are you a fashionable person?

Yes NO

9) What kind of clothes would you like to see in our store?

Jeans Jackets T-shirts Tops

10) On average how much money would spend on designer clothes?

£20 £50 £100 £200 More

Secondary research: Secondary research is also known as Desk research. This research involves using existing information that has already been collected by somebody else. It may be collected from within the business (internal) or from outside (external) such as trade journals, government statistics or information from market research agencies.

Closed questions:

How old are you?

Is there a need for a new designer clothes store in Loughborough?

Is Loughborough a nice town?

Open Questions:

Why do you think Loughborough is a good town?

In what ways will opening a new designer clothes store in Loughborough benefit you?

Why will the rushes be a good location to open a new designer clothes store?

No matter which city I go to or which town I go to I will always have competitors, in Loughborough, I have decided to choose The Rushes as my location. There are three main competitors in The Rushes that I will be competing with. TK Maxx, JJB sports and Woolworths are the three main competitors that are close to my location. There are many more stores in the Loughborough town centre and Loughborough itself which may cause competition for my business. Examples of competitors in Loughborough; Primark. Ego, Label, New looks, Next, Burton, Denim Designs etc.

JJB Sports:

JJB sports are a competitor for my business in Loughborough. The proper address for JJB is: 2 The Rushes, Loughborough, Leic's, LE11 5BE. JJB Sports was officially opened in 1971 in London but the store in Loughborough was opened in 2004. JJB sports have been in existence for 37 years. In 2005 JJB Sports launched their online shopping site, **JJB Sports Online Store**, with a view to expanding their market into cyberspace. JJB Sports doesn't just sell sports clothing, they also have health and fitness clubs and 6 soccer domes where people can play five a side football in well-organised leagues. JJB is also the official retail partner to two of the U.K's biggest clubs, Rangers and Everton, the deal with Rangers was worth £18 Million, rising to around £54 Million over ten years, while the Everton deal which took place in 2004 involves the day to day running of the merchandising (stock) in the club. By 2005, JJB had expanded to over 430 stores throughout the UK and Ireland. It had also opened a new branch in Amsterdam in 2002. In 2007 JJB sports had bought a 10.1% stake in Umbro to protect its stake in the market for England football shirts. JJB sports are worth an estimated £100 million over 10 years. JJB is also the current main shirt sponsor for local rugby league Superleague club Wigan Warriors and English Premier League outfit Wigan Athletic F.C.. It also gives its name to the stadium at which both clubs play (JJB Stadium). (This information was found on www.wikipedia.com and www.google.com)

TK Maxx

TK Maxx is another major competitor close to my location. The proper address of TK Maxx in Loughborough is: 8a The Rushes, Loughborough, Leic's, LE11 5BE. TK Maxx was first opened in Bristol in 1994, so they have been in existence for 14 years. The TK Maxx store in loughborough was opened in 2004, so its existence in Loughborough has been for 4 years. TK Maxx had a chain of 210 stores in the United Kingdom and Ireland by 2006, by 2007 TK Maxx added another 10 stores in the U.K. and Ireland. They also opened another 5 stores in Germany. T.K. Maxx is the only major off-price retailer in any European country with stores averaging approximately 30,000 square feet in size. TK max have 500 people working in their home office and they have 10,000 employees working in UK and Ireland in stores and distribution centres. (This information was found on www.wikipedia.com and www.tkmaxx.com/legal.aspx)

Woolworths group PLC

This store is not a major competitor for my store because Woolworths does not sell a lot of clothing, they sell a lot of home equipment e.g. for kitchens, and they also sell a lot of electrical goods. They do sell clothes however it is limited. The address for Woolworths in Loughborough is; Unit 1, The Rushes, Loughborough, Leic's, LE11 5BE. Their headquarters are in England and the majority of their stores are in England. They have a chain of 459 stores in total all over the country. Woolworths was first founded in 1909, so they have been in existence for 99 years in total however the Woolworths store in Loughborough was opened in 2004, so in Loughborough they have been in existence for four years. Woolworths has entered into agreements to refinance its current bank revolving credit and other facilities with new 4 year facilities totalling £385million. The retail turnover for Woolworths every year is estimated to be £2,284.9 (Million), the entertainment wholesale and publishing turnover is estimated to be 1,165.2 (million) every year. Approximately they have 30,000 employees working in retail for them. **(This information was found on www.wikipedia.com , www.google.com, www.woolworthsgroupplc.com/investors/int2001/pdf/interim_report.pdf)**

NEXT

This store is a major competitor for my business, reason being is because this company has become a quality brand and it produces and sells its own clothing. They specialize in quality clothing and they are quite big in Loughborough and the United Kingdom. Its headquarters are in Enderby, Leicester, England. NEXT was founded in 1982, so they have been in existence for 26 years. The proper address for NEXT in Loughborough is: NEXT retail Ltd, 17 Carillion Court, Market Place, Loughborough, Leic's, LE11 3EA. It is one of the United Kingdom's largest clothing retailers, number three behind Marks & Spencer. The group have over 400 stores throughout the UK and the Republic of Ireland, and 50 franchise branches in Europe, Asia and the Middle East. These are located at a mixture of high streets, shopping centres and retail parks. In Loughborough they are located in the middle of the town centre so they are in a very busy area and they are spotted well. **This information was found on www.wikipedia.com and www.google.com)**

Primark:

Primark is a very big competitor for my business, it positions itself as marketing fashionable clothing at competitive prices. Primark is known as selling clothes at very cheap prices. Most of Primark's stores are in UK, Republic of Ireland, and Spain. It was founded in 1969 in Dublin, so its total existence has been for 39 years. The address for Primark in Loughborough is: Primark, 40 Market Place, Loughborough, Leic's, LE11 3EB. In total Primark have a chain of 161 stores; they have 125 stores in the UK, 34 in the Republic of Ireland, and 2 in Spain. They have 26,000 employees working for them; their total revenue for 2007 was £1,602m. Primark is the 4th largest clothing retailer and is number one in the value clothing retail market. Primark have two distribution centres which are 650, 000 sq. ft. big at Magna Park in Leicestershire and 200, 000 sq. ft. at Naas in Ireland. **(This information was found on www.wikipedia.com**

Burton:

Burton is a large United Kingdom high street clothing retailer. This competitor is quite close to the location of my business, it is a major competitor as it retails quality clothing. It's headquarters are in London, England. Burton was founded in 1900, so its total existence has been for 108 years. The proper address in Loughborough is: Burton Menswear, 19-21 Market place, Loughborough, Leic's, LE11 3EB. It has over 400 retail stores in the UK, making it one of the country's largest sellers of casual and formal menswear. **This information was found on www.wikipedia.com and www.burton.co.uk)**

New look

New look is a huge clothing retailer in England. New look was founded in Taunton, England in 1969, so they have been in existence for thirty nine years. The proper address in Loughborough for New look is: Unit 8, Carillion court, Loughborough, Leic's, LE11 3XA. New Look has 590 stores in the UK and Eire, and 263 stores in France trading under the name **Mim**. In addition, New Look has 13 New Look branded stores in France and Belgium, and has recently opened a franchise stores in Dubai, Kuwait and Saudi Arabia. In the UK, New Look has a 4.8% market share, making it among the leading womenswear retailers in the UK. New Look is now the number 1 retailer of women's shoes in the UK by volume, with a market share of 7.3%. 25% of British women have bought an item of outerwear from New Look – amounting to over 6 million customers.

(This information was found on www.newlook.co.uk/navigation/performance.aspx?language=en-GB)

All the competitors that I have mentioned above are all major competitor, these are the businesses I will be competing with however there are other small businesses like Rebel, Label, and Ego which are competitors but they are not very popular. Therefore I will not be worried about small businesses like Rebel, and Label but I will definitely be concentrating on the big stores that I have mentioned above. At the moment stores like JJB sports, TK Maxx, NEXT, Primark, and Burton are the major clothing retailers in Loughborough so I will definitely be focusing on them more than any other small businesses.

SWOT Analysis

SWOT Analysis, is a strategic planning tool used to evaluate the **Strengths, Weaknesses, Opportunities, and Threats** involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.

Strengths and weaknesses are **internal factors**. For example, strength could be your specialist marketing expertise. A weakness could be the lack of a new product.

Opportunities and threats are **external factors**. For example, an opportunity could be a developing distribution channel such as the Internet, or changing consumer lifestyles that potentially increase demand for a company's products. A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete.

My Swot Analysis

Strengths

- Quality products to be sold.
- No other store in Loughborough like Designer 4 All.
- Wide range of products all in one store.
- Good Infrastructure
- Right products, quality and reliability.
- Better product life and durability.
- Direct delivery capability.
- Management is committed and confident.
- Local competitors have poor products.

Weaknesses

- No direct marketing experience
- We cannot supply end-users abroad
- Need more sales people.
- Delivery-staff need training.
- Customer service staff need training.
- Limited budget

Opportunities

- To take over, merge, with, or form strategic alliances with other global retailers, focusing on specific markets such as Europe or the greater China region.
- more marketing can be done.
- expanding beyond clothing to include more shoes, handbags etc
- Profit margins will be good
- Can surprise competitors.
- Could seek better supplier deals.

Threats

- Rapid changing fashion trends.
- Rising production costs will reduce profit margins.
- Breakdown in distribution network.
- Competition trying to take over such as TK Maxx, and JJB Sports.
- Legislation could impact.
- Environmental effects would favour larger competitors.
- Possible negative publicity

My swot analysis shows the strengths, weaknesses, opportunities, and threats of my business start up. The strengths that I have discovered are all internal factors. The following are the strengths that I found for my business: We sell quality products which are reliable and right for the general public. We have a variety and a wide range of products, we sell for males and females. Designer 4 All is a one of a kind store in Loughborough, there is no other store in Loughborough which sells quality products like we do. We also have a wider range of products than any other store in Loughborough. The infrastructure for Designer 4 All is strong and reliable, there are no risks of any damages. We have the capability to do direct delivery, so we can reach our customers. Our staff and management is confident and well committed, they are ready to take on any challenge.

There are no businesses which are perfect, all businesses have some kind of weakness. My business is the same, we have a few weaknesses. The weaknesses which I found are; we do not have any direct marketing experience, which means that we do not have the right experience to promote ourselves in the market, we are a new and fresh business. Our business has just been started so we definitely cannot supply end users abroad, so we cannot supply products to other country. At the moment we have confident and committed staff, however we do not have many sales people. In order to find the right sales people we need time, we must have experienced staff so it is easier and less costly to train them. The delivery staff and the customer service staff both need training. Our business has a limited budget so we have to cut as many costs as we can in order to keep our going.

Every business has opportunities from which they can progress forward and expand, however in order to make the most of the opportunity it is necessary to take risks. I have found the opportunities for my business, the following are all the opportunities for my business; To take over, merge, with, or form strategic alliances with other global retailers, focusing on specific markets such as Europe or the greater China region. More marketing can be done, so the business can be promoted more which will remind existing customers and potential customers of the existence of Designer 4 All. Once our business is set up and running smoothly, we can expand beyond clothing to include more shoes and handbags. Once our business starts to bring in profits we will expand and in the future our profit margins will be great. We can surprise competitors by lowering our prices. In the future we can seek for better supplier deals so we get the quality products at a bargain price.

In any town or city I will always have to be aware of competitors and the changing factors of the environment, competitors and the changing environment are really big threats for my business. I have listed all the threats for my business on the swot analysis, the following are all the threats that may affect my business; Rapid changing fashion trends, fashion changes very often therefore it is necessary that my business follows fashion in order to keep up with the market. Rising production costs will reduce profit margins which will mean that my business will have to cut costs in order to retain the lost profits. The Breakdown in the distribution network will mean that the delivery of stock to my business will not arrive on time and we will not be able to get the products to our customers. Competition trying to take over such as TK Maxx, and JJB Sports, these businesses are really big threats, it is very necessary to beat the rival competitors at their prices and at their plans. Legislation could also impact which can lead to severe consequences. If any changes take place in the environment then the effects would favour larger competitors. It is possible for any business to get negative publicity, something may happen which can force the 1

