

LEVEL 7 ASSESSMENT SPECIFICATION

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Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Project Initiation Document on Samsonite

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HKBM 7010 Leading and Managing Projects

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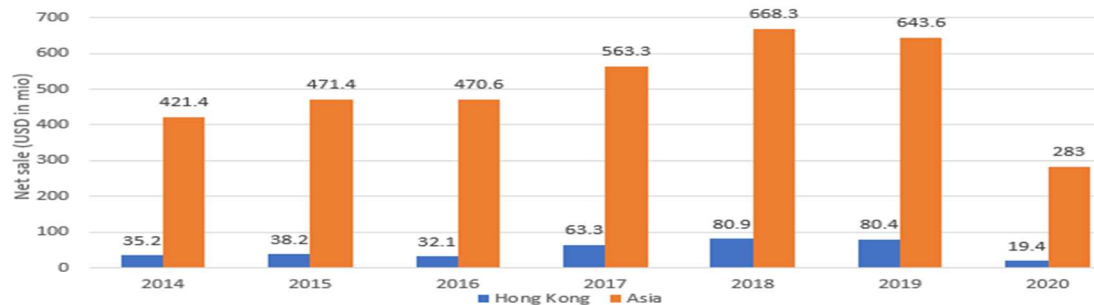
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Company background

Samsonite International S.A. is a well-known and largest lifestyle bag and travel luggage company in Hong Kong. The firm has more than 110 legacy years, it was founded in 1910 in Denver in United States by Jesse Shwayder, the business was started as a trunk manufacturing company (Samsonite International S.A., 2011). The firm's brand portfolio was reinforced through the acquisition of the luggage brand, American Tourister Inc. Currently, the firm offers luggage, business and computer bags, outdoor and casual bags, travel accessories and protective cases for personal electronic devices under the brand of Samsonite, Tumi, American Tourister, Speck, Gregory, High Sierra, Kamiliant, eBags, Lipault and Hartmann (Samsonite International S.A., 2020b). The firm separates its products into travel category and non-travel category. For non-travel category includes business and casual bags, accessories and other products.

Samsonite's products were sold in over 100 countries throughout North America, Asia, Europe and Latin America with about 37,000 points of sales via various wholesales and retails distribution channels (Samsonite International S.A., 2011). In June 2011, the firm raised USD 1.25 billion in a public offering in Hong Kong, since then, it is listed and traded as 1910 on Hong Kong Stock Exchange (Barreto, 2011). Samsonite made seven consecutive annual increase in turnover till 2018 after listing since 2011, their business started to slow down in 2019 under the situation of COVID-19 and the drop-in economic activities. Hong Kong is one of the operations and sales regions in Asia, including Macau, Samsonite has about 28 stores in Hong Kong. The firm's net sales decreased dramatically in first half year of 2020 and recorded a significant drop in net sales in Hong Kong.

Graph 1. Geographical net sales of Samsonite in Hong Kong and Asia for first half year 2014 – 2020



Sources: Samsonite International S.A. Interim Report 2015, p.28; Interim Report 2017, p.26; Interim Report 2018, p.34; Interim Report 2020, p.35

The outbreak of COVID-19 was first explored in Asia in December 2019 and caused worldwide economic shocked. As of June 2020, Samsonite’s net sales in Hong Kong dropped 75.8% when compared with last year (Samsonite International S.A., 2020b).

Project idea

Samsonite is a well-known company of selling lifestyle bag and travel luggage through various famous brands and the firm’s business is mainly target on travel related products. During the past decade, travel and tourism industry accelerated and became one of the major pillars of the economy of Hong Kong. The industry contributed around 4.5% of Hong Kong’s Gross Domestic Product in 2018 (Tourism Commission, 2020). Samsonite’s business is also benefit from the blooming of the travel and tourism industry. However, the local social incident and outbreak of COVID-19 triggered the turning point of this industry. The total tourist arrivals in 2019 surged down by 14.2% over 2018 to 55.91 million (Tourism Commission, 2020).

Implementation of city lockdown and travel restrictions due to COVID-19 resulted a huge impact on Samsonite's business. The firm's net sales in Hong Kong in first half year of 2020 was USD 19.4million with a 75.8% drop compared to 2019 (Samsonite International S.A., 2020b).

Although situation of COVID-19 is gradually improving, the spending pattern of customers has strengthened and the market is expected to regain its potential. This consultancy report is to provide recommendation to Samsonite for business sustainability. In studying the firm's product portfolio, the customer segment of the firm seems to be predominantly male which more on catering to male needs. However, nowadays, around 70%-80% of all consumer purchasing was conducted by women, it seems that women hold critical purchasing power (Nelson, 2019). The spending power of women is much higher than men.

As for business continuity, Samsonite has to diversify their product segment for different product types and expanding their client segment through various women's product assortment, lady bags or travel accessories.

Aim of project

This project is aim to provide a strategic market segment planning for Samsonite to maintain and achieve their business goal in the long run under current uncertain business environment.

Objective of project

Through identifying and analyzing the business challenges under the current uncertain macroeconomic environment to achieve the objectives of this project including the below:

- To enhance the penetration of product category of non-travel related products by 20%
- To improve the brand awareness and product portfolio in female consumer segment by 30%
- To improve the sales revenue through various brands by 30%

Project deliverables

Samsonite has its own research and development team for innovative product design followed advanced manufacturing processes. Responsible stakeholders will be engaged and responsible to lead this strategic change. Further than this, Samsonite builds up its reputation and brand awareness through several acquisitions in the past, the firm can also use this strategy to enhance its market shares and expand the product portfolio.

Project scope

Samsonite is a worldwide multinational firm. The company sells its products in different geographical locations. In this project, Samsonite's business in Hong Kong will be analyzed

through its product categories and product portfolios. Financial investment of the firm will not in scope of this project.

Information sources

This project takes into possession of both internal and external sources. Digital media, academic journals and market researches will be used. Samsonite's company information and business performance will be studied through published annual report and company webpage.

Research method

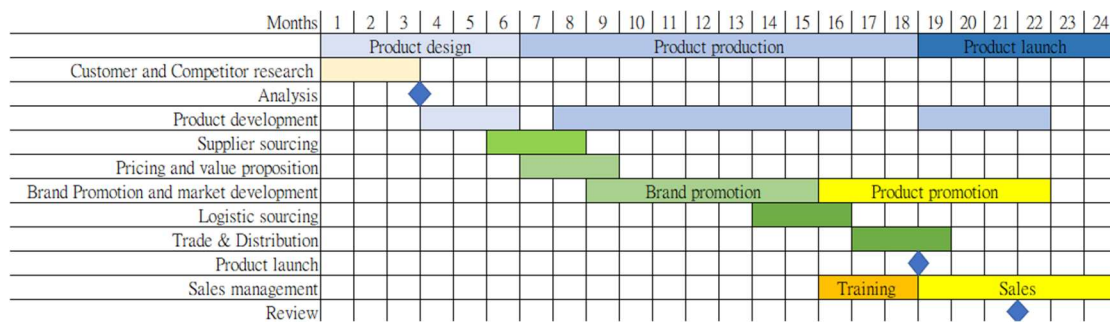
Secondary data was used in this consultancy project and they are mainly published information which can be sourced from internet and library. Annual report, interim report and company webpage of Samsonite was studied to examine the company background and its business performance for evaluating its challenges. Interpretations were supported with books, journals and commentaries also the publications from government bodies and professional business association.

PESTEL analysis will be used together with ANSOFF matrix in this consultancy report to analysis the macroeconomic environment and further to discuss the strategy options for client segment diversification for Samsonite to achieve their business growth.

Work plan

This consultancy report is target to achieve the strategic business plan in long run which estimate to take around 2 years to deliver the milestone. Work plan of this project is scheduled through a Gantt chart as illustrated below.

Chart 1. Work plan on strategic market segment planning of Samsonite



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