



Market Strategy Formulation and Business Planning for  
Miss Sixty Clothing Brand in Bangkok

by

Ms. Nipapan Monhipat

A Final Report of the Three-Credit Course  
CE 6998 Project

Submitted in Partial Fulfillment  
of the Requirements for the Degree of  
Master of Science  
in Computer and Engineering Management  
Assumption University

November 2003

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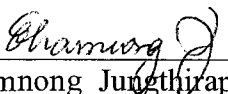
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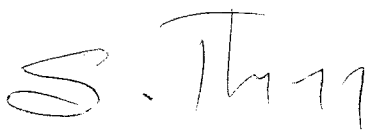
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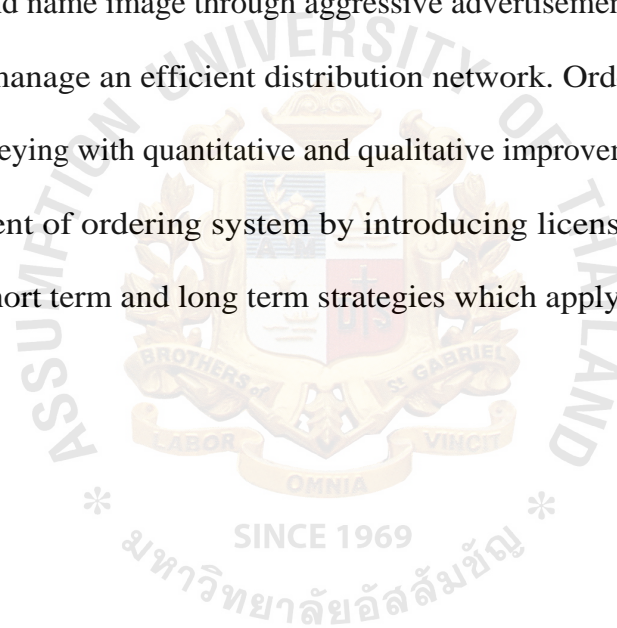
  
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## ABSTRACT

The research is about making market strategies for Miss Sixty which is a casual brand of female clothes from Italy into Thai retail market with the opening of stores that includes a 150-square-foot located in famous shopping area and carrying the line's popular collection at Bangkok.

By using marketing strategy like cost and benefit analysis, SWOT analysis, Competitor analysis, and define demand in Thai market, etc. we will build a superior quality brand name image through aggressive advertisements and promotion activities, build and manage an efficient distribution network. Ordering is based on thorough market surveying with quantitative and qualitative improvement in data management by improvement of ordering system by introducing license system. The author also conducts short term and long term strategies which apply specifically for Thai retail market.



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## I. INTRODUCTION

### 1.1 Background

# ***MISS SIXTY.***

#### *Company background*

In 1968 Miss Sixty was located in Chieti, Italy and, launched a Denim collection. That's how the story of the Miss Sixty brand started, a brand that, year after year, has continued to offer a revolutionary way of dressing compared with the standards of the time, in perfect tune with the most avant-garde trends of the present and aimed exclusively at the young. The encounter with Replay occurred in 1974, when the Group, perceiving the potential, bought exclusive rights to use the name, but it was not until 1985 that Sixty SpA took on its own personality within the Group. An independent creative and sales staff organization was set up; a new image was born in terms of points of sale, product and advertising. 1996 marked another important stage in Miss Sixty's history: the logo changed for every season but still maintains the main original logo in capital red alphabet "**MISS SIXTY**" that made the brand famous throughout the world, to a more elegant and refined logo, by different shapes and letter designs on a colorful background.

Every season, Miss Sixty launches men and women's collections whose basic objective is to be always on the same wavelength as those who follow fashion and keep themselves abreast of the trendiest tendencies. The collections, in fact, include sporty and casual wear, formal and elegant dresses - therefore an all-round offering for every moment of the day and for various needs- which interpret future trends, take in fashion

crazes from all parts of the globe and leaves matching to individual tastes. Extremely up-to-date collections right down to details, to accessories, colors and to fabrics, which are combined in a refined style, with no overstatements. In 1989 Miss Sixty introduced, a striking collection devoted to the under twelve.

With many points of sale throughout the world, Miss Sixty represents an unmistakable fashion presence in the clothing world, and a recognizable way of dressing. Part of this uniqueness is due to the creativity of the design team, a true workshop of imagination and innovation. Miss Sixty designers are attentive to what is fashionable or will be fashionable tomorrow. They are receptive to the stimuli communicated by top world fashion designers and are sensitive to the phenomena that attract the younger generations. Yet creativity and imagination do not exclude precise commercial choices aimed at achieving an excellent quality-price relationship, which means continuous research and development in the textile sector and in new technologies applied in it.

Another indisputable factor for the success of the brand throughout the world is its advertising campaigns. It is well known how much emphasis is placed on communication within the Group, to convey a promotional message whose objective is not only to sell a product. Also it aims at creating an image and a life style differentiates certain individuals from the crowd. It could not be otherwise, not even for Miss Sixty, even though the latter has chosen a different strategic approach. No controversial campaign with a moral tone and social criticism, as those of Benetton. Rather, they create a possible reality, a fiction which customers dream about, but one in which they can identify and recognize themselves.

That's how the Miss Sixty Travelers' Diary was created which, over the years, is evolving in terms of settings, contents and aesthetics. From adventurous destinations such as Canada, New Zealand, Morocco and Brazil to metropolis such as New York,



Los Angeles, London and Venice and to more intimate and inward journeys, in which the setting offer the opportunity to talk about feelings, fantasies or even just moments of normal life. From the first and unforgettable Miss Sixty Diaries, based on the UP SIDE DOWN concept - i.e. printed upside down on the back cover and often also on the last two or three pages of the magazine- to the truly independent books, which have now become collectors' items, some featuring brief, jotted travel notes. Others had no text to hint, to imagine or give an insight into the private lives of the players.

## **1.2 Objective of the project**

- (1) To conduct a situation analysis for the company
- (2) To develop a short-term plan for the company
- (3) To develop a long-term plan for the company

## **1.3 Scope of the project**

The scope is to capture Thai teenagers demand with Miss Sixty in Bangkok area only by using short term and long term strategies as a tool for marketing in range of 3-5 years.

## **1.4 Deliverables**

The completion of the project will be delivered in two formats, the first format is the document of the project including, literature review, project introduction, project analysis, Project financial report and project management and recommendation.

The second format is designed for some element of strategies like store design, store lay out, packaging design, etc.

## 1.5 Project plan

The plan is to analyze the current demand of this segment and to implement the business with short term strategies for the first two years. After the first two years, the performance will be assessed for continuing or liquidating business. Long term business ranged in between 3-5 years. We are supposed to consider many factors before going further in business after 5 years.



## II. Literature review

### 2.1 Miss Sixty Philosophy and Product

#### Miss Sixty Concept

Miss Sixty is a casual brand of female jeans from the Italian general apparel company Sixty. With the basic concept of "The 60's of America and Europe", which was the era of rapid change, glamour, luxury, with and irony are the concept key words of Miss Sixty. Uninhibited by trends, these jeans signify free expression and are sexy and somewhat mischievous, thus uniting unique style with creativity and individuality.

#### Market Position

As a trend-leading young casual brand, MISS SIXTY is expanding its shops in famous department stores.

#### Marketing Strategy

Build a superior quality brand name image through aggressive advertisements and promotion activities. Build and manage an efficient distribution network. Ordering based on thorough market surveying with quantitative and qualitative improvement in data management by improvement of ordering system by introducing license system.

#### Basic Collection of Miss Sixty & Product Pictures

##### (1) Team Sport

- (a) Used look aspect products
- (b) Loose fit, very comfortable
- (c) Multiple colors that bend for t-shirt and trousers

- (d) Print numbers-main will be 32
- (e) Fabric-Satin Fabric, also mixing of different fabrics such as fake leather jacket with jersey.

## **(2) Gypsy**

- (a) Lots of laces
- (b) Print or embroidery
- (c) Denim with lace materials
- (d) T-shirt with cotton jersey with lace applications
- (e) Very light color such as pink and blue
- (f) Very loose fit, wide fit

## **(3) Pop Food**

- (a) Patch application with themes such as canned food
- (b) Mainly with t-shirt, side bend line on t-shirt shoulder
- (c) Full garment print with face

## **(4) Denims**

- (a) 4 new styles such as Yucca, New Tommy, Jarno, Flex(male type fitting)
- (b) Thierry; Very low waist, very feminine
- (c) 0430-995 10oz new fabric



- (d) Denim with print
- (e) Very light washes and bleaches washes
- (f) Flower print or embroider
- (g) Fake leather embroider denim
- (h) Andrien : Roxy fitting without the front pockets
- (i) Polyester cotton denim: Dark, white bleach washes  
Black denim with silver tones
- (k) Alain: 9oz based on Roxy fitting
- (l) Black stretch with bleached wash, also keep other five pocket black denims
- (m) 0873: 10oz light strong denim also with dark washes
- (n) 0830: Black stretch denim
- (o) Sports concept: stretch denim with side bend line with different colors such as orange also with satin fabric pants
- (p) Norbert: 10 <sup>1</sup>/<sub>2</sub> oz denim with cream wash, leather string on the side
- (q) Denim: washed and then dyed with different colors
- (r) 0807/085: Light denim with hand print rainbow colors, very light water
- (s) Colored jackets

- (t) Blue strip denim with light washes
- (u) Multi strip colored denim jackets and skirt
- (v) Embroider face denim jackets, skirt also with back pockets

**(5) Cotton Pants**

- (a) Very light stretched cotton and linen pants
- (b) Stretched satin jackets
- (c) Campus military pants
- (d) Suede pants with cowboy styles

**(6) 50s Fashion Theme**

- (a) Map print t-shirt
- (b) Gabriel island details
- (c) Strip with dot prints
- (d) Butterfly embroider print, strong color
- (e) Man's fabric for pants

**(7) Normal of 70s**

- (f) Very colorful theme
- (g) Poplin trouser, rainbow side strip color print

(8) Ethnic of 70s

- (a) Indian detail prints
- (b) Loose fit and very light fabric
- (c) Multi fabrics & materials
- (d) Printed denim and fake leathers
- (e) Mixed metallic with leathers
- (f) White and brown will be the main colors
- (g) African fabric and print, animal prints
- (h) Jamaican team mixed with military look

(9) Multicolor Side Strip Pants

Water color print; very light colors, Key-very light colors, multi colors, mixed with different fabric even with metals (leather with metal), very thin fabrics even with jersey.

## 2.2 Fashion Marketing Characteristics

### The Fashion Industry

Fashion doesn't just happen — someone is responsible for deciding which styles are presented to customers each season for their approval and purchase. That "someone" is not an individual, but rather a diverse group of professionals who make up the fashion industry. These individuals are categorized into four areas of specialization that operate conjunctively to market fashion apparel and accessories successfully. They are the

primary market, designers and producers, retailers, and ancillary and promotion operations.

The primary markets supply the raw materials of fashion — textiles, leather, and fur. Those who work in this sector are responsible for color and fabrication, which are the initial determinants of fashion direction. The designers and producers create and manufacture fashion merchandise in the United States and abroad. The most important fashion design centers are New York, Germany, and the Far East.

The retailers sell fashion goods through various types of outlets and are the direct link to ultimate consumer. Ancillary operations communicate, analyze, and facilitate the fashion process of moving the goods from producer to consumer through the use of consumer and trade publications, newspapers, seminars, resident buying offices, and direct consultation.

Each area performs a unique but equally important aspect of the fashion marketing process. No one sector of the business operates independently; all facets of the business are totally interrelated. Therefore, when a customer buys a particular garment or accessory, it is the collective result of the whole fashion industry.

Because all the sectors of the business are so vital to fashion, each is individually explained and analyzed separately in later detail. Also, career requirements and opportunities are covered in depth as they pertain to each.

However, it is important from the outset to see how multidimensional the fashion business is and how many different jobs exist within this exciting industry. The industry Feature listing entry-level jobs in the fashion industry provides an overview of the business.



Table 2.1. The Four Areas of Specialization in the Fashion Business.

<b>Primary Markets</b>	<b>Designers and Producers</b>	<b>Ancillary and Promotion Operation</b>	<b>Retailers</b>
Textile Mills	7 <sup>th</sup> Avenue	Newspapers	Boutiques
Converters	Paris Couture	Magazines	Specialty Stores
Finishers	French Pret-a-Porter	Public Relations Firms	Chain Stores
Leather Productions	Italian Ready-to-Wear	Resident Buying Offices	Department Stores
Fur Industry	The Far East	Fashion Consultants	Off-Price Retails
			Discounters
			Mail Order Operations
			Outlets

### The Framework of Fashion

Like all other business, fashion does not operate in a vacuum. The fashion industry, however, responds rather than initiates. What it responds to is the overall environment and the changes taking place in society. This external environment forms the framework in which fashion-marketing decisions are made.

The framework consists of four sectors: the social/psychological sector, the political/legal sector, the technological sector, and the economic sector.

### **The Sales Promotion Function**

When we refer to retail sales promotion, we are speaking of all promotional efforts of a retail operation. Retail sales promotion involves communication activities that attract customers to the store and result in profitable sales. Another element of sales promotion is to build goodwill for the store, to ensure repeat business, and to establish a customer base.

A store is regularly engaged in several levels of communication with consumers. Personal selling is direct, one-to-one communication occurring between the store's sales force and the customer. The other components of sales promotion — advertising, visual merchandising or display, publicity, and special events — are, for the most part, indirect in nature.

Personal selling is an important aspect of sales promotion for the retailer. The salesperson is, after all, the last link in the chain of communication between the retailer and the customer, and very often the deciding factor in a sale.

The primary function of sales promotion is to stimulate customers to seek the merchandise or service promoted. The name of the game, and the road to a profitable business, is selling. But, to examine sales promotion as it is conducted today by the retailing industry, we must consider broader definitions and functions. The purpose of retail sales promotion is more than immediate sales gain.

Table 2.2. The Framework of Fashion.

<b>Social/Psychological Environment</b>	<b>Political and Legal Environment</b>	<b>Technological Environment</b>	<b>Economic Environment</b>
Cultural Values	International	Mass Media	Competition
Class Structure	Relationships	Computerization	Cost of Labor and Materials
Consumer Behavior	World Affairs	Automation and Mechanization of the Workplace	Import Restrictions
Important Institutions and Groups	Labor/Management Relations	Transportation/Distribution Methods	Tariffs
Psychological Attitudes	Trade Agreements	Man-Made Fibers	Capital Requirements
	Political Climate		Supply and Demand
	Government Regulation and		
	Product Safety		

A retailer's sales promotion effort consists of ideas that are developed, designed, and coordinated to communicate with the store's target audience. Sales promotion makes that audience aware of the store's existence, it creates an image of the store, it draws customers in, and it prompts purchasing. When executed efficiently, sales promotion is a blend of elements that combine to move the customer and retailer toward the desired interaction: sales.

The retailing industry is dynamic and responsive. It constantly changes, evolve, and adapts to a wide range of social and economic factors. The same is true of sales promotion. Today's new making promotional tactic often is tired and ineffective tomorrow. The ideas for effective sales promotion must change and evolve to keep pace with the industry and to be responsive to the audience at which it is aimed. Yet certain principles for effective and cost-efficient sales promotion remain constant.

A prerequisite for an effective sales promotion program is determining what is to be accomplished, why and how it is to be done. As elementary as this sounds, these basic determinations are often overlooked. The answers to these questions form the foundation on which all sales promotion activities are built.

In answering the questions of what, why and how, there are four factors a retailer must consider:

- (1) Desired image
- (2) Reach and cost
- (3) Coordination
- (4) Creativity
- (5) Desired image

As a student of fashion and retailing, or as the owner-operator of a retail store, you already realize that determining store image is important to all retail operations



planning the matter of store image influences what merchandise a store carries, what price points it offers where the store is located, and even its physical design. Store image drives the services the store offers, its visual merchandising efforts, its hours of operation, the amenities such as dressing rooms, the method of payment and so on — in short, all factors about the retail operation are determined by the image it wishes to project, and conversely, all of these image factors are determined by the customer it wishes to target.

### **Reach and Cost**

Once management has determined what store image and personality are to be projected, the communication vehicles to project that image must be examined. The question now becomes what vehicle will reach the target audience and what is the relative cost. In print advertising, for instance, the choices include but are not limited to daily newspapers, special newspaper inserts, direct mail, out of home advertising, and magazine advertising. We will look more closely at each of these vehicles in subsequent chapters; the point here is to understand that the elements of reach and cost are factors to consider when the retailer is choosing the vehicle best suited to deliver a message to its target customer. While one medium may be less expensive, the portion of the target audience reached through it may be substantially smaller than can be reached through another, more expensive vehicle.

Cost per thousand or CPM is a measurement commonly used to evaluate the reach/cost of an advertising vehicle. It is the cost of the ad divided by the vehicle's audience (readers, listeners, viewers). Representatives from both print and broadcast media have audience profiles and CPM information available. What complicates the reach/cost variable is the target audience factor.

## **Coordination**

To achieve maximum effectiveness, elements of the sales promotion program must consist of a unified blend. That is to say, the various forms of sales promotion or communication with the target audience must complement and support one another. Without coordination, a weak, diffused communication takes place.

The ability and skill to produce promotions with imagination and newness is a crucial, required factor in successful sales promotion. Even though the majority of sales promotion efforts are nondirective in nature, they cannot appear so if they are to reach the target customer. To be effective, to reach their mark, to deliver the intended communication, the sales promotion effort must appear to be a one-on-one, direct message to the target customer.

## **The Sales Promotion Budget**

The amount of money that a company spends on all its sales promotion activities is called the sales promotion appropriation. The sales promotion appropriation is a fixed percentage of the anticipated annual sales. Management uses anticipated rather than last year's sales figures because there is an accepted correlation between the amount of sales promotion conducted and that resulting sales. Therefore, the sales promotion budget is determined by the amount of sales the firm wants to achieve.

## **Applying AIDA to Retail Advertising**

AIDA is the classic model for selling of all kinds and can be applied to our study of what makes a good retail ad.

## **Attracting Attention**

The first key to the success of any ad, whether it is in print or broadcast, is to attract the target audience's attention. The broadcast media, TV and radio, have more

options available to attract the attention of the target customer, the element of sound is available to both; visual movement is available to the television ad.

For print, however, the function of attracting the target audience's attention is more complex. Three elements combine to achieve the first task of a successful ad: the ad's headline, illustration, and layout all serve to attract the reader's eye.

The headline is the featured idea of the print ad and is the primary eye-arrester. The headline tells the "story" of the ad; its major function is to compel the customer to read on. The headline and, if one is present, the subhead help the reader judge whether the message is meant for him or her.

The illustration performs a similar function, telling the reader at a glance the essence of the message being conveyed. Illustrations can be either photographs or line drawings.

The layout of a print ad, or the way the ad is put together, is another factor in attracting attention. The ad's layout helps guide the reader's eye movements so that the ad's important selling points are seen. It shows a few layout options, but the layout decision is a creative one. It is the answer to the same question that determines the headline and illustrations for an ad: What will attract the attention of our target customer?

### Generating Interest

The second task in the AIDA model is to generate interest in the item or service sold. The copy block of a print ad or the text of a broadcast ad serves this function.

Sometimes referred to as the body of the ad, this element provides information to the customer whose curiosity has been awakened by the attention-getting elements of headline, illustration, and layout. The body of the ad clarifies the reader's image of what is being offered.

## **Creating Desire**

Persuading the customer that he or she desires the item or service offered is the overall purpose of the advertisement. The job started by the headline and the ad's illustration is now completed by the body of the ad. It contains the major selling points or reasons why the customer should desire the product or service.

## **Obtaining Action**

After the reader is persuaded to desire the product or service, the ad must prompt him or her to action. This is accomplished by listing store locations, telephone numbers, store hours, and convenience services such as free delivery. In the case of a sale ad, a time limit is often given.

## **More about Layout**

We have already explained that the layout or format of an ad helps attract the target customer's attention. In addition, ad layout serves another important function in the retailer's communication with the store's target customer.

The way a retailer presents an ad tells the reader a lot about the store. The layout creates an overall impression on the reader. A retail ad with a large illustration and plenty of white space (those areas which are uncovered by type or pictures) tells the reader that the ad is sponsored by a fashion store; the retail ad jammed with type and illustrations gives the impression that the store; is offering bargains.

Other elements of layout that convey an impression about the store include the typeface used in the ad and the store logo. Typeface is the style of type and the size, measured in points. The store logo is the store's business signature.

## **The Element of Creativity**

Creativity, the way in which the ad is visualized and executed, is vital to its success. Remember, the customer is bombarded with advertising messages daily. Even

if the retailer knows who the target customer is and what will appeal to that customer, the message may be lost in the shuffle if the retailer does not represent it creatively.

## **Branding**

Since the earliest times producers of goods have used their brands or marks to distinguish their products. Pride in their products has no doubt played a part in this. More particularly, by identifying their products they have provided purchasers with a means of recognizing and specifying them should they wish to repurchase or recommend the products to others.

The use of brands has developed considerably, especially in the last century. Indeed, the words 'brand' and 'branding' are now such common currency that their original meaning is in danger of being weakened. However, the function of a brand as distinguish the goods of one producer from those of another and of thus allowing consumers freedom of choice has remained unaltered.

Brands have developed over the years in a number of significant ways. First, legal systems have recognized the value of brands to both consumers and producers. Most countries in the world now recognize that intellectual property — trade marks, patents, and designs, copyright — is property in a very real sense and therefore confer rights on the owners of such property. Second, the concept of branded goods has been extended successfully to embrace services and other less tangible types of offering. Thus the providers of financial, retail or other services can generally treat them as branded products, provided they are distinguished from those of competitors. Service brands now generally enjoy the same statutory rights as product brands. Third, and perhaps most importantly, the ways in which branded products or services are distinguished from one another have increasingly come to embrace non-tangible factors, as well as such real factors as size, shape, make-up and price. The brand qualities which

consumers rely upon in making a choice between brands have become increasingly subtle and, at times, fickle, cigarette A may be virtually indistinguishable from cigarette B yet outsell it 10 to 1; a fragrance costing \$5 a bottle may be outsold by another fragrance with very similar physical characteristics but which sells at \$20 a bottle.

### **Power Brands**

Power brands are those brands which are particularly well adapted to the environment and which thus survive and flourish. They are the ultimate examples of an organization's marketing skill — their finest and most valuable productions. Power brands can be either goods or services, can act as corporate names as well as product brands can be either goods or services, can act as corporate names as well as product brand names and can be very specific products or ranges of related products. What they have in common is that they all embrace products which are well priced and offer good and consistent quality to consumers. Hence the brand, in a sense, acts as a credible guarantee for that product or service, allowing the consumer clearly to identify and specify products which genuinely offer added value.

The term marketing mix is frequently used to describe the process of developing a new brand and it is apt. essentially, a provider or service assembles a series of attributes and blends these together in a unique way. It is a little like cooking — part of the skill is in the selection of the elements in the mix, part in the blending and cooking and part in the presentation. A good cook produces good and consistent results which are constantly in demand.

The ingredients in a brand constitute the product itself, the packing, the brand name, the promotion, the advertising and the overall presentation. The brand is therefore a synthesis of all the element, physical, aesthetic, rational and emotional. The end result



must be not only appropriate but differentiated from the brands of competitors — the consumer has to have a reason to choose one brand over all others.

Branding consists, then, of the development and maintenance of sets of product attributes and values which are coherent, appropriate, distinctive, protect able and appealing to consumers the development and implementation of strategies for moving products or services from the producer to the consumer in a profitable fashion. Advertising is a narrower function within marketing which is concerned with the use of media to inform consumers that products or services, branded or otherwise, are available for them to purchase and to stimulate them to do so.

### **The Importance of Brands**

Companies which invent new brands are able generally to defend them from blatant copying in a variety of ways, though not normally from broad imitation. If a brand is a good one then consumers will purchase it and it becomes a valuable assets. But its asset value derives from more than just its ability to attract sales. The very fact that consumer perceives a brand as embracing a set of values which they can specify means that they will reject, or tend to reject, alternatives which are presented to them that perhaps may not possess all these values. Brands are therefore enduring assets as long as they are kept in good shape and continue to offer consumers the values they require.

### **Maintaining Brand Values**

Brand owner must constantly ensure that the qualities and values of their brands are maintained. They must continue to appeal to the consumer and should be developed in order to maintain their attractiveness in a changing society. In other words, brands can seldom, except in the short term, shield brand owners from their own failure to

maintain quality, from their failure to keep their brands in good repair or even from their own rapacity or stupidity.

Brands are therefore fairly robust and capable of surviving in adversity. But consumers are not fools and will not maintain their support for a brand once it ceases to keep its side of the bargain.

### Brand Extension

One of the most difficult decisions facing the owners of existing brands is that of 'extend or not?' On the other hand, the brand owner foresees the possibility of endowing a new product with some or all the qualities of an existing brand. He or she can thus enter a market more cheaply, establish the new product more quickly and increase the overall support and exposure of the brand. Indeed, it has been estimated that while around 16,000 new products are launched in the US every year, 95 percent of them are launched as extensions of existing brand. On the other hand, the brand owner faces the possibility that by extending the brand to cover a new product all he is really doing diluting the appeal of his existing brand.

Brand extension has of course proved in many cases to be a remarkably successful strategy — it has reduced the risk and cost of new product entries, increased the exposure of brands and made brands more attractive and contemporary to consumers. Channel, for example, has introduced ranges of male fragrances under what was exclusively a feminine brand without the slightest dilution of the existing brand, and with the new product ranges assuming all the desired attributes of the original. Certain brands — for example, Virgin — have successfully and profitably applied their name to products completely outside their mainstream business — in Virgin's case extending from music into airline, vodka, cola, financial services and jeans. It is

apparent; therefore, that brand extension is entirely practical but needs to be treated with considerable care and skill.

### **International Branding**

Another important characteristic of most major brands is that they are international in scope — McDonald's is as likely to appeal in Brazil as in Hong Kong. The developed countries, whose inhabitants are the major consumers of branded goods, have shown in this century an enormous coming together of consumer tastes and expectations. Regional and local tastes, attitudes and preferences remain and these must be taken into consideration. Nevertheless, brands successful in one market are increasingly likely to have appeal to consumers on an international basis.

The reasons for this are many and include improved communications, increased travel and greater language tuition in schools (particularly of English). The most important reason, however, is that wherever we live, whatever our color and whatever culture we are all very much the same. Coca-Cola tastes as good to a teenager in Kowloon as to one in Chippewa Falls, Wisconsin. A couple in Tokyo take as much pleasure in looking at their Kodak wedding photographs as a couple in Nairobi. Wherever we live and whatever our background we will respond to well-produced, attractive branded products.

The possibility of developing new international brands rather than simple national brands is an appealing one to brand owners. International brands are reassuring to consumers, take advantage of the enormous and growing promotional overlap between countries brought about by travel, sports sponsorship, satellite TV, and so on. They also give brand owners substantial economies in such areas as production, inventory and promotion.

Most importantly, international brands provide companies with coherence to their international activities. International companies which permit, or are forced to accept, a proliferation of local brands often finds a fragmentation of their activities. In theory each of these brands should be more ideally adapted to particular local conditions; in practice the appeal, coherence and power of competitive international brands makes it difficult for the local brands to compete.

### **The Brand Building Model**

Ever since branding was introduced as a distinct activity, academics and practitioners have built models, more or less complicated. The model is introduced as an attempt to describe graphically the branding process in as simple a way as possible.

The upper part of the model shows that all brands are created in the minds of the customers (the box called 'the Brand') by experiencing the product or service identified with the brand and/or by being influenced by communication. All brand perceptions have their origins in either 'Communication' or 'Experience'.

The process starts by the experience and/or the communication influencing the perception of the brand and then over time brand values will be established. The brand experience does, however, not take place in isolation. If the experience is a positive one, this positive experience will influence the next encounter with the brand in a positive way.

As the perception is influenced by previous usage, it becomes important to ensure that each usage situation is a positive experience, thus 'Over-satisfaction'. By over-satisfying the customer he/she will not only be more inclined to use the brand again but also to be more favorably disposed when actually using the brand. In other words, by ensuring a positive experience, the brand owner can create a positive,

`virtuous', circle, where the actual and perceived experiences enforce each other and thus enhance the standing of the brand.

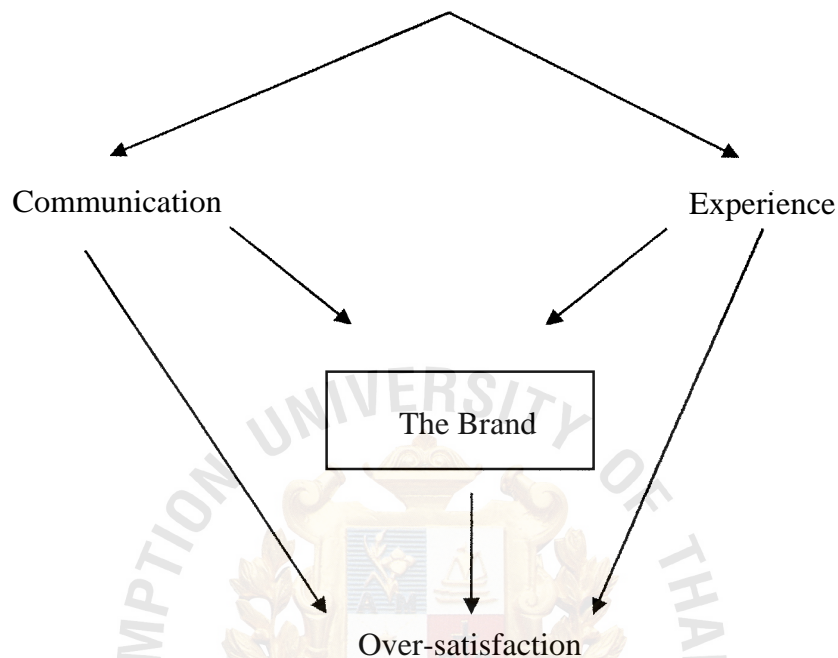


Figure 2.1. The Brand Building Flow.

#### General and Brand-Specific Values

The first way of analyzing and dividing up the value dimensions of a brand is to look at which values are relevant to all brands in the sector and which ones are uniquely connected to specific brands. The former are called general values and the latter brand-specific, or just specific, values.

The general values are those values that apply to all brands in the market sector, the key dimensions required to be considered as a real alternative to the customers, without them you do not even have the potential of getting on the shopping list, whether the list is one of potential companies for the tender of a building project or a housewife's weekly shopping. For instance, for a brand to succeed in the food market, it

has to fulfill the basic criteria of taste and safety. If it does not taste good, it will not succeed; and, of course, if it is seen as unsafe, it is also unlikely to succeed. These two aspects, taste and safety, are general values in the food market.

Sometimes companies think that a very strong more specific value will outweigh a weak performance in the general values. This is rarely so. If a car is not easy to drive, all other features will not help very much. If a bank has excellent ethical credentials but have very poor service and low interest rates for savers, it will not attract the funds of the average consumers. While the general values provide the entry ticket to the sector and the minds of the customers, the specific values are the ones that differentiate the winners from the average. A specific value is a value that is particular to one brand. It is a value dimensions that only one (or perhaps a few) brand has mastered and made its own.

The specific values are the ones that create a distinct profile, one that sets one brand apart from another. Preferably a specific value should be unique and inimitable so that they become value dimensions intrinsically linked to only one particular brand. Unfortunately due to ingenuity of competitors this is becoming increasingly difficult to achieve, especially in respect of tangible values.

The general values are at the foundation of the value mix. You have to be strong in general values to be a big brand, it is not necessary to excel but a perception at least on par with the main competitors is recommended. The specific value is what gives a general brand a profile, a set of unique characteristics which sets the brand apart from bland competitors, creating a distinct profile. From this follows that for a brand to be successful and gain a superior market position both general and specific values are needed.



## Tangible and Abstract Values

The abstract, intangible aspect of values is related to the emotional side of the brand. Such a value is related to the feelings we have about the brand and perhaps also the market sector. It is of course subjective, as all feelings are subjective and definitely impossible to touch.

While the tangible aspects can be expanded and elaborated upon without any negative effects, the abstract values are different — too many dimensions and the customers will be confused. If the company tried to build a complex set of abstract value dimensions, it will fail as the customer are unlikely to be able to take it all in, and while in the tangible case the customers will just ignore the additional values, in this case, the values will be communicated and as such cause confusion.

The distinct split of values into tangible and abstract ones is useful from an analytical and practical point of view as it makes it easier to focus and achieve progress. The reality is, as mentioned earlier, more complex. A tangible value is not exclusively 'hard' and a tangible value dimension is not exclusively determined by the hard facts; the intangible, communicative aspects do have an influence as well. The driving experience of a car, which might be a key value, is in character tangible but the perception of the value can very well be influenced by abstract dimensions, established with the help of advertising or some other form of communication.

Similarly, an abstract value such as trust is not exclusively about emotions. If the company does not in its activities show that it is to be trusted, the hard facts will invariably influence the abstract trust value dimension.

## The Value Spectrum

The value spectrum, or value mix, of a brand is made up of all the different value dimensions. A strong brand position will be achieved by correctly managing the

set of values. Successful brands have strong general values coupled with one or two company-specific ones, a combination of focus and broad perspective in that it is not only one dimension that is important, the brand needs to communicate several values.

To analyze the value spectrum of a brand a simple matrix can be useful, in most cases it is recommended to do the analysis in the numbered sequence. Also the sequence is usually the order in which one should look at the value enhancing process.

First one has to ensure that the basic tangible aspects are in place, if they are missing everything else will be in vain. Once that has been established it makes sense to review the tangible specific dimensions against the background of the general values, what, if any, tangible unique values does the brand represents. If not, can any be created?

The second phase involves the abstracts. Does the brand's credibility stand up to the required values? Is it trusted, familiar, safe or whatever the key dimensions are? As per the tangible aspects, it is important to correctly assess the situation to ensure that there is confidence in the market for building a more specific profile. The abstract specific values are what really can set one brand apart from another, and even perhaps from the basis of the whole positioning. If there are no specific abstract values of any strength, can a dormant value be vitalized, or can one be created from scratch? Does the company have resources for such an exercise?

The reason for establishing the value spectrum of a brand, and its competitors, is to understand the strengths and weaknesses of the brand so that it becomes possible to focus development resources in the right direction, building a stronger brand for the future. The ultimate objective for all marketers in this respect is to make the values so strong that the perceived values of a brand are strong enough to make the price perceptions fade and become almost irrelevant.

	General	Specific
Tangible	1	2
Abstract	3	4

Figure 2.2. The Value Spectrum Matrix.

### Brand Expressions Depending on Market Position

The above section mainly about brand concepts in relation to identifying a suitable brand for a product or product range within a company, the following will bring in terms to identify how a brand is perceived and positioned in relation to competitive brands in the market sector. There are three main expressions in this context:

- (1) Primary brand
- (2) Secondary brand
- (3) Tertiary brand

Admittedly not a very imaginative set of expressions but adequate and generally accepted.

### Primary Brand

A primary brand is a brand leader, in other words a brand that is strong in the market place and is generally regarded as a 'benchmark' brand. In principle each market sector will have only one primary brand but there are exceptions, for instance if two

brands share the market leadership, such as Unilever and P&G in detergents with brands such as Persil/Omo and Ariel respectively.

### Secondary Brand

A secondary brand is positioned as number two, three or four in a market sector. It will have a good reputation but is a brand that a customer would choose more as a result of nothing else being available than as a pro-active choice. Traditionally, secondary brands have survived on the basis of distribution strengths, i.e. being available rather than being chosen. The product is often a me-too brand of the brand leader. A consequence of the market position is that the brand is often sold on a price platform, forced to cut prices in order to sell as the brand often lacks any distinct brand values. (If it had any, it would not be a secondary but probably a primary brand).

### Tertiary Based

A tertiary brand is a concept that is more unusual and not present in all markets. A tertiary brand is selling at a heavy discount to the brand leader, say 25-30%, it is of average quality and usually without much of a brand profile, apart from being cheap. The difference between a secondary and tertiary brand is that the latter is designed from the start to be 'cheap and cheerful' while the secondary brand aspires to be treated with the same respect as a primary brand. Tertiary brands are often 'traded', have a short-term approach and come from factories with either a distinct cost advantage or low profit expectations.

### Retailing

Retailing, as it is known today, includes any activities involved in the sales of products or services to the ultimate consumer for personal or household consumption. In the broad sense, any time a seller exchanges a service or product to a buyer for money or another good or service, and in this exchange both buyer and the seller intend that

service or product will be used for personal or non business purposes, then the activity of the retailing has taken place. Although the activity usually is thought of by the layperson as taking place within a retail store, it is not necessary that a store be involved. Vending machine, house parties, door-to-door selling, mail order, and balloon hawking at county fairs are all examples of non store retailing.

Retailing activities also include services performed for the consumer, such as those by dry cleaners, television repairmen, auto body shops, restaurants, barbers and beauticians, in-home cleaning services, and karate studios. In addition, if a wholesaler or manufacturer decides to sell products directly to the ultimate consumer, they in effect become retailers of those products. Any product that a person buys for his or her own personal or household use is a retail purchase. It is important that grasp this broad concept of retailing.

### **The Retail Function**

Retailing is a marketing activity. As such, it is a vital part of the total system of activities that the business sector performs in planning, pricing, promoting and distributing products and services that will satisfy the wants and needs of present and potential customers. This system begins with extractive and manufacturing firms and ends with final consumer. Within the system there is a ongoing process of movement and storage of goods so that the consumer can conveniently purchase desired and needed products at the time that he or she wants to.

### **The Marketing Channel**

To fulfill the tasks associated with providing utility, the retailer must serve as member of a marketing channel. In fact, to be a retailer is to be a member of a channel. The marketing channel can be defined as the total system of institutions, processes, and

flows that interact to move a particular product or service from the manufacturer or producer to the ultimate user.

This statement implies a holistic view of channels. The marketing channel is not just a sum of its parts, but its totality that can be viewed with all its interrelated and interdependent parts in interaction.

### **Retailing and the Marketing Concept**

Modern marketing has been influenced by a philosophy known as the marketing concept. Applied to retailing, the marketing concept states that:

- (1) All retail planning is oriented around the customer.
- (2) The satisfaction of customer wants and needs is the retailer's primary concern, yet at a fair profit to the firm.
- (3) Customer want-satisfaction should be coordinated throughout the entire retail organization.
- (4) Long-term as well as short-term planning is essential in this process.

The implication here is that the retailer must first determine just what it is that customers in the store's trading area want and then organize the retailing effort to satisfy these wants. This reflects the view that "the customer is king". It does not imply that the retailer must cater to every whim of the customer, nor should the retailer submit to unreasonable customer demands. Nor is there the implication that the customer is always right and the retailer is always wrong. The "customer-is-king" tenet simply states that a retailer's product and service mix should reflect consumer orientation.

### **The Retail Life Cycle**

The retail-life-cycle approach contends that retail institutions, like products, progress through four identifiable stages over the life of their existence. They are the stages of early growth (innovation), accelerated development, maturity, and decline.



During the first stage (early growth) of the cycle, a new, distinctive retail institution emerges. It is markedly different from any existing retailer, and it holds a competitive advantage in one or more elements of the retail mix (such as price, merchandise assortment, or location). Customers find that innovator fills a gap in the present market, and they readily accept the newcomer. Therefore, sales rise sharply, even through the innovator experiences low to moderate profits. In the next stage (accelerated development), there is an increased growth in both sales and profits. A moderate number of competitors, usually imitators, enter the field, and a struggle erupts over the share of market that each will hold. Toward the end of this stage, cost increase and profits level out.

The maturity stage is characterized by a moderate to slow rate of sales growth, a moderate level of profitability, and many direct competitors. Markets are almost saturated with establishments representing the innovative institution, and there is a shakeout of inefficient retailers who were unable to adapt to the "new order".

In the decline stage, there is a slippage in market share, greatly reduced sales, and a low level of profitability. The major cause of an institution reaching the decline stage is the arrival of the innovative institution to which the existing institution refuses or is unable to adapt. The decline stage can be eliminated or postponed by repositioning the institution to appeal to a large portion of the consumer market. Sometimes this means that the institution facing decline must introduce a major innovation itself

### 2.3 Store Management

The store design consists of two broad requirements that are germane to any store design decision: (1) the retailer must pay attention to the physical requirements that facilitate sales to customers, and (2) psychological requirements are vital in developing a positive store image to present and potential customers.

The store must be thought of as a total package. This package should be distinctive enough to create a favorable and permanent niche in the mind of the consumer, as opposed to the package that is presented by competitive stores. Planning the store is not a haphazard affair, but is a project involving a large amount of create endeavor while at the same time requiring much attention to minute detail.

### **The Meaning of Store Image**

According to Amirani and Gates, to succeed a retailer needs to differentiate and position themselves against competitors as the increasing in competition and this can be achieved by using store's image. The researchers have suggested that "store image is one of the important determinants of success in retailing".

There are many related definitions for the term "store image" which are defined by many researchers. The image can be simply defined as "how the retailer is perceived by consumers and others", and according to retail stores it could be described as "the way in which the store is defined in the shoppers' mind, partly by its functional qualities and partly by an aura of psychological attribute". Hirschman, has explained store image as "a subjective phenomenon that results from the acquisition of knowledge about the store and in accordance with the consumer's unique cognitive framework". In addition, store image can also be described as "a consumer's summative perceptions of the store attributes, formed as the result of experience with the store". It is obvious that most researchers relate the term store image to consumers' impression of retail stores, even though there are many difference definitions by different researchers. Researchers have shown that store image is an important factor which can influence retail patronage decision. Customers' perception toward competitive retail outlets is an important determinant of retail patronage decisions. It has been suggested that a store's image is a

significant factor which the managers have to closely monitor as it helps them to evaluate and adjust the characteristics of the retail marketing strategies.

According to Berman and Evans, "a retailer needs a well devised and well executed communication strategy to properly position itself in customers' minds", as such, to effectively communicate with customers, each retailer can use "atmosphere, storefronts, store layouts, displays, customer services and community relation" as mediums to position the store in customers' minds. However, marketers must know that different customers have different needs and they might perceive store's image differently. Consumers' needs are an important determinant to drive them to the store. This is important, because retailers must know the customers' need in order to be able to provide the proper services and products to satisfy those needs. It is certain that satisfaction of customers toward retail stores would retain them to come back and consequently it could create customers' loyalty. Different people tend to stress different importance on different retail attributes. Retailers have to be able to differentiate and emphasize the different image attributes as part of the marketing strategy. The image attribute created by retailers should match the needs of different customers or target group.

Some of the researchers indicate that the store image perceived by managers and customers are likely to be different. According to Pathak et al (1994), the systematic comparison of management and customer images show that managers tend to perceive and rate their store higher than what customers do, in particular with the low-status stores. Previous researches have shown that many retailers were unsuccessful. This is because they were unable to identify and create unique image for their store. Image can be used to differentiate a store from competitors. Therefore, unique, clear and consistent images need to be created in order to be successful.

## **The Image of the Store**

Each of us has a unique personality, and the same is true for each retail store. When we speak of store personality, we are referring to the complex of characteristics that distinguishes a store either by it self or in relation to other stores. To consumers, a store can be "warm", "expensive", "sterile", "exciting", or "dull", among other things. In relation to other stores, it can be "friendlier", "more modern", "more messy", or "less convenient". A store's personality is in reality the image that a consumer has of the store. Many variables go into store image formation. Location merchandise selection, price, service, promotional effort, and the attitude of store personal are all important on this process. It covers two vital aspects that contribute heavily to store image: the store's atmosphere and its physical facilities. These two variables will interact with one another as well as with the other variables just mentioned. Total integration of all variables is a must if the retailer wants to project an overall image that will make the business successful.

### **Components of Image**

It consists of "functional (physical) and psychological (emotional) factors. It has been suggested that, the overall fundamental elements of retail image are "general attributes, merchandise attributes, price attributes, promotion tools, community services, customer services and physical attributes". Another researcher Lindquist classifies the store characteristic into nine dimensions including past transactions, service, merchandising, clientele, physical facilities, promotion, convenience, store atmosphere and institutional factors.

According to Berman and Evans, "Creating and maintaining retail image is a way of applying market segmentation and differentiating a firm from its competitors". An attractive store's environment or atmosphere needs to be developed in order to

create the store's image. Architects, store planners and designers have this responsibility to create the gorgeous environment and atmosphere, because this could assist and help retain and attract customers. However, some factors may be varied for chain retailers and franchisors despite the excellent planning. These examples are such as "management and employee performance, consumer profiles, competitors, convenience in reaching the store, parking, safety, the ease of finding merchandise, and the quality of the surrounding areas". Therefore, marketers have to pay special attention to chain retailers and franchisors as the image of the store is a vital factor for retailers to create.

#### Developing a Central Theme

Many merchants effectively create a store personality by developing a central theme, for example, coordinating decor and fixtures throughout the entire store. The possibilities are limited only by the boundaries of the retailer's own imagination.

In addition, retailers may create a central theme around seasons, holidays, or special events. Such themes are more temporary and will have to change more often. Special display pieces and seasonal signs can enhance the development of seasonal themes.

#### Exterior Design Considerations

Store exteriors can create an immediate impression to a customer and have influential impact on store's image. Storefront which is the physical exterior of a store can be used to create this immediate impact. Some academic authors indicate that "marquee, windows, entrances, lighting, construction material and architecture" can be used as storefront elements to present a store's image to customers. This is particular important to new and prospect customers as people often choose to enter a new store by an attractive store's exterior. Berman and Evans suggest that "to be effective a marquee

should stand out and attract attention". This is for example, McDonald uses its famous "golden arch" as a marquee in front of every stores.

To persuade a customer into a store, an entrance should be well designed. According to Cox and Brittain, the most important factors relating to the store entrance are "the size of the entrance and flat entry surfaces". Berman and Evans suggest another three important factors which need to be considered in order to design an effective entrance. These include "the number of entrances", "type of entrance(s), and "the walkways". Moreover, "the surrounding stores and the surrounding area" should be both emphasized. This is because the surroundings often present the store's image as "being innovative or conservative, high or low priced personal service or self service and so on".

Marketers should also consider the parking space as it could affect customers' perception toward the store's image, according to Berman and Evans, "plentiful, free, nearby parking (with large spaces) creates a more positive atmosphere than scarce, distant parking (with tiny space)".

The image that consumers have of a store includes its exterior design as well as its parking facilities. Of course, the retailer should keep this in mind when renting, buying, or building the store. Sometimes cost considerations prohibit a beginning retailer from obtaining the ideal store building that will project the image that is desired. If this is the case, then the retailer will be required to spend additional funds in remodeling the store so that targeted consumers will be attracted to it. The external character of a store should reflect its interior character. In this way, it conveys a message to customers regarding the nature of the merchandise inside the store. There are three important aspects of exterior design that influence consumer images. Of the retail business are store signs, display windows, and store entrances.



## Store Signs

Every store should have an identifying sign that, tells the consumer the name of the store and, if needed, the nature of the business. Included on the sign should be the store's logo (a symbol or name that identifies the store from other stores). Usually the logo is the company's name itself, but written or printed in a distinctive style. Often, however, the retailer will include a symbol that is part of the store's identification.

## Display Windows

This is also important element for enhancing store's image as it presents store's offerings to customers. According to Berman and Evans, there are many types of displays such as "assortment displays, theme-setting display, ensemble display, rack display and cut case display" etc. These displays could be employed to create a good atmosphere and essential for promoting products.

Windows can be highly effective in attracting customers into the store, especially when a high amount of pedestrian traffic exists and the merchandise mix of the retailer is composed of shopping goods. Display windows should reflect the atmosphere and merchandise that will be found in the store interior. Many consumers will enter a store only after they have peered into its windows.

## Store Entrances

Customers should have easy access to the store. Doors should be easy to open without subjecting the customer to a tug of war. Entrances should be wide enough so that entering and existing customers can pass without colliding. The entrance should be inviting enough to induce the customer to step inside.

## Interior Design Considerations

According to Cox and Brittain, "the general design of the store interior must be consistent with that of the exterior, thus the color and design aspects of floors, walls and

ceilings must present the right image". For example, it is widely agreed that white color can be used to present cleanliness for food store. Researchers indicate that the way of using colors and lighting in store can influence customers' perception toward the store's image. Berman and Evans suggest that maple wood flooring and blue carpeting can be used to present "a customer-friendly environment" image to customers. Scents and sounds are known as temper and atmosphere's influencer. For example, "slow-tempo music in supermarkets encourages people to move more slowly". This could make people spend more time and buy more products in the store.

The temperatures inside the store need to be well adjusted in accordance with the outside weather. This can have an effect on the customers' mood. For example, the weather in Thailand is hot throughout the year, therefore most retail stores are equipped with air-conditioners in order to create a good and relax shopping atmosphere for customers. People always seek to enter those stores with air-conditioner as it enhances the store's image.

Berman and Evans indicate that store's image can be influenced by the size of the aisle as they state that "wide, uncrowned aisles create a better atmosphere than narrow, crowded ones". People are willing to spend more time if they experience comfortable aisle as it provides comfortableness. For example, in Bangkok people often avoid entering the crowded store with narrow aisles as it prevents them from comfortable shopping atmosphere. Moreover, retailers can also improve their store's image by using "elevator, escalators and/or stairs" as these vertical transportations can offer customers with convenience.

It is widely agreed that a positive atmosphere can be gathered by using polite, knowledgeable store personnel. This is because a customer could feel that he or she is being welcome to the store and have a positive perception toward the store.

Finally, the use of technology and modern style can also promote the store's image. For example, the use of "computerized cash registers and automated inventory procedures" can make an impact on store image as it can impress customers with its velocity and process effectiveness.

#### Fixtures and Equipment

Interior design considerations include fixtures and equipment. Fixtures are durable goods that are used in the selling and displaying of merchandise, such as shelves, display cases, and counters. Equipment, on the other hand, refers to any durable goods such as cash registers, elevators, escalators, delivery trucks, and heating and cooling units. Equipment serves to facilitate the selling and non selling functions.

#### Atmosphere within Store

Turley and Chebat argue that retail atmosphere is a valuable tool which firms can use to differentiate themselves and most significantly it is a "strategic element" which is intricate for duplication by competitors. This is a correspondence to Day's theory as he argues that "market-driven organizations should adopt an emerging capability approach to strategy which explicitly seeks the sources of defensible, competitive elements in the distinctive, difficult to duplicate capabilities the firm has developed" (Day, 1994 cited in Linking retail strategy, atmospheric design and shopping behavior: Journal of marketing management, 2002).

Atmosphere can be defined as "the dominant sensory effect created by the store's design, physical characteristics and merchandising activities" and is recognized as the main element of store image, Berman and Evans states that "for a store-based retailer, atmosphere refers to the store's physical characteristics that are used to develop an image and draw customers". The atmosphere of store can be identified by the feeling of customer when he/she visits the store or it can be referred to as the personality of the

store. It is widely accepted that exterior, general interior, store layout, and displays are the fundamental components of a store's atmosphere. Therefore, these factors have to be carefully considered in order for the retailers to create the attracting atmosphere. To be successful, retail stores must present a pleasurable shopping experience for customers. It appears that the customers would continue to come back and purchase at a store, if they feel it's worthwhile for their time. In contrast, the unmemorable shopping atmosphere would prevent the customers to continue their purchase at a store as they feel it's wasting time.

The perception of customers on a store's image is often influenced by the store's atmosphere. According to Ingene, a pleasurable store atmosphere can optimistically influence customers' feeling. This shows that a pleasurable store atmosphere can persuade people to spend more time and money in a particular retail store.

Kotler suggests that a retail image in customer's perception is often created by store's atmosphere, according to McGoldrick and Pieros, "atmospheric is a valuable marketing tool to retailers on their quest for image differentiation". These researchers have indicated that retailers need to be able to create superior image in order to differentiate it from rival and therefore competitive advantage could be obtained. Marketers have to consider store atmosphere as a fundamental factor in creating superior image for a retail store.

According to Berman and Evans, atmosphere can be classified into four major elements which are "exterior, general interior, store layout and displays".

Customers respond not only to tangible products or services that are offered by the retailer but also to the total product. Included in the total product is the atmosphere of the store. Store atmospheres refers to the environment that produces a specific

emotional effect in the consumer that enhances the probability that a purchase will be made. The retailer engages in atmospherics to achieve this environment.

### Layout Decisions

According to Cox and Brittain, store's layout refers to "the arrangement and location of fixtures, fitting, equipment, merchandise, aisles and non-selling areas such as checkouts and dressing room". Berman and Evans suggest that a retail store should allocate its total store space into "merchandise space, personnel space and customer space". It has been indicated that a supermarket or other self-service store usually requires huge area for selling. Therefore, it can be said that the total floor space necessitate for each section of a store depends on the type of retailing.

The three core factors for laying out a store which have been revealed by Cox and Brittain are "fixtures and fittings, merchandising, and customer circulation or known as traffic-flow pattern".

Retailers should consider the above core factors as they could draw attention from customers and also help to give impression to customers. Cox and Brittain recommend four main forms of fixtures and fittings which include "wall fixture consisting of shelving, free-standing gondola or browser units, special container and stands and refrigerated cabinets". These fixtures can be served for multi purposes. For example, special containers and stands are recommended to use for special promotion items, and refrigerated cabinet for storing frozen foods and meats etc.

According to Berman and Evans, merchandise or store's offering can be grouped into four categories which are "functional, purchase motivation, market segment and storability". Firstly, they insist that with functional product groupings, "a store's merchandise is categorized and displayed by common end uses". Secondly, purchase-motivation product grouping "appeal to the consumer's urge to buy a product and

amount of time he or she is willing to spend in shopping". Thirdly, market-segment product grouping refers to those items which serve a specified target market. Finally, storability product grouping possibly apply for "special handling products". For example, a supermarket is required to operate with freezer storages as they are useful for maintaining food's quality.

There are two customer circulations or traffic-flow patterns which are generally used by most retailers. These are "straight traffic flow" and "curving traffic flow". According to Berman and Evans, most of "food retailer, discount stores, hardware stores and convenience stores" use a straight traffic flow pattern as it could create well-organized atmosphere and uncomplicated accessible for customers. They also insist that "boutiques, department stores, clothing stores and shopping stores" follow a curving traffic pattern, because it could establish pleasant atmosphere as this could encourage a customer to spend more time in a store.

Retailers need to look at their store as a selling instrument, a giant vending machine that facilitates customer shopping while achieving the level of sales that is desired. It is important, therefore, that careful consideration be given to the interior lay out of the store. Store layout refers to the planned physical location and arrangement of merchandise, departments, displays, checkout counters, and non selling areas. Notice that the word planned is included in this description, as opposed to haphazard. Layout should always be accomplished only after much deliberation and planning.

This section discuss major aspects of the layout of the store, specifically, (1) layout patterns, (2) self-service versus self-selection, (3) space allocation for merchandise lines, (4) the location of merchandise, (5) merchandise placement on shelves, (6) the location of special occasion displays, (7) the effects of crowding, (8) security considerations, and (9) the location of non selling areas.



## Customer Services

According to Berman and Evans, "the attributes of personnel who interact with customers (such as politeness and knowledge), as well as the number and variety of customer services offered by a firm, have a strong impact on and contribute to the image created". This indicates the importance of customer services strategy which a firm must be well created in order to gain a positive image from customers. For product-based retailers, they often use customer services as a support which can "improve store's image and offer competitive advantages". For example, delivery and credit can be used by supermarket as it helps to retain and gain customers' loyalty etc. Cox and Brittain also insist that "the extent to which a retailer provides consumers with additional services associated with purchasing a product or service will be determined primarily by target market (and its expectations) and the retailer's objectives with particular regard to store image". The target customers generally influence the firm in creating customer services to satisfy their expectation. Therefore, firms must be able to identify their target customer's expectation and needs in order to provide them with proper services. For example, customer who purchases a large home appliance such as washing machine undoubtedly expects free delivery and installation etc. Many researchers agree that customer services are a vital factor which retailers must carefully establish in order to enhance store's image.

There are two types of services which are "primary and complementary services". According to Berman and Evans, "primary services are those considered basic components of retail strategy mix which must be provided" and complementary or ancillary services are "extra elements that enhance a retail strategy mix". For example, home delivery for large home appliance product is considered as primary services, while credit for other appliances such as TV can be considered as ancillary services etc.

However, retailers must understand that primary and ancillary services are different among types of retailers. For example, as mentioned above home delivery service is indispensable for large home appliance products, whereas it is considered as ancillary services for supermarket. Therefore, marketers need to be able to classify primary and ancillary services in accordance with firm's objective as it helps a firm to develop competitive advantages.

Usual customer services are "credit, open hours, delivery, alteration and repairs, wrapping, handling complaints, returns, product adjustment, price adjustments and new services".

Presently, credit services are essential in retail trading. This is because it gives customers convenience to handle the payment as they are not required to hold a large amount while they are shopping. According to Berman and Evans, a retailer has alternatives to choose between own credit plan and/or accepts external credit cards. A retailer should consider using own credit plan as outside credit cards are generally accepted by most retailers. By following this, a retailer might be prominent as competitive advantages would be gained. According to Berman and Evans, there are four main advantages of establishing own credit services in which sales fee could be saved, encourage and retain customers to continue shop with a firm, sustain customers' connection and lastly contribute firm's image. There are many kind of credit tactics which a retailer can choose to operate such as hire-purchase, credit card, monthly payment account, deferred billing, revolving account and budget account etc.

There are also other useful customer services offering which could enhance store's image and create customer loyalty. Many retail stores may require operating for longer hours daily as it could pull working people to come to a store after work. Cox and Brittain indicate that "many small convenience stores have increased turnover by up to

fifty per cent by extending opening hour". This is necessary for country like Thailand where traffic congestion seems to be a major problem after working period. Therefore, many people need more time to travel to a store and expecting a store to operate till late.

Handling customers' complaint is another important service which a retailer needs to be carefully established. It is widely accepted that effectively handling complaint is vital for retailers. Cox and Brittain suggest that "with the high costs of marketing in today's highly competitive retail scene it is less expensive to resolve a current customer's problem than to win new customer". In order to solve the problem for a customer, a firm may use various tactics including "products return, product adjustment, price adjustments and new services". These tactics are often employed by a retailer for changing dissatisfied customer to a satisfied customer.

In addition, there are many other services which a firm could use to serve customers such as "delivery, alteration and repair and wrapping".

#### Community Services

According to Berman and Evans, firms can enhance image by cooperating with the communities around them. This is significant to retailers, because generally people in community around a firm are often rated as potential customers. There are many ways to interact with communities such as "supporting charity, employing area residents, showing a concern for the environment, participating anti-drug program and donating money and/or equipment to school etc".

## 2.4 Marketing Channel Management

### Market Density

Market density pinpoints where the market size (buyers or units) is concentrated. Market density may play an important part when developing marketing programs and channel structure. Specific market and product designations are made because the

product needs are different in dissimilar areas and the market activity cycle are specific for each market segment.

Table 2.3. Market Size Characteristics.

1. Number of market units or users	People, horses, cars, cases, etc.
2. Percentage of using units in the market	10%, 25%, 50%, 100%
3. Purchasing frequency for the product	Once per year, Twice per years, Five Times per years, tec.

Market Volume

There are two ways to express the volume of business in a market. The first, and the most used, is total dollar volume of the product sold. The second way is by the total number of product units sold. Market volume refers to the amount of a specific product that the market can or does consume (or use) in a specific time period. Dollars are the most universal measurement of product used or consumed. Most marketers, however, will need to use both dollars and units to expressing volume of their markets. The need to use dollars in expressing volume is to provide the price per unit for the specific time period. The actual units used show consumption without giving price any weight in the equation. For many products, the price of purchase will vary during the marketing period. For this reason only the unit consumption number can show true market volume. In addition, the price of the product may significantly affect the volume used or purchased in a specific time period.

## Market Activity Cycles

By marketing activity, we refer to two basic influences on the market that create buying activity. Normal recurring seasonal cycles are the most important to many marketers. The Christmas season is a good illustration. The other type of cycle that stimulates purchasing is the schedule promotional incentives that are intended to create a cycle of buying that would not otherwise occur. Mother's Day promotions would illustrate this type of market stimulation. For most markets these are several activity cycles that are repeated every year.

Seasonal cycles are predictable and recur annually. They may relate to spring house cleaning, summer vacations, tax refunds, planting and harvesting, school year, new model introductions, holidays, vacation time, or any number of activities. For channel structure and management of the physical distribution system, these cycles true and management of the physical distribution system, these cycles indicate inventory building, shipping, storage, and product-handling actions to suit the seasonal cycle demands. We look at seasonal cycles as normal market-generating cycles. They will occur whether or not companies in the market plan do something special to accommodate or stimulate the normal cycle of business.

Promotion Cycles and Marketing Programs, the second type of market cycle that will affect the management of physical distribution is the action induced by marketing programs and promotions. Some companies will routinely or periodically stimulate customers with promotional programs to do something they would not normally do.

Many traditional promotional cycles are tied to holidays, to post holiday periods, and to seasonal changes. Special programs for the sale of winter clothes, snow tires, sporting goods, summer swimwear, and the like are typical of seasonal promotions.

## Market Channel Selectivity Reference

Managing the competitive environment in a channel is not usually an option for a single company. The competitive environment, to which we make reference in the context of market characteristics, is centered on creating a channel environment that is selective, inclusive, or exclusive in the competitive structure of the channel. It is not related to a product or a competitive program but incorporates the consideration of a complete market environment. The company can select from several options in the creation of their marketing channel structure. It also has an obligation to produce a channel that will not create conflict among channel members.

## Types of Channel Competition

Competition in the marketing channel may be segregated into three types:

- (1) *Channel structure to channel structure* is competition between two parallel channels operating within different channel structures.
- (2) *Manufacturer to manufacturer* is direct competition between two manufacturers or marketers that use the same marketing channel.
- (3) *Channel member to channel member* is the competitive relation ship established between all channel intermediaries: wholesaler, retailer to retailer, or wholesaler to retailer in the same marketing channel.

## Managing the Exclusive Channel

Channel managers must consider two variations of exclusivity: mutual exclusivity and selective exclusivity. Mutual exclusivity is an agreement by the manufacturer not to sell to a competing channel member, with the channel member mutually agreeing to represent no other competitive brand. As a illustration, the manufacturer of Stetson hats many agree to sell only to one wholesaler in a specific geographic market as long as that wholesaler sell not other line of western hats. The



wholesaler may sell boots, shirts, belts, and other western paraphernalia but will have a mutual and exclusive relationship with Stetson for western hats.

Table 2.4. Exclusive, Selective, and Inclusive Channel Profile.

<b>Channel Member Position</b>	<b>Exclusive</b>	<b>Selective</b>	<b>Inclusive</b>
Carries Competitive Lines	No	Limited	Unlimited
Assigned Geographic Territory	Yes	Yes	No
Uses Supplier Programs	Yes	Some	By choice
Provides Customer Services	Yes	Yes	By choice
<b>Marketer or Manufacturer's Position</b>	<b>Exclusive</b>	<b>Selective</b>	<b>Inclusive</b>
Competitive Channel Members	None	Limited	Unlimited
Assigned Geographic Territory	Yes	Yes	Unlimited
Follows Supplier Programs	All	Some	By Choice
Provides Customer Service	All	Yes	Encourage

Table 2.5. Selective Versus Inclusive Channel Characteristics.

<b>The Channel Requires</b>	<b>The Structure Turn To</b>
1. Special customer service	Selective
2. Reliable product availability	Selective
3. Convenient product availability	Inclusive
4. Control over marketing programs	Selective
5. A high level of product knowledge	Selective
6. Dealing with the competitive marketing programs	Either
7. Special storage and handling	Selective
8. Pricing to be consistently competitive	Inclusive

## **Product and Market Phase Checklist**

Discovery and development of marketable products.

Introduction and market education.

Establishment and development of major markets.

Establishment and development of secondary markets.

Exploitation or product modifications.

Exploitation of all established markets.

Diversification or consolidation.

Product and market decline leading to discontinuation.

## **Product and Market Phase Checklist**

By the illustration given, the channel manager should be able to easily see the importance of knowing where a product or product group is located in the Product and Market Phase Checklist. To make the checklist more usable, it is consolidated here into the five critical points of evaluation.

### **Checklist**

*Product development and introduction phase*, a new production is developed and placed in the market supported by an introductory marketing program.

*Market development phase*, both major and secondary markets are developed or have been included in channel development plans for future action.

*Product modifications or innovations*, improvement in product benefits, development of new product forms, new packaging, or cost improvements that lead to price reductions and greater value are researched and Implemented.

*Market actions*, which includes market exploitation, expansion, diversification or consolidation, and even the development of new marketing channels for the product.

*Product and market maintenance or survival*, depending on the competitive climate, the product will move into either the commodity market maintenance or the competitive market maintenance phase.

#### Product Characteristics Checklist

- (1) Controllability: Does the company still have control over the product's future?
- (2) Profitability: Will the product deliver satisfactory and predictable profits?
- (3) Desirability: Will the product still deliver expected benefits and satisfy wants?
- (4) Competitiveness: Is the product competitive in price and performance?
- (5) Market Share: Will the product's market share profitably support marketing programs?

Table 2.6. Product Life Cycle.

<b>Introduction</b>	The short period of time showing rapid increase in sales dollars.
<b>Growth</b>	A steady increase in sales as the product is promoted and advertised.
<b>Maturity</b>	That point of leveling off in growth and meeting competitive chandelles.
<b>Maintenance</b>	A share of market at which sales volume can be profitably maintained.
<b>Decline</b>	Sales volume for the product drops rapidly and the needed market share is lost.
<b>Discontinuation</b>	The sales volume drops below a level supporting marketing cost.

### **Type of promotional offers**

- (1) Price promotion, Offering the product to the consumer or other channel members at a reduced price through discounts, coupons, or some other means of price reduction.
- (2) Bonus offers, providing a bonus (usually merchandise) of some type other than a direct payment of money.
- (3) Chance or sweepstakes programs, free trips, vehicles, clothing, and so on, without qualification or the need to purchase the product.
- (4) Terms of sale, cash discounts, extended term of payment, and qualified allowances.

### **Channel-Level Influence on Promotion Planning**

The reference to levels of promotion identifies the various audiences that are available for promotional targeting. There are three levels that can be considered when planning the motivation for promotional programs. Usually a promotion is directed to the user or consumer in the channel. The channel manager will also be involved with programs to the trade that never impact the user. Trade promotions are usually buying programs for wholesaler's efforts to sell retailers. For the consumer, the retail selling programs are the promotional offer.

Planning a promotional program starts with the channel member to whom the promotional offer is being made. For a consumer promotion in a four member channel, the consumer is the first consideration for promotional planning, even though the manufacturer must go through wholesalers and retailers to get to the consumer. If the offer is not sufficiently motivational to entice the consumer to participate, it will fail, no

matter how well the other levels in the channel are motivated to buy and sell the promotional offer.

Table 2.7. Selecting Marketing Channel Directional Objectives.

<b>OBJECTIVE</b>	<b>PRODUCT CHARACTERISTICS</b>
Growth	Controllable, Profitable, Desirable, Competitive.
Product & Market Maintenance	Controllable, Profitable, Desirable, Competitive, Reasonable Market Share.
Improved Profit	High Market Share, Profitable, Desirable, Competitive.
* Survival	Desirable, Competitive, Reasonable Profitability or Contributing to Profit
Discontinuation	Not processing sufficient favorable characteristics to set reasonable objects

### **Promotional Program Planning**

Promotions are considered an integral part of the annual marketing plan. They are planned and executed as a part of the complete marketing effort in the channel.



Promotions must be independently successful and contribute to the success of all the company's marketing programs in the channel.

### **Promotional Planning Outline**

- (1) Why is the promotion being planned?
- (2) What is to be promoted?
- (3) What are the objectives of the promotion?
- (4) If the objective reached what are the net results?
- (5) Which promotional elements are to be used?
- (6) What are the budget requirements, and is this money available?
- (7) What are the major competitive assumptions for this promotion?

### **Planning Marketing Promotional**

Because the products sold by the Chain Link Snow Tire Company have a very short product use season, it is necessary to plan production well in advance of when the products are actually needed. Producing snow tires in May, June, July, and August for sales that will not take place until September, October, November, and December presents the problem of knowing which tires to produce and in what quantity. If the company knew the buying intentions of their wholesalers and retailers well in advance of the reason, it could better plan production to fit the requirements of the marketing channel. The channel planning and promotional program should help provide the production group with a more accurate forecast of product needs for the short season.

What is to be promoted? The three grades of snow tired produced by Chain Link will be promoted in all major snow tired markets. These snow tired are designed as Chain Link Premium, Chain Link Extra, and Chain Link Tuffy.

What are the promotion's objectives? This promotion will provide information for the buying intention of the Chain Link retailers with details listing the tried, type the



(<sup>8</sup>) Competitive position

The long-term promotional activity must be examined carefully by the channel managers, since it can be very costly. Remember that money for promotional activity comes from the marketing budget. The implication is that budgets are limited, and once money is committed, it is gone. Long-term promotional programs require long-term budget commitments.

### **Short-Term Programs**

Ten types of short-term promotional programs useful to channel managers are listed in Table 10.4. Short-term promotions have a definite time period, budgets cost, and specific action objectives. Short-term promotions try to make something happen that would otherwise not happen--usually an increase in sales. However, sometimes inventory reduction, preemptive selling, or some other objective is the primary promotional focus. For the Chain Link Tired Company, the promotion provides essential information for production purpose.

### **Performance Awards and Measurements**

How the company determines who wins the sales awards for a motivational program critically affects whether or not the sales force will in fact and possible for everyone to reach. More importantly, the rules governing how the promotion is run should be perceived to provide all participants an equal opportunity to reach the goal or quota.

Using a specific dollar level for all to reach is easy for the big sales territories but is tough on the small ones. It is good idea to stay away from specific dollar increases as a means of measuring performance. The use of percent increases, rather dollar goals, makes the playing field level for big and small alike.

### **Short-Term Promotional Programs**

- (1) Bookings
- (2) Introductory offers
- (3) Loaders
- (4) Discontinuation sale
- (5) Special price
- (6) Bonus packs, two-for's, tie-in's
- (7) Coupons
- (8) Free goods
- (9) Sweepstakes and drawing
- (10) Merchandise, travel, and point programs

### **Performance Measurements**

- (1) Percentage by which the previous year's sales are exceeded (dollars or units).
- (2) Dollars increase  $x\%$  increase=index. The highest index indicates the greatest performance.
- (3) Last year + growth % = quota in either dollars or units which measure performance against quota as a percentage.
- (4) Percent increase in sales over previous year times total dollars sold. This method equalizes large and small territory opportunities.

### **Pricing Methods and Analysis**

Pricing and pricing strategies have been discussed thus far only in the context of marketing promotions; however, there is another side to pricing that channel managers must control. We refer to the basic pricing concepts and strategies associated with product positioning. There are three basic pricing methods used by most companies

marketing industrial products: cost-plus, value pricing, and product position pricing. These same pricing methods are also used extensively by consumer products manufacturers. Channel managers need to be familiar with their own company's pricing practices as well as the practices of members at each level of the marketing channel. The success of marketing programs in the channel is dependent upon the basic pricing strategies of a company and the promotional pricing programs of the market.

### **Value Pricing**

Value pricing starts with the market rather than with the product. Just as there are two methods of cost-plus pricing there are two methods of value pricing: the cost-to-benefit method and the return-on-investment method. Value pricing is a strategy based on known value of the product related to measurable benefit to the user. The cost-to-benefit pricing method is based on the profit benefit received from using the product, whereas the return-on-investment pricing method is centered on cost improvement or savings attributed to using the product.

### **Cost-to-Benefit Ratio Pricing**

The decision to buy is a value judgment based on the profit benefit or increased production form using the product. The buying decision is based on current use conditions and is evaluated on the benefited received from each use of the product. A firm control over the product cost is essential to maintain a stable selling price. A value judgment must be established that is quickly acceptable to the user. A price that would provide a low cost-to-benefit ratio may limit the number of buyers. If the benefit is high enough to stimulate a decision to use the product, then the product choice is tied to other product characteristics.

### **Return-on-Investment Pricing Method**

The return-on-investment method is significantly different from cost-to-benefit pricing. Both are variations on the value pricing method. The considerations for return-on-investment pricing must be made with a much longer payout period. These strategies are usually based on cost saving rather than upon increased benefits. They may also be directly measured in increased productivity. Cost saving may be spread over an entire production period or over the lifetime for a piece of machinery. The value of a product is based on its ability to increase the production rate or provide a lower per-unit cost.

### **Product Position Pricing**

The product position pricing method tries to establish prices relative to specific competitive products as well as against specific companies that are competitors. The competitive pricing relationship, or product position in the market, is a choice. The strategy may be to price products equal to the competition. It may also be to price products lower than most competitors to attract the price buyers. Lower pricing is considered economy price positioning. Alternatively, the pricing strategy may be to price higher than competitors of similar products. Higher pricing is sometimes referred to as quality pricing. The strategy in this case is intended to imply the higher price is there for a good reason.

### **Inventory and Pricing Considerations**

A product price increase will affect inventories in the channel positively, since all inventories will be worth more. On the other hand, a price decrease will adversely affect the value of the channel member's inventories if nothing is done to protect their value. For this reason, programs involving price decrease must address the inventory problems brought on by a price decrease: inventory protection and inventory cost averaging.



## **Advertising**

Advertising is referred to as an activity of communication for marketing channel managers. This is true in that all forms of advertising attempt to attract attention and project a message. Much more than the simple act of communicating is involved, however. Advertising also solicits a specific response to the message it conveys through various media.

The marketing channel cannot operate without accurate and frequent intercommunication. There are indirect communications disseminated to channel intermediaries who carry the message to users. Indirect communication may be as subtle as the label design for a product or as graphic as a video presentation on the product use.

### **Advertising Tasks**

The advertising department is involved in numerous tasks, including:

- (1) Creating materials for all types of channel communications
- (2) Producing graphic materials such as ads, displays, literature, selling sheets, sales aids, and product presentations
- (3) Planning advertising actions, including media selection, copy message, communications frequency, and market reach, testing and evaluating promotional materials, and budgeting
- (4) Developing training materials such as audiotapes, videotapes, training manuals, movies, and meetings
- (5) Planning trade shows, along with developing booth construction, handout materials, displays, programs, and meetings
- (6) Performing internal tasks related to acting as a marketing advisor as well as overseeing the production of the company paper or magazine, and company meetings and conventions

- (7) Planning channels member meetings, management meetings, sales meetings, and other group functions.

### The Marketing Planning Process

Each step in the marketing planning process is an independent activity built upon the steps establish before. For this reason, it is highly important that each step be develop in sequence. As the plan develops, it must have continuity and integrity. It must present facts and planned actions in the sequence of logical occurrence. The plan's integrity is assured by incorporating into each step the foundation necessary to support the conclusions or actions presented in the next step. Similarly, for example, one would not try to collect money from sales before the transportation.

### Advertising Task

- (1) Identify the target audience of the advertising objective.
- (2) Create the message that will be the theme of the communication.
- (3) Select the media to be used to reach the target audience.
- (4) Determine the frequency at which the message must be presented to make the needed impressions and establish notation.
- (5) Pre-test the ad with members of the target audience for understanding and notation.
- (6) Perform follow-up research with the target audience and in the market for responses.

### Seven Steps in the Planning Process

- (1) *The Mission Statement.* This step names the plan and establishes the direction of the planning activity.

- (2) *The Situation Analysis.* In this step all the historical data related to the planning mission are collected and presented as facts to validate and facilitate the planning mission.
- (3) *Opportunities and Obstacles.* Based on the facts developed in Step Two, identification of viable opportunities and potential obstacles to reaching them are presented.
- (4) *Goals and Objectives.* Goals are established by selecting from the opportunities in Step Three. Objectives are the interim check points on the way to a goal.
- (5) *Strategies for Action,* to reach the goals and objectives in the Step Four, specific strategies for action are planned for every major activity.
- (6) *Action Plans,* to accomplish the strategic actions of Step Five, provide assignments for action responsibilities. Establish budgets, seek authorizations, set schedules, and provide controls and supporting actions to initiate the plan.
- (7) *The Profit Plan.* Documents the financial expectations inherent in the plan; project expenses and produce a budget requirement.

## **2.5 Packing Strategy**

There are many advantages to be gained from the use of a strategic packaging approach. Some of these follow:

- (1) It provides a panoramic view of packing and enables managers to see how each component relates to and affects the whole.
- (2) It enables one to identify the available alternatives, establish priorities, and make better decisions.

- (3) It provides assurance that nothing of major importance has been overlooked or omitted.
- (4) It allows for everyone involved to be heard in time to affect the outcome.
- (5) It allows for the proper sequencing and timing of packing inputs.
- (6) It eliminates many errors and false starts, which result when people do not have a clear picture of the packaging goals and objectives.
- (7) It provides a realistic timetable and checklist against which to measure results.
- (8) It provides clear direction to staff and outside suppliers.

A strategic packing plan is without precedent in most companies and there will undoubtedly be come confusion about where it belongs in the scheme of things. Should it be a part of the marketing plan, an addition to it, or something else? It might be argued that the packaging strategy should be a part of the marketing plan, and there is a justification for this in some businesses such as novelties or toys, where the product might be a once only entry or vary from year to year. In this case, relating the package to the marketing plan makes sense because there is no opportunity to build a long-range consumer franchise. Combing the package with the advertising help build rapid awareness and strengthens the offering. On the other hand, if a company produces the same product for many years, using the package to build the brand awareness and consumer royalty, the strategy may properly belong in the business plan. This is specially so if more than one product is made and packaged on the same production lines. One thing is certain, if it is a strategy that crosses departmental lines the strategy should be established so that it is binding on all who are party to it.

The placement of the packing strategy, whether it be a product, division or corporate plan, depends entirely on where you think it belongs. There are no immutable

laws or rights and wrongs. You can base your plan on short-lived, limited goals or extensive long-range ones. The benefits you derive will come from the knowledge that a well-integrated plan assures you of the best possible package, given all of the demands placed on it. This is no easy task when trying to balance consumer, retailer, manufacturing, distribution, product, and other considerations.

A packaging strategy is a plan that provides for a product or a company's overall packing needs. It can begin at ground zero with a new product for which there is no experience to build upon or at any times in a product's life cycle. As with any plan there are considerations that must be weighed and evaluated before it can be put together. We will now examine the major considerations that go into the making of a strategy and describe where they fit in and what they contribute to the plan.

All packaging strategies for news products begin with a determination of the product requirements. It is essential to identify the shelf life, protection, and storage requirements of the product as well as the process or method of manufacture, since these will have a direct bearing on the kinds of packaging that are possible. Information concerning the product use or preparation is also important from both engineer and design standpoints. This information is used to initiate the exploratory phase of packaging development which in a large company is normally carried out by a packaging research and development department in a company without in-house capabilities the packaging development may be done by a consultant or packaging supplier. In either event, this is the time when all of the potential package forms and systems that fit the product requirements should be investigated.

From a strategy standpoint it is important to evaluate different packaging approaches to determine which might offer the best marketing opportunities. This evaluation should also include a determination of how any of the promising candidates

could affect the manufacturing and distribution of the product. Basic considerations such as the selection of packaging machines can have a long-term effect on a packaging strategy. Should you opt for a high speed line which offers high economy but limited versatility or a slower one that provides the capability to change sizes? The answer to this question may not only affect output rates, but may also determine future packaging options, and this in turn can limit marketing opportunities. Manufacturing considerations are an integral part of the planning and decision-making process because they affect the final outcome. The same is true of distribution.

There are other aspects of distribution packaging that have strategy implications. Many mass merchandising outlets use cut shipping cases to display merchandise. This turns the shipping case into marketing tools. When in this role, the construction and graphic must be designed to set the inner packages off and help to identify them to the shopper. In this situation the shipping case becomes a strategy consideration because of its potential effect on sales. The same can be said for display shippers, which are often used in promotions and product introductions. When the marketing and economic contributions made by the distribution function are considered, its role in a packaging strategy become evident.

A major consideration in any business plan is costs. In packaging it is desirable to determine costs early in the development phase so that the obviously unaffordable packages can be eliminated and those with promise carried further. This allows time to work also on packaging approaches that are promising but marginal in cost. An advantage of the strategic approach is that specialists from all of the related packaging functions are actively involved throughout every phase so that potential cost problems can be viewed from several viewpoints, thereby increasing the chances of viable solutions.



## 2.6 Market Performance Assessment

### Sevin's Marketing Productivity Analysis.

Sevin defines marketing productivity as "the sales or profit output per unit of marketing effort". He deals with the assumed goals problem at him out set of his work:

*Expositions of business practice and microeconomic analysis both usually proceed from the assumption that the objective of the individual business firm is to maximize its net profits. Twenty years of management-consulting practice, however, make it clear to the author that this assumption about objectives is naive and unrealistic. But no matter what the objectives of the firm, all managements are (or should be) interested in increasing the productivity of their marketing operations, thus favorably affecting such factors as "growth", sales volume, market share, and net profits.*

While this seems innocuous enough, Sevin in no way escapes the problem of working on efficiency while remaining uncertain about what constitutes effectiveness. Certainly growth, sales volume, market share, and profits are common measures, but they do not necessarily operate in concert. Nor are the causal connections among these measures clear. Strict profitability measures also avoid the "quality of services rendered" questions raised by the macroeconomic analysts whose work although Sevin is explicit in his dismissal of qualitative measures for his purposes. Sevin's summary of his aims could, with few changes, serve as a statement of purpose for many microeconomic investigations of marketing productivity: his work is intended to show

*How any business firm can increase its sales volume or its net profits very substantially and more than once, by obtaining and using (1) marketing-cost and profitability information and (2) marketing-experimentation to do a better job of allocating its marketing efforts to the various segments of its business?*

It is these two areas, profitability analysis and experimentation, that Sevin explores in detail. The key virtue of both approaches, Sevin explains, is that they provide information not generally available to marketing management.

Insufficient information, Sevin continues, results in any of a number of problems, including a budget that is too large or too small for a given product or customer segment, an inefficient marketing mix, or a gross misallocation among segments. Without the right information, the marketing manager has no way of knowing whether these problems exist; with this information, the marketing manager can uncover those areas in which results and allocated efforts are out of sync.

For this profitability analysis, Sevin first identifies the costs against which revenues will be matched. He does this by classifying costs into "functional" costs groups that reflect marketing activities rather than the "natural" accounts that businesses tend to use, as we discussed in detail. Sevin groups costs into seven categories: (1) direct selling costs, (2) indirect selling costs, (3) advertising, (4) sales promotion, (5) transportation, (6) storage and shipping, and (7) order processing. He then allocates these costs to product groups, account-size classes (small, medium, and large accounts), and geographic areas by the volume of activity performed in each area (not the dollar expense of the activity). The logic is similar to sales per man-hour equation, where man-hours are assumed to represent a standard of activity. When all costs have been allocated, their sum in each segment is compared to the revenue or profit that that segment produces, giving a measurement of productivity.

#### Anderson and Weitz's Vertical Integration Measures

Anderson and Weitz (1996) use a profitability perspective to examine marketing productivity in the much narrower context of vertical integration decisions for marketing. Common "make-or-buy" decisions in marketing, they explain, include such

issues as whether to develop an in-house sales force or use manufactures' representatives, or whether to create an in-house advertising agency. They define marketing productivity in terms of what they call "long-term efficiency" which in turn rests on "net effectiveness" and administrative overhead, as follows:

$$\text{Net effectiveness} = \text{Revenue} - \text{Direct cost};$$

$$\text{Efficiency} = \frac{\text{Net effectiveness}}{\text{Administrative overhead}}$$

Administrative overhead

### Gross's Ratio Approach

Gross (1984) proposes a much less comprehensive but more parsimonious framework for calculating marketing productivity. Taking as a theoretical starting point the question of how one might isolate the contribution of marketing to a business, Gross uses the general output/input equation of manufacturing productivity.

Gross separate various intermediate steps in marketing productivity analysis, beginning with marketing resources, such as expenses and personnel, which an organization converts into marketing activities, such as sales calls. Gross calls the quantity of activities an organization produces relative to the quantity of its resources that organization's "functional efficiency". If Company B's one-hundred-person sales force makes twice as many calls per month as Company A's one-hundred-person sales force, Company has greater functional efficiency. Such measures are not uncommon in the business world, particularly in sales work.

Therefore, Company A's sales calls many produce better immediate results than Company B's which Gross calls this the company's "functional effectiveness". If two hundred Company A sales calls produce twice as many bid requests as two hundred Company B sales calls, Company A has greater functional effectiveness.



The product of an organization's functional efficiency and functional effectiveness is its functional productivity:

Function efficiency x Functional effectiveness = Functional productivity,

The formula is,

$$\text{Marketing activity} \times \text{Functional results} = \text{Functional results}$$

$$\text{Marketing resources} \times \text{Marketing Activity} \times \text{Marketing resources}$$

Functional productivity measures the immediate results of a marketing operation relative to the resources available to that operation. The remaining measurement is the fate that befalls this immediate result in the marketplace. Gross calls this "market effectiveness". It measures functional results (sales leads, for example). If one hundred Company B sales proposals produce twice as many orders as one hundred Company A sales proposals, Company B's efforts have greater market effectiveness.

The aggregate measure, marketing productivity, is the product of market effectiveness, functional effectiveness, and functional efficiency:

Market effectiveness

X Functional effectiveness

X Functional effectiveness

= Marketing Productivity,

The formula of substituting terms,

$$\text{Marketing results} \times \text{Functional results} \times \text{Marketing activity}$$

$$\text{Marketing results} \times \text{Marketing activity} \times \text{Marketing resources}$$

$$= \text{Marketing results}$$

Marketing resources

$$= \text{Marketing productivity}$$

### III. SITUATION ANALYSIS

#### 3.1 Define target market

Females are considered as the evolution of fashion, without female on this planet the word "fashion" may be in existent. There are many reasons that allow us to consider female as the sex of beauty and tenderness.

There are many research organization to do for this objective like Abac poll, Thai Farmer's Bank, etc., but we will considering in some parts of Thai Farmer Bank with the consumer behavior of female against the clothes in limited factor that directly reflect to the consumer like level of education, revenue, etc.

According to Thai Farmer bank research, the results found out that female in every range of age and every branch of occupation 48.2% concentrate on trendy polite clothes because the clothes brought up their opportunity in business and the present social situation in Thailand was rather dangerous therefore polite dress were the best solution.

Age rang between 20-25 yrs. representing 27.2% prefer calm clothes style because some they need easy lifestyle. 11.2% love the stylistic clothes because of the need for acceptance. 13.4% concentrate on the casual clothes style because they tend to become active and individual.

The research allows some criteria of female purchase behavior by categorizing them into group with revenue per month and range of age against average expenditure per month. The group of female who are wealthy and aged, they tend to pay more in expenditure. The level of education is not affected to purchase behavior as much as the revenue and age. The occupation and marital status were the criteria to determine the purchase behavior against clothes. The occupation in group of business owner was the



highest group in which becomes higher purchase power than other group of career because the essential of clothes was reflected to the image of consumer.

Generally female will pay approximately 1,000 Baht per dress besides that a normal female will buy at least 1 dress per year but some people buy more than 50 dresses per year.

Thai Farmer bank noticed that the trend of clothes made was changed into ready to wear more than tailor made.

Our target should be the females aged between 20-35 yrs. who lives in Bangkok and has income in the range of 12,500 and over. They tend to love trendy and stylistic Italian brand name products.

Table 3.1. Age.

14-20 years	28.2%
21-25 years	28.0%
26-30 years	19.5%
31-40 years	15.1%
40 years and above	9.2%

Table 3.2. Level of Education.

Level 12-K	43.1%
Undergraduate	53.5%
Graduate	3.4%

Table 3.3. Occupation

Office worker	26.5%
Government officer	18.8%
Business owner	17.8%
Students	30.4%
Other	6.5%

Table 3.4. Revenue per Month.

Below 5,000 Baht	24.6%
5,001-10,000 Baht	31.9%
10,001-20,000 Baht	25.6%
20,001-30,000 Baht	11.7%
30,000 Baht above	6.2%

Table 3.5. Marital Status.

Single	65.2%
Married	31.7%
Divorced	2.3%
Bachelor	0.8%

**Comparing with revenue per month by this following:**

Table 3.6. Average Expenditure by Categorizing with Revenue.

Below 5,000 Baht	3,112.11 Baht
5,001-10,000 Baht	5,341.56 Baht
10,001-20,000 Baht	8,786.86 Baht
20,001-30,000 Baht	13,036.66 Baht
30,000 Baht and above	22,736.11 Baht

Table 3.7. Average Expenditure by Categorizing with Age.

14-20 year	3,734.44 Baht
21-25 year	6,062.10 Baht
26-30 year	7,821.67 Baht
31-40 year	11,606.08 Baht
40 year and above	14,267.69 Baht

Table 3.8. Average Expenditure by Categorizing with Level of Education.

Level 12-k	7,121.54 Baht
Undergraduate	7,204.53 Baht
Graduate	11,336.36 Baht

Table 3.9. Average Expenditure by Categorizing with Occupation.

Office worker	7,366.13 Baht
Government officer	8,918.93 Baht
Business owner	10,168.32 Baht
Student	3,993.27 Baht
Other	11,748.78 Baht

Table 3.10. Average Expenditure by Categorizing with Marital Status.

Single	5,615.71 Baht
Married	9,904.11 Baht
Divorced	18,066.66 Baht
Bachelor	12,000 Baht

Table 3.11. Style Preference.

Trendy	48.2%
Calm	27.2%
Stylistic	11.2%
Other	13.4%



**Comparing style preference with other factors:**

Table 3.12. Style Preference with Age.

	14-20 Year	21-25 year	26-30 Year	31-40 Year	40 year and above
Trendy	33.9%	39.8%	55.7%	56.9%	78.1%
Calm	31.7%	31.0%	26.6%	22.8%	9.6%
Stylistic	12.8%	17.3%	14.6%	12.2%	1.3%
Other	21.6%	11.9%	3.1%	8.1%	11.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3.13. Style Preference with Level of Education.

	Level 12-k	Undergraduate	Graduate
Trendy	42.1%	50.5%	59.3%
Calm	28.4%	26.5%	25.9%
Stylistic	13.4%	13.4%	11.1%
Other	16.1%	9.6%	3.7%
Total	100.0%	100.0%	100.0%

Table 3.14. Style Preference with Occupation.

	Office worker	Government officer	Business owner	Student	Other
Trendy	51.7%	65.7%	43.3%	32.3%	58.8%
Calm	29.5%	20.3%	24.1%	30.9%	21.7%
Stylistic	12.1%	9.1%	17.7%	14.8%	6.5%
Other	6.7%	4.9%	14.9%	22.0%	13.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3.15. Style Preference with Marital Status.

	Single	Married	Divorced	Bachelor
Trendy	40.8%	61.3%	35.3%	57.1%
Calm	30.0%	20.5%	41.2%	14.3%
Stylistic	13.8%	11.4%	17.6%	28.6%
Other	15.4%	6.8%	5.9%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

Table 3.16. Style Preference with Revenue per Month.

	Below 5,000 Baht	5,001- 10,000 Baht	10,001- 20,000 Baht	20,001- 30,000 Baht	30,000 Baht and above
Trendy	41.6%	41.6%	54.6%	66.7%	42.2%
Calm	28.4%	29.4%	27.8%	14.3%	31.1%
Stylistic	12.1%	18.1%	9.3%	9.5%	15.6%
Other	17.9%	10.9%	8.3%	9.5%	11.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3.17. Style Preference with Average Expenditure per Month.

	Below 3,000 Baht	3,001-5,000 Baht	5,001-8,000 Baht	8,001 Baht and above
Trendy	48.4%	40.9%	44.2%	53.7%
Calm	21.0%	34.9%	24.7%	26.4%
Stylistic	14.0%	12.6%	19.5%	11.4%
Other	16.6%	11.6%	11.6%	8.5%
Total	100.0%	100.0%	100.0%	100.0%

Table 3.18. What the woman feel comfortable?

Trouser	56.2%
Skirt	43.8%
Total	100.0%

Table 3.19. Trouser Against Short.

Trouser	88.2%
Shorts	11.8%
Total	100.0%

Table 3.20. Which style of skirt does woman prefer?

Long skirt	48.0%
Short skirt	42.9%
Sack	9.1%
Total	100.0%

Table 3.21. What woman thinks about favorite brand and repeat purchase?

Loyal	71.5%
Free of dependence	28.5%
Total	100.0%

Table 3.22. Which alternative woman prefer to buy clothes?

Ready to wear	68.3%
Made by order	31.7%
Total	100.0%

Table 3.23. Which tone of color women prefer?

Dark	62.9%
Light	37.1%
Total	100.0%



### **3.2 Define Demand**

We believe Miss Sixty can access through the main highest group of research like the female who love trendy and stylistic clothes. The research allows us to forecast the total sale that may incur for each three months like seasonal cycle because European clothes designer in winter season tend to define their climate and they are not suitable to Thais. All information of consumer behavior allow us to understand the habit and perception of female with purchase decision and other factors like age, revenue , occupation play important roles toward the behavior of our customers.

The location we penetrate our product to capture those demands is Siam Square which the place for various groups of customers both demographic and psychological segmentation.

The demand for Miss Sixty products is determined by the characteristics of customer for example age, revenue, favorite, lifestyle and occupation.

The forecast in demand of first year must not exceed 1,000 items in every product line because some of our potential are not likely to react with our design and style of Miss Sixty

### **3.3 SWOT Analysis**

#### *Strengths*

#### **Product differentiation**

Miss Sixty is the brand name from Italy which mostly target market perceiving these characteristics. Miss Sixty is a designer product from Italy, the land of fashion trend therefore style and trend are very different from other brands like Greyhound but other brand names from Italy also affect Miss Sixty for example Replay. Miss Sixty provides the uniqueness for which customer can not find from any other brand.

100% imported goods

When compared with others Italian brand imported products, we found that they also mix up their license products with authorized production in Thailand like Replay allows Thai made sandal shoe. For indirect competitors like Pure; they have already made it in Thailand for every product line.

Brand awareness

As we supposed to serve a target market that loves 100% import product from Italy, we also provide their needs with 100% import from Italy because our design and style comes from catwalk. Because our philosophy of business is to provide consumers just only their satisfaction to reflect our brand image which directly affected brand awareness.

Weakness

High competition

As our research shows that women marketing are highly competitive because the existing brand like Replay, Guess, Pure, and etc. collected a high gain in marketing share around 46% of total consumption in Thailand. Our target market had many brand selections in which they share their market as a result of high competition in marketing strategy.

Product & culture

Miss Sixty clothes always tend to become chic and very colorful. For Thais this trend should not attract everyone and unfortunately some can not accept this style of clothes in which the value and norm bring up the refusal of people in society.

### Opportunity

#### **Product limitation**

Our criteria are to maintain the status of business against the image of Miss Sixty buyers, from the observation many consumers love to be unique and they are willing to pay for more products that build their image. Our criteria are to import products in limited amount each season.

#### **Customer loyalty**

Our assumption after hypothesizing found that there remain an amount of consumers that love imported products from European countries like Italy and France. They are willing to pay for their satisfaction even though the price is higher than other competitors.

#### **Global brand**

Miss Sixty is an international brand from Italy so we did not mention brand creation. The main function we should involve is brand perception. With under brand management philosophy of Miss Sixty, we are not concerned about brand image on customer value.

### Threat

#### **Unauthorized imported product store at Siam Square**

There are many imported product stores at Siam Square which can decrease our sale volumes because our consumers must think that our store will offer a higher price than unauthorized imported product stores at Siam Square. The strategy is to decrease this problem; maintain the standard of merchandise purchasing in our store and capture the customer need also.

## **Pirate products**

We are concerned about the problem of piracy in Thailand because when our products are popular, pirate products are launched immediately. Even though Thailand government issued patents and intellectual rights law last year but this problem still highly persists.

## **Criticism from the people**

Culture and norm of dress in Thailand is quite polite and normally apply to the appropriate clothing in the public, Miss Sixty is generally unacceptable by many people in both style and color of dress.

### **3.4 Competitor Analysis**

#### **Analysis of Guess**

Strength of Guess- as a result of experience in Thailand's over 10 years, Guess is likely to become acquainted to Thailand market and adapt to market needs to reach the highest sale for each season including many strategies is such as Tax refund for foreigners, clearance sale, discount sale, and etc. Guess is not positioning in high group of target market because most products are produced in third parties countries except some products that are over 3,500 Baht are produced in United States.

Weakness of Guess- owing to the state of dislike for third party country like Mexico and Thailand, there are lots of worse attitudes toward Guess. By our research Guess total sale volume fluctuates in short gaps with slow increase, because Guess will gain lots of sale when adopting only discount promotion.

Opportunity of Guess- Because of low production cost, Guess can earn more markup unit per item than competitor. The price competitiveness makes Guess alive in other reciprocal target group.

Threat of Guess- Pirate products in Thailand still remained the main problem and emulating products by Thai clothing shop at Siam Square like Pure.

#### Analysis of Pure

Strength of Pure- Pure are influenced by many European brands in which Pure capture style and pattern, then emulated them into their own products. The advantage of Pure against competitors is to aggregate the person who has brand loyalty and keep steady demand from this group. Other advantage of Pure is to offer stylistic products which are similar to European brand product with lower price.

Weakness of Pure -- Most people who love stylistic and trendy products from Europeans especially Italy products, don't purchase Pure products because they copied from other European brand name.

Opportunity of Pure- because of high margin of each item, they still take advantage of cost competitiveness when compared with other brand names which are imported from foreign. The attitude of Pure customer remain, being in love with Pure style and design.

Threat of Pure- Pure is experiencing copycat situation for the last two years because other Thai brands in Siam square copied from Pure products and make loss in sale volume for Pure also.

#### **IV. DEVELOP SHORT TERM STRATEGY FOR MISS SIXTY**

Miss Sixty short term strategy range beginning to two year business.

##### **4.1 Product**

Miss Sixty at Italy can classify her product line into two main sections, one is female and other is male but Miss Sixty concentrates on female clothes more than male like brand name "Miss Sixty" not "Master Sixty". Miss Sixty provides every product line into female segmentation. In that segments we believe Miss Sixty is the brand leader in such a trendy style. Because of unique design and hard to emulate finishing clothes, these characteristics bring up the growth in demand of Miss Sixty products in Thailand like worldwide acceptance. World fashion trend changed into individual lifestyle and encouragement of fashion. As a result of these changes, Miss Sixty products will be highly popular in South America and Central Europe in which these popularity waves come over in Japan until they flood into Thailand. There are many similar designs and styles of Miss Sixty products and many copied Thai Brand products like Pure, Senada, and etc.

Miss Sixty product line that we suppose to select through Thai market is all over clothes except clothes for winter because our climate does not fit those clothes.

Miss Sixty products we concentrate on are skirts, jeans wear, shirt, and casual wear with additional products like Bags and shoes (depending on season).

Miss Sixty product's value is crucial when compared with both direct and indirect competitors, so we consider the package to cover the purchasing products. Besides that the value, satisfaction, neatness incurred but the protection of products are offered to customers also (please see the package design on the appendix).



## **4.2 Price**

Miss Sixty enters market in Thailand and positions herself in medium to high market in trendy lady clothes section in Thailand therefore the normal price of Miss Sixty ranges between 1,500 to 5,000 Baht. The price relies on the decoration, fabric, textile, pattern, and cutting. Miss Sixty adopts psychological pricing model to stimulate the feeling of satisfaction for example 1,495 for a T-shirt. Double discount pricing is highly considerable for other penetrating strategy. Psychology with woman against discount prices tends to become effective and strategic, we suppose that if the customer buys a pair of jean she will gain discount on next T-shirt 10% off. Whether buying another item she will earn plus 5% on every item (sale discount policy allows only 30% the maximum)

## **4.3 Place**

Miss Sixty store is located in the best place for shopping in Bangkok; Siam Square site particularly on Soi 2 because Miss Sixty concerns about the customer who are woman between ages 20-30. From the observation, popular shopping store and the zone which consists of our target was along side Soi 2.

We decide to establish own store on Soi 2 with 10 m. Sqr. Two floors and decorated by trendy design of Miss Sixty philosophy (please see the design of Miss Sixty store on the appendix).

## **4.4 Promotion**

We consider magazine advertisement and magazine discount voucher as the best alternative because woman normally activate fashion and trend more than man, thus woman magazine like CLEO Thailand and Seventeen Thailand are the main channels to connect with the customers because we can take advantage from volume of magazine to help us to reach customers and magazine can stimulate the value and fashion of our

products to come alive with the survey by many magazines and many survey polls, the results of woman dress trend effect mostly from television, magazine(the most influence), shopping by own self, and reference group(close friends, parents, and etc.). As a result of research, we make decisions on magazine advertising and connect with magazines to arouse Miss Sixty to our possible target group.

Double discount pricing strategy plays on promotion role it also plays on promotion. The result of promotion must be measured in every three months because it is a sword for Miss Sixty profitability. Whether loss occurs in overall account, the supplemental strategy is to set up daily special discount on particular days like every 15 days; we will reduce all items 20% off.

Every three months we will exhaust our inventory by all items 50-70% to clear out the stock because obsolete products and cost of holding inventory are highly concerned. (Pease see the design of advertisement on the appendix)

## **V. DEVELOP LONG TERM STRATEGY FOR MISS SIXTY**

Long term strategy will begin in year 3 until year 5 of business.

### **5.1 Product**

We consider the new target group like woman over 30 aged but remaining trendy and chic lifestyle and shift to other markets like male because Miss Sixty provides the product line for males also but they are not popular because of only a few design. They make the customers do selection when compared to other male brand like Replay and Diesel. That is the reason why the male product line is not successful. The previous product line maintains style and design and ready to adapt to changed market. The product line must vary more than short term because we will capture the group aged over 30 aged

Accessory includes the main point of product line through the market because we believe that women are attracted to the new and chic stuff.

For male product line we concentrate only on jeans wear both jeans and T-shirt. Male product is not the main generating point of profitability.

### **5.2 Price**

The strategies used in the short term will be considered to measure the possibility of applying both the previous double discount pricing and psychological numeric model whether they are getting along with environment and nature of business we will not shift to other strategies like setting high price and then discount later.

If the previous strategies do not activate, the new strategy like shifting the target market may be applied.

### **5.3 Place**

If the market share and market growth are considerably high, more distribution channels will be considered. The location should be located on Sukhumvit Road,

Radchadumri Road, and on department stores like Emporium. They require more investments therefore they should be measured by quantity of sale volume and other economic factors.

#### **5.4 Promotion**

The first channel to connect through the customers is magazine like short term because we consider the best media because there is no cheap and accessible way to connect customers when compared to other media like television but magazines do.

Magazine vouchers allow sale attractions like short term but if we shift to other target groups then we should add more advertisement into other magazines like GQ, Dichun Magazine, Praew Magazine. Because the base of population who apply for these magazine vary from CLEO and Seventeen some points of demographic factors are similar like level of education and income level

Advertisement should be created for many titles because we select many target groups. The same advertisement and message do not attract every target group that Miss Sixty penetrate. Both sexy male and female is the criteria for advertisement.

At present we consider double discount pricing, magazine voucher, and psychological numeric model that are appropriate. Some extra free of charge items include sale for male are considered as a possibility of market tool.

## VI. MARKET STRATEGY EVALUATION

### 6.1 Marketing Performance Analysis

Miss Sixty will determine the outcomes every four months and will evaluate the sale volume the next four months by using linear programming and decision analysis model to complete the work of forecast before the new season will begin.

To qualify the results of each strategy Miss Sixty will determine total sale volume for each four months to analyze the effective work of each strategy we launch especially promotion and advertisement.

Pricing strategy considered as the main tool that Miss Sixty concentrates on, the change in pricing may occur if total sale volume of each round does not follow the plan.

Advertisement and promotion campaign are the strategies that play important role in Miss Sixty business because without the two appropriate plans Miss Sixty's communication and market channel will be lame. The evaluation will be counted from the questionnaire we insert with the receipt and voucher we launch to magazines, the amount of incoming questionnaire and voucher divided by total amount of promotion and advertisement cost.

Product line will be adjusted to with our target groups. The way how to adjust comes from the analysis from last total sale and questionnaire to understand the customers needs and wants.

Please see linear programming and decision analysis model on the appendix.

## **VII. CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Conclusions**

Miss Sixty remains being sixty style clothes from the past until now, there are not surprising if many females around the world recognize Miss Sixty as first sixty style clothes brand in mind. Thailand also responds to a wave of sixty fashions. Miss Sixty was embarked in Thailand in the last six years before the economic crisis but still counts itself by corner of import stores at Siam Square until now. That shows the popularity of Miss Sixty products even though price rise.

Miss Sixty strategy for short term is to create the foundation of Miss Sixty customers in Thailand become alive again. We consider short term as the stepping stone of Miss Sixty in Thailand because customer may feel undecided to different authorized stores against import stores at Siam Square. It considers the hardest task to compromise the feeling of customer and the perception of Miss Sixty authorized store.

Miss Sixty long range strategy is range of 3-5 years which considers the appropriate time to adapt business for Miss Sixty because female market cycle is different from male market. Female market can generate more money and is hard to beat if design and style are highly accepted. Female seems to rely on brand loyalty more than male if we notice brand name products like Louis Vuitton.

Miss Sixty will adjust itself about planning every single year and augment the implemented planning to help short and long range strategy successful as our expectation. The main point of Miss Sixty strategies should penetrate to adjust the implementation to fit other qualified target markets to activate Miss Sixty products.



Short term and long term strategy should evaluate the actual performance and expected performance before the implementation plan to increase the outcomes for marketing mix used.

Advertisement and promotion are considered as the main activities Miss Sixty like other females do. Too much promotion may bring up unneeded results like too much discount may result in loss of brand image and/or brand image toward target market.

As a result of Miss Sixty brand image, market performance assessment will be crucial faced every season in which it should be done season by season.

## 7.2 Recommendations

Miss Sixty should concentrate on repeat business because repeat business is counted to become the foundation of business. The easy way to keep business in long run alive is to capture our repeat customer. To gain loyalty in our product is hard but the way to stimulate is more reliable, therefore Miss Sixty should put more customer service and additional sale promotion; for example Miss Sixty member card for discount of every item in the store, birthday discount only special for the customer who get member card, customer record to create more satisfaction by discount voucher to previous customer, and etc.

Miss Sixty distribution channel should been considered as exclusive place or extend second store, it depends on total sale volume and profitability of Miss Sixty in the two year business.



## MISS SIXTY STORE DESIGN

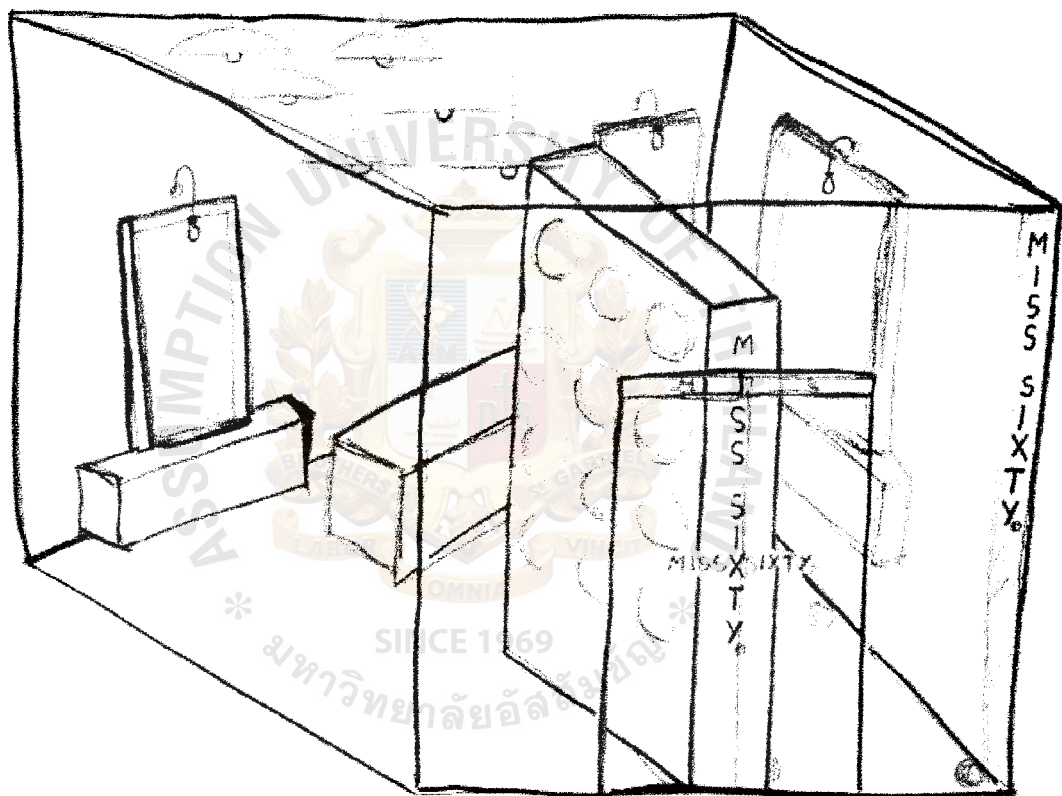


Figure A.1. 3 Dimension Miss Sixty Store Design.

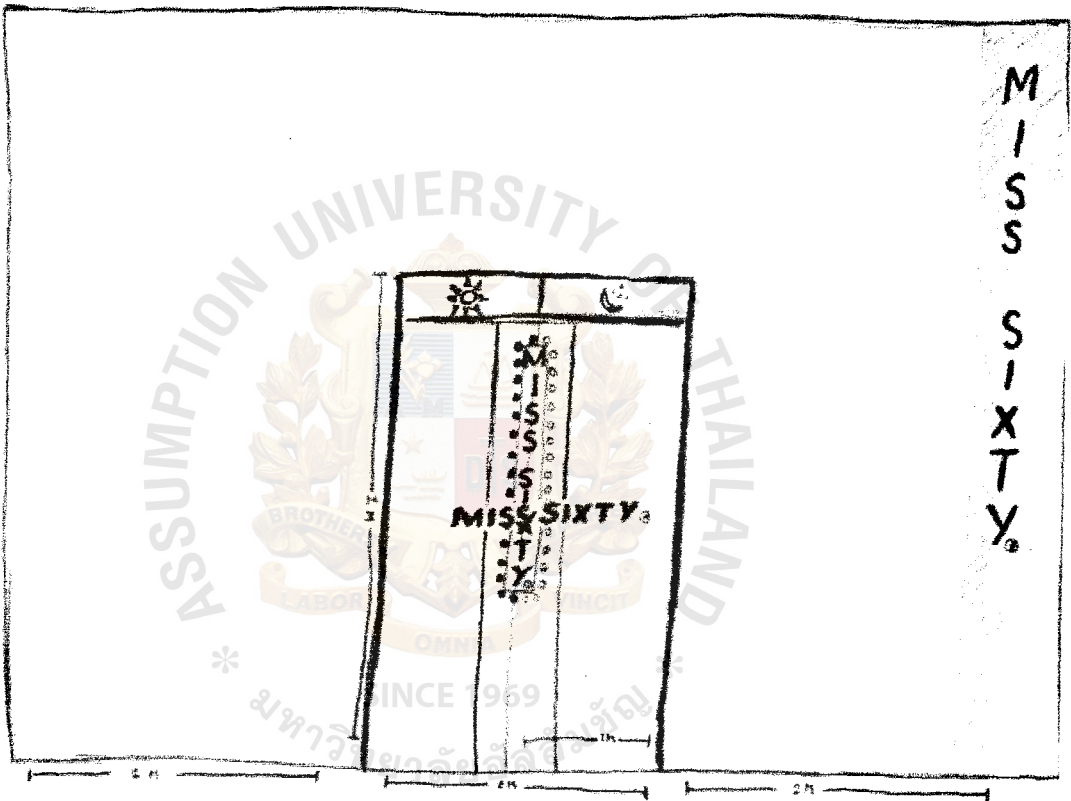


Figure A.2. Miss Sixty Store (Front door).

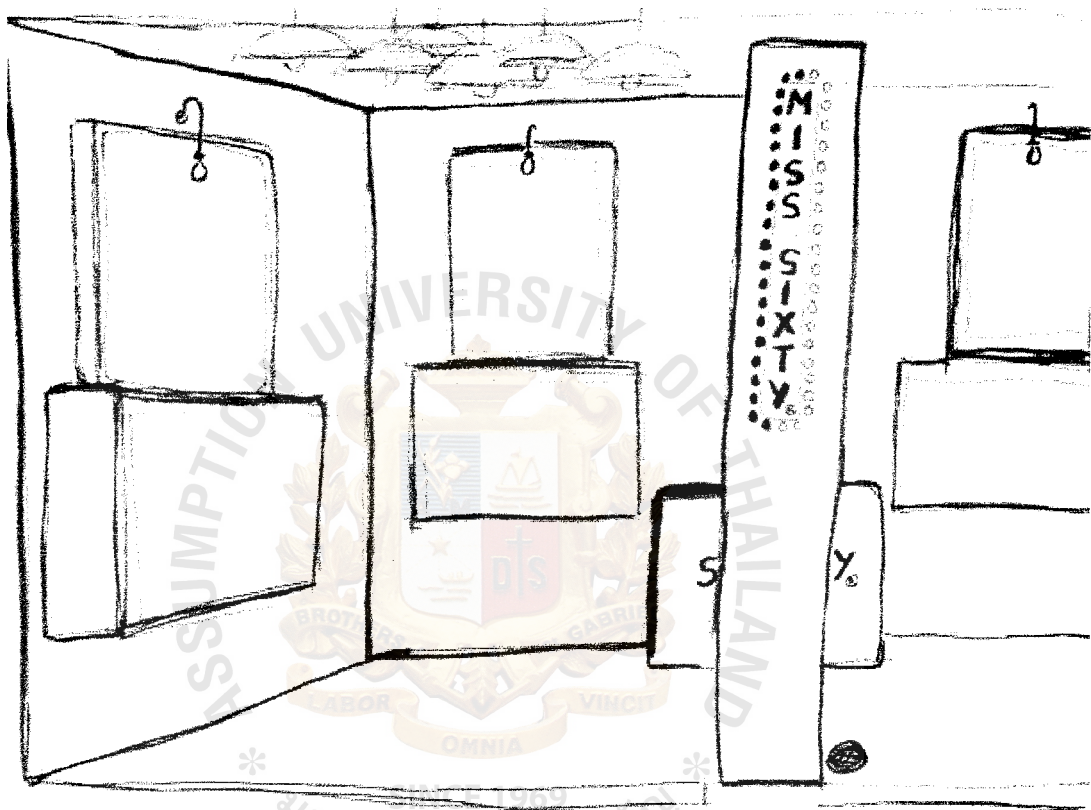


Figure A.3. Miss Sixty Store Design (Internal).

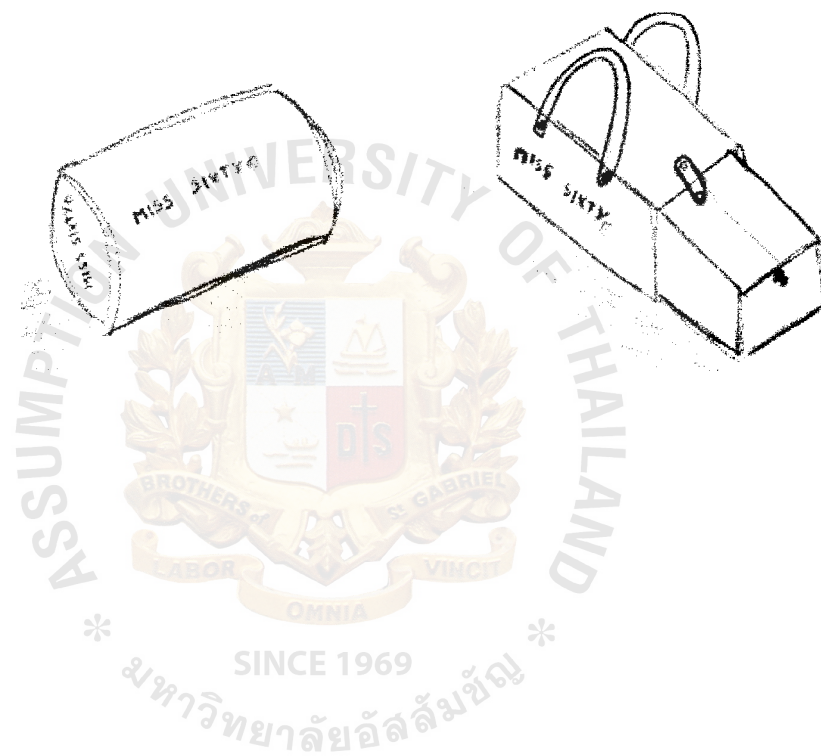


Figure A.4. Miss Sixty Shopping Bag and Packaging Design.

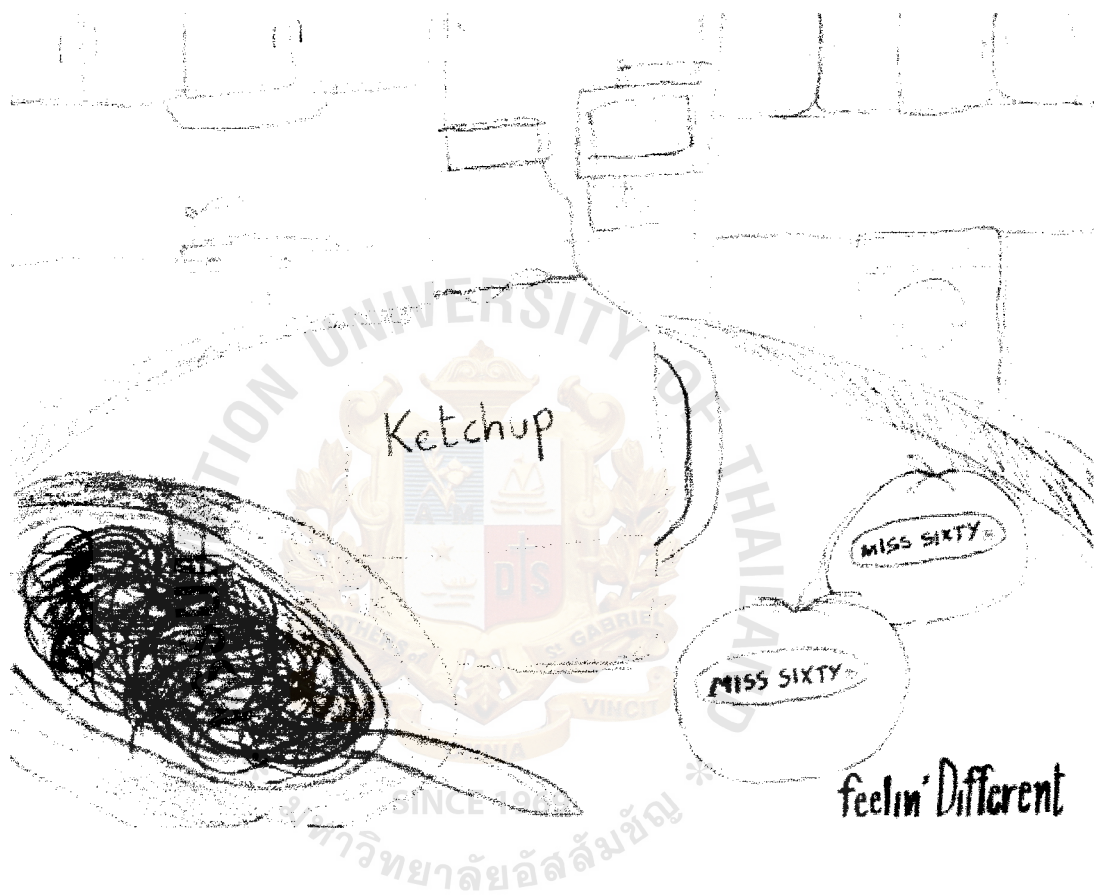
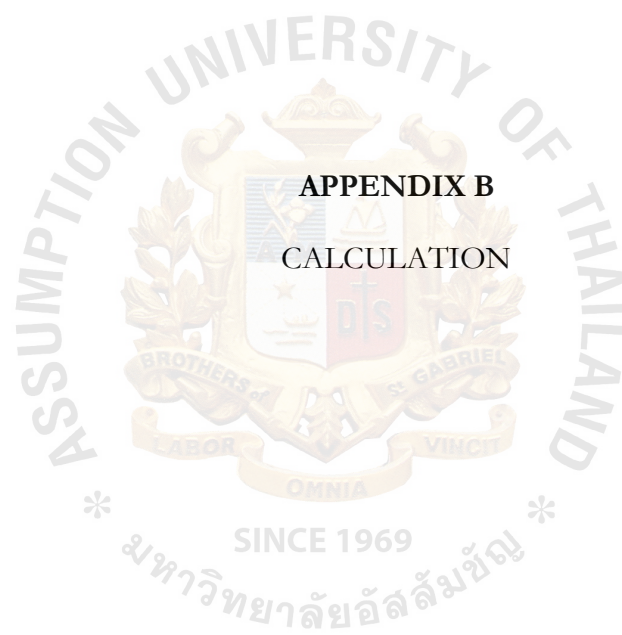


Figure A.5. Miss Sixty Magazine Advertisement Design.





**APPENDIX B**  
**CALCULATION**

Table B.1. Linear Programming.

Linear Programming Problem	
Max 180 Loss + 250 Equal + 320 Profit	
S.T.	
(1)	23 Loss + 26 Equal + 27 Profit < 150
(2)	21 Loss + 24 Equal + 27 Profit < 145
(3)	19 Loss + 23 Equal + 25 Profit < 180

Table B.2. Optimal Solution.

Optimal Solution		
Objective Function Value = 2,346.667		
Variable	Value	Reduced Costs
Loss	0	2.667
Equal	0	1.333
Profit	5.370	0
Constraint	Slack/Surplus	Dual Prices
1	5	0
2	0	0.222
3	45.741	0

Table B.3. Coefficient.

Objective Coefficient Ranges			
Variable	Lower Limit	Current Value	Upper Limit
Loss	No Lower Limit	2.000	4.667
Equal	No Lower Limit	4.000	5.333
Profit	4.500	6.000	No Upper Limit
Right Hand Side Ranges			
Constraint	Lower Limit	Current Value	Upper Limit
1	145	220	No Upper Limit
2	0	145	150
3	134.259	180	No Upper Limit

Table B.4. Decision Analysis.

Decision	States of Nature	
	1	2
1	30	40
2	35	50
3	40	45
Probabilities of State	0.4	0.4

Table B.5. Decision Recommendation.

Decision Alternative	Criterion Value	Recommended
1	36	
2	44	YES
3	43	
Expected Value of Perfect Information is 2.00		

Table B.6. Optimal Decision Strategy.

Given State	Indicator Outcomes		
	1	2	3
1	* 0.3	0.4	* 0.3
2	0.2	0.4	0.4
Optimal Decision Strategy			
If Indicator	Best Decision	Expected Value	Prob of Indicator Outcome
1	3	42.5	0.24
2	2	44	0.4
3	2	45	0.36

Expected Value of the Above Strategy 44  
Expected Value of the Sample Information 2  
Efficiency of the Sample Information 20%

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