



LEVEL 7 ASSESSMENT SPECIFICATION

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1 Company Introduction

This report will take Giordano group as an example to discuss strategic management topics in following chapters. Analyse its current strategies and financial performance, then provide some recommendations to its future developments. This chapter will introduce Giordano's history, background and development. Giordano is a well-known apparel company who was founded in Hong Kong in 1981. In 1980s, Giordano expanded its business to Southeast Asia including Taiwan, Singapore and Philippines etc. In 1991, the company listed on the Hong Kong Stock Exchange. After that, Giordano continued to expand globally, especially in Asia markets and the Middle East. During the past several decades, the company won lots of different awards. Currently, Giordano owns different brands including Giordano, Giordano concepts, Giordano ladies, Giordano junior and BSX (Giordano, 2021a). Giordano has faced lots of challenges in the recent three years because of mix reasons including COVID-19, competition, raw material price up etc. Although the company have done various actions to cope with the difficulties, the sales revenue was declining in past three years.

2 Strategic Direction and Vision Mission and Value

Developing a vision, mission, and values is important for an organization's strategic direction (Nieuwenhuizen, 2019). A vision is a vivid mental image of what the business wants to be in the future. The purpose of strategic planning is to align a company's mission with its vision (Rajegopal, 2014). The vision is destination, and strategic direction is the way of "how" to get to the destination. This section will discuss the vision, mission and value of Giordano and how it leads to the strategic direction of the company, and the strategic direction is the way to align to and achieve the company's mission and vision.

2.1 Vision and Strategic Direction

For Giordano, it is clearly stated that the company's vision is to be the best and biggest world brand in apparel retailing (Giordano,2021b). There are three main messages of this 12-word vision to deliver clear message of its vision to internal and external parties:

First, when the company presents their vision, they put “best” and “biggest” into bigger and bold font to emphasise the importance of these two words and accurate definition of its positioning. Giordano is not positioning themselves as one of the best or biggest. It aims to be the best and biggest. From its annual report, the sales figure was 4.85 billion HKD, which is around 622 million USD in 2019 (Annual Report, 2019). The 2021 interim report shows the sales figure is 1.68 billion HKD, which is around 215 million USD for the first six months of 2021 (Interim Report, 2021). Comparing with largest apparel companies shows in below Figure 2.1, the top one if VF corporation with 11.7 billion USD sales in 2019, Giordano still have a long way to go. VF's sales figure is over 18 times of Giordano's 2019 sales. In other words, if the biggest is measured by sales, the vision is of Giordano to be the “biggest” apparel retailing could be achieved by realizing the companies' sales of over 18 times. This is quite clear for the group management to define short-term and long-term strategy to achieve its vision.

Largest apparel companies by revenue worldwide in 2019

(in billion U.S. dollars)

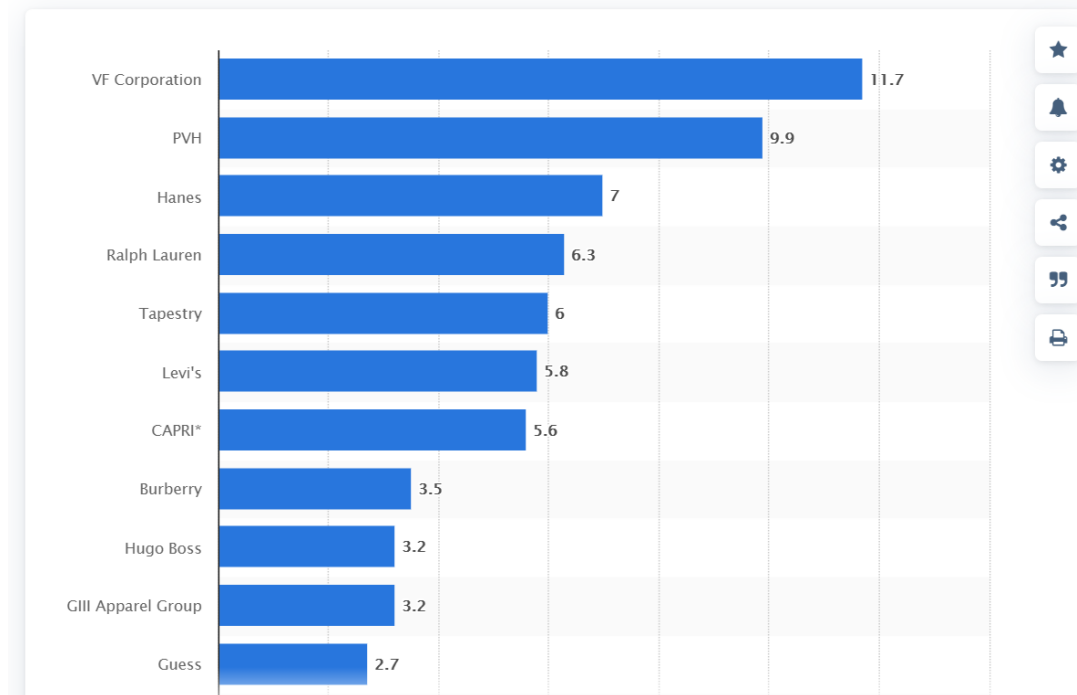


Figure 2.1 Largest apparel companies by revenue worldwid in 2019

Source: (Statista, 2021)

Second, instead of a “local brand”, Giordano targets to be a “world brand”. In general, this is quite ambitious targeting. However, by checking its current stores and backgrounds, it shows that Giordano now has around 2100 stores in more than 30 countries and regions (Giordano, 2021c). Below Figure 2.1 shows its sales figure of first six months of 2021 by different regions. Although the company was established in Hong Kong and still maintain the head office in Hong Kong, its sales in Hong Kong and Macau is only around 10% of its total business. That means 90% of the company’s sales come from outside of Hong Kong, and from all over the world. By checking the details of its geography distribution, it shows Southeast Asia and Australia has 31.6% of the sales; mainly China has 21.5%; Taiwan has 14%. That makes Asia Pacific of total 78% of its total business. On the other hand, Middle East has 15%. The remaining 7% goes to other regions wholesale and franchisees. According to the world population, showing in Figure 2.3, the areas of Northern America,

Latin America & The Caribbean, Europe and Africa has 3 billion population, which is 40% of the world's population. The Giordano group only has its 7% sales to cover the 40% of the world's population group. This could be the potential markets for the group to set up strategic direction of expanding and achieve its target of “world” best and biggest apparel retailing.

經營業績

表 1：本集團經營業績

RESULTS OF OPERATIONS

Table 1: Group results of operations

		截至6月30日止六個月 Six months ended June 30			
(以百萬港元為單位)	(In HK\$ million)	2021	佔銷售額 百分比 % to sales	2020	佔銷售額 百分比 % to sales
東南亞及澳洲	Southeast Asia and Australia	531	31.6%	404	28.6%
中國大陸	Mainland China	362	21.5%	299	21.2%
海灣阿拉伯國家合作委員會	Gulf Cooperation Council	258	15.4%	158	11.2%
台灣	Taiwan	235	14.0%	243	17.2%
香港及澳門	HK and Macau	177	10.5%	201	14.2%
對海外加盟商之批發	Wholesale to overseas franchisees	118	7.0%	108	7.6%
					變動 Change
					31.4%
					21.1%
					63.3%
					(3.3%)
					(11.9%)
					9.3%

Figure 2.2 Giordano's sales by region

Source: (Giordano interim report, 2021)

Population 2018 by Regions

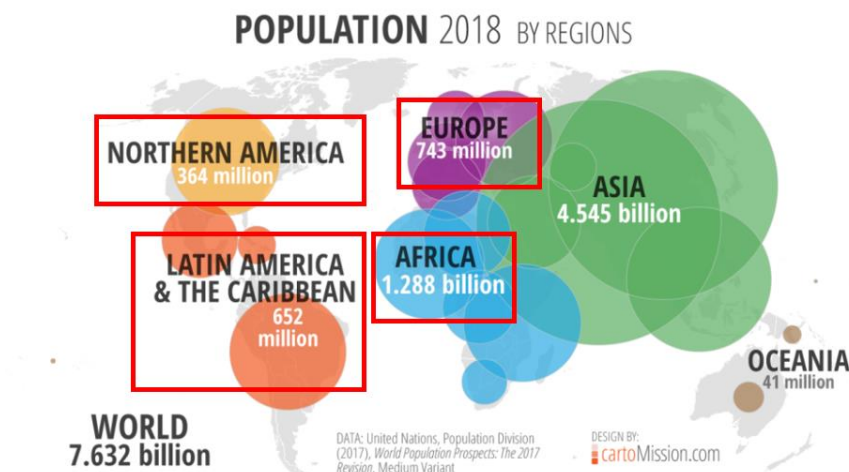


Figure 2.3 World's population by region 2018

Source: Cartomission

Third, the company calls themselves as “apparel retailing” which is broader definition of what they do. Other competitors, for example, G2000 called themselves as “career-wear apparel group”; H&M called themselves as “fashion business. The statement of Giordano calling themselves as “apparel retailing” without define specifically of what kind of apparel they do. Without restriction, it can provide casual-wear, fashion, adults or kids etc. This is great for the Giordano management to define the future strategic direction of production development, either the product is casual or formal, fashion or national characteristic etc.

2.2 Mission and Strategic Direction

Giordano’s mission in short is – to make people “feel good” and “look great”. In Giordano’s homepage, there are two paragraphs to explain details of the mission. It includes when they established, what they do, how is their business, where do they operate. At the end of the detailed description, it states their value of “world without strangers”. Vision is a clear, challenging picture of a business. The mission is the final result, and the mission defines the company’s business (Malphurs, 1999).

In Giordano’s mission, “people” are clearly defined as one of the product strategies of “men’s, women’s and children’s apparel”. It clearly gives customer target segment definition. “Feel good” and “look great” also gives the product strategies of “quality”. It also extends to further level of customer satisfaction of “value and customer service”. From “The essence of Giordano is to provide relevant, essential and timeless fashion for all”, “fashion” also gives guidance to product development direction.

In conclusion of Giordano’s mission is to focus on customers. This gives all company

departments priority on strategic decision makings including product development, market development, sales etc.

2.3 Value and Strategic Direction

Values are important for strategic planning. When every employee has the same values, passion and purpose, and they work towards the same goal, it is easier for them to have success. (Das, 2021). Giordano's corporate value are in five aspects (Giordano, 2021b). It includes quality, innovation, knowledge, service and simplicity.



Figure 2.4 Vision Mission Value, Strategy Pyramid

Source: PNGKEY, 2021

Figure 2.4 shows the vision, mission, value and strategy pyramid. Value is at the top to represent the fundamental question of why the business exists. Strategy drives actions and KPIs to achieve mission and long-term vision. From the bottom to top, it is specific and tangible to achievable and then to the top of aspirational. Each level of the pyramid answers the own questions of how, what, where. In conclusion, Giordano's vision, mission and value is clear for internal and external. There are some areas that the management need

to think about if the vision and mission are realistic for the group to achieve. The vision and mission should be effective to drive encouraging actions among internal employees and set up positive brand image to customers (Blanchard & Ridge, 2013).

3. Macro-environmental Analysis and the Impact to Giordano

This section will discuss the macro-environment of Hong Kong casual-wear industry and its impact to the Giordano company. The impact will be analysed from opportunities and threats. The macro-environmental analysis of Hong Kong casual-wear industry will be conducted by the PESTEL tool. Figure 3.1 shows the 6 elements of the PESTEL. Applying PESTLE tool for the macro-environment analysis allows the company to form an impression of the factors that might impact the business or industry (Feys & Probert, 2015).

3.1 PESTEL Analysis

The impact of political is relatively higher than before in Hong Kong considering recent accidents happened. Young generations might also consider the corporate political standing to decide if to shop with the brand. As people have different political views, this could turn Giordano as an opportunity as well as a threat, depends on who the customers are. To play safe, it is appropriate for Giordano to stand neutral.

Economic impact is the most severe for Giordano's business, not only for Hong Kong, but other markets as well under the COVID-19 circumstances. Specifically for Hong Kong market, due to COVID-19, Hong Kong retail business shrink 14% in January 2021, extending sector's two-year decline that took hold during 2019 protests (South China Morning, 2021). Reviewing Giordano's sales figure below in Figure 3.1, the sales were

declining in year 2019 and 2020. Part of the reasons was due to the COVID-19 impact.

十年財務與業務摘要
TEN-YEAR FINANCIAL AND OPERATION HIGHLIGHTS

2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
3,122	4,852	5,509	5,412	5,145	5,381	5,545	5,848	5,673	5,614
1,736	2,846	3,250	3,221	3,055	3,097	3,214	3,551	3,331	3,283
55.6%	58.7%	59.0%	59.5%	59.4%	57.6%	58.0%	60.7%	58.7%	58.5%
(105)	397	625	689	568	556	542	828	1,005	909
-3.4%	8.2%	11.3%	12.7%	11.0%	10.3%	9.8%	14.2%	17.7%	16.2%
555	1,183	821	874	748	743	760	1,066	1,247	1,123
17.8%	24.4%	14.9%	16.1%	14.5%	13.8%	13.7%	18.2%	22.0%	20.0%
(112)	230	480	500	434	426	408	663	826	728
-3.6%	4.7%	8.7%	9.2%	8.4%	7.9%	7.4%	11.3%	14.6%	13.0%
-2.3%	6.2%	12.8%	13.5%	12.2%	11.5%	11.0%	16.1%	21.1%	21.8%
-4.4%	8.5%	16.8%	17.5%	15.2%	14.5%	13.8%	21.8%	28.8%	28.3%

Figure 3.1 Giordano past 10 years sales in million HKD

Source: Giordano annual report, 2020

Economy also plays a very important role to impact directly to people's purchase power.

On contrast, poverty will be negative drivers to the macro-economy (Mody, 2005).



Figure 3.2 GDP per capita (USD) – Hong Kong

Source: World Bank (2020)

Above Figure 3.2 shows the GDP growth of Hong Kong. For the past two decades, the GDP was doubled (World Bank, 2020), which indicates that people have more money to

spend on apparel.

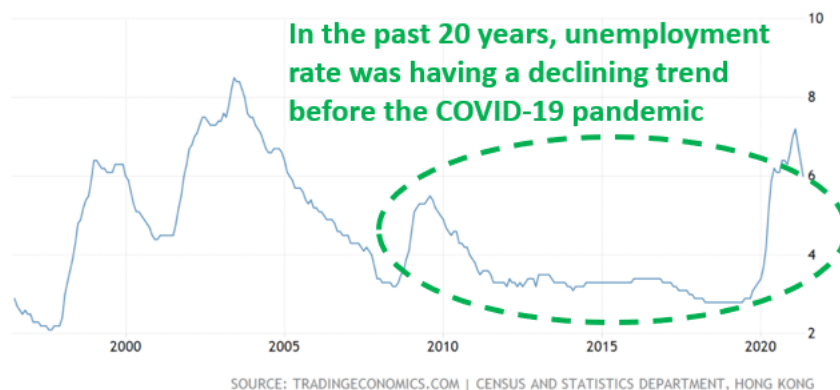


Figure 3.3 Unemployment rate – Hong Kong

Source: Trading Economics (2021)

From Figure 3.3, it shows that the unemployment rate in Hong Kong was quite stable and low from 2010 before the COVID-19 pandemic (Trading Economics, 2021), which is good to the economy and purchasing power.

Technological impact to our daily life is huge in general. However, in some traditional business, the core existing or service are not replaced or changed a lot by technological, apparel industry is one of them. People still have the same requirements to wear comfortable or look good. Technology has other impacts to the business or industry. For example, to improve the productivity; manufactory efficiency has been improved massively by the application of advanced technology. (Burns, Bryant & Mullet, 2011). For Giordano, the company stated the COVID-19 forced them to expedite the pace of digitization, like internal and external e-meetings, webinars. The initiative will become more pervasive, further saving time and expense for the business (Annual Report, 2020).

In conclusion, the PESTEL condition is dynamic and impacts Giordano's strategy and daily

operation. The company should monitor the macro-conditions changing closely and react on the changes. The priorities for the Giordano company to look at is economics impact and technological impact, then the company should review the rest of aspects of political, social, legal and environmental.

3.2 Opportunities and Threats

Based on the analysis of section 3.1, and Giordano's situation, the opportunities for the company as below:

Under COVID-19 impact, people concern more on the health. It is the good opportunity for the company to emphasize its high quality and natural materials. Giordano has applied the concept of "healthy" in its basic underwear. It could be extended to more products as people are more and more health conscience.



Figure 3.4 Giordano Homepage

Source: Giordano (2021d)

The other opportunity is to expand more online business. It provided a free worldwide delivery upon net purchase of USD70 or above, which is really a good service to customers. However, without enough marketing and advertising to the public, not too many customers

will be aware of the offer. More actions need to be done of O2O (online-to-offline) model. An O2O strategy can improve the brand reputation, increase the revenue and loyalty, and accelerate the speed to the market (Shen, Gu & Yang, 2018). It is especially applicable for those on-line business developed countries such as China or some Southeast Asia countries.

The threats are many according to PESTEL. One is stable Hong Kong economy cannot bring massive development of the business, while looking at other regions might be necessary. The other one is the massive competition from competitors. It forces the company management to think about future strategy to differentiate themselves or penetrate to customers and keep customer loyalty, i.e., the company can launch the discount scheme to reward loyal customers.

4. Value Chain Contribution

In this chapter, it will cover the Giordano's current value chain, how it adds value and how it works separately as well as integrated to Giordano's business.

4.1 Primary Value Chain

The primary value chain includes inbound logistics, operations, outbound logistics, marketing and sales and services. Before looking at inbound logistics, the process before that is raw material and manufactory. Majority of Giordano's factory and main suppliers are located in Zhujiang Triange Area. Therefore, they established their new R&D centre in Dongguan in Aug 2009 (Giordano, 2021e). The inbound logistics covers the raw material delivery to the manufactory, it is the basic cost for the product and adds value to the products (Crocker, Jessop & Morrison, 2012). As the sourcing strategy of the main suppliers are contrentrated in specific areas, the inbound logistics of Giordano could save

lots of end-to-end transportation costs as well as accerlate the new product R&D cycle.

Operations include activities that transform inputs into products, such as assembly and manufacturing (Walters & Rainbird, 2007). The process is to turn the raw materials into final finished goods. For Giordano products, most of them are garments, it involves product design, fabric selection and inspection, pattermaking, grading, marking, spreading, cutting, bundling, sewing, pressing and foldinng, finishing and detailing (Ganesan, Gopalakrishnan & Karthik, 2020). The process step-by-step was demonstrated breifly by Figure 4.2. For Giordano, the whole process adds value to the final product as well as product costs. Many of the garment industry have turned their supplier base and manufactory site from China to Southeast Asia countries considering material and labor cost (Montagna & Carvalho, 2020). However, due to the COVID-19 seriously impacted many Southeast Asia countries since 2020, the productivity for these countries seems much lower than China according to the lockdown news. Giordano's operation in China keep the business competitive under the COVID-19 circumstances.

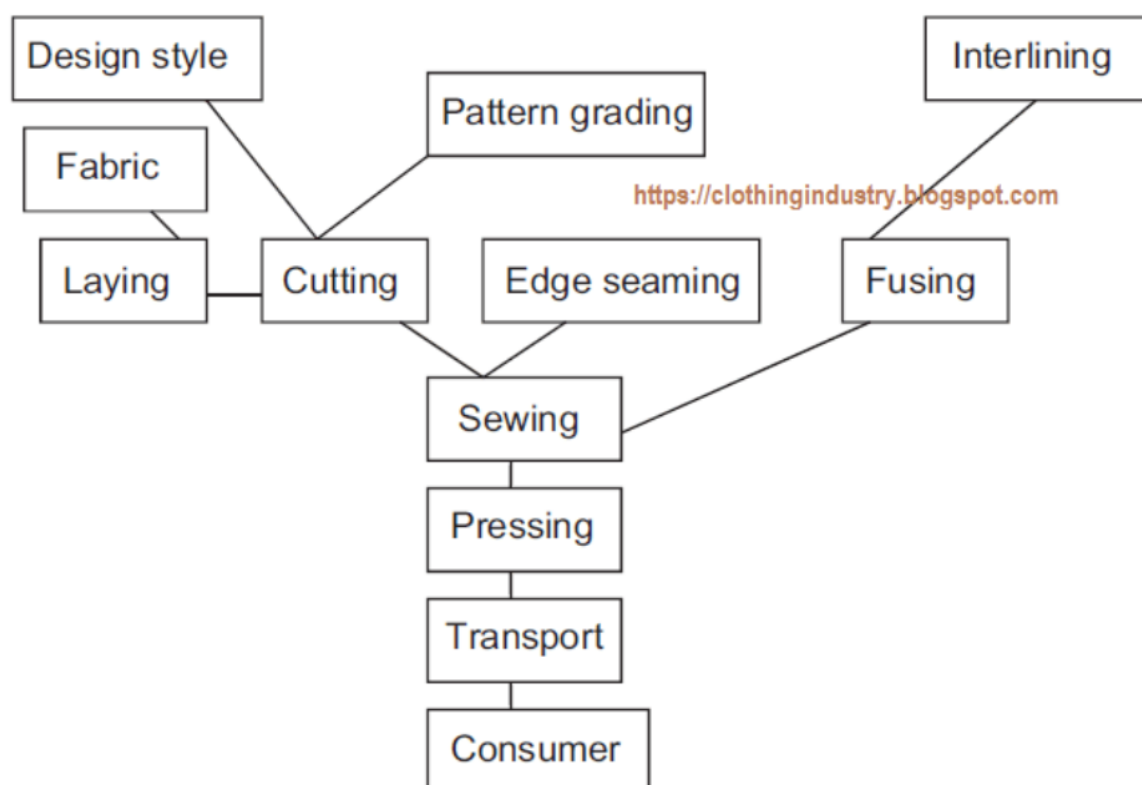


Figure 4.1 Garment industry process

Source: Garment Industry process (2021)

Outbound logistics involves storing and moving the goods to the customer and end-user (Bloomberg, Lemay & Hanna, 2002). For Giordano, as they have business over 30 countries, this outbound logistics efficiency is quite important for the goods delivery and customer fulfilment. The cost should be closely monitored and controlled as well. Different transportation mode can add different portion to the product landed cost. In general, the cheapest way will be by sea shipment or truck shipment and the most expensive one will be by air shipment (Achahchah, 2019). The outbound logistics for Giordano will be further developed to online business and offline business. The former will be delivered to central warehouse, which is located in Hong Kong and distributed to all over the world once customers purchased from Giordano's homepage online. The latter will be delivered to Giordano's shops all over the world for customers picking up from stores. Figure 4.2 shows that if customers worldwide have a purchase amount of USD70 or above, the customers will have the free-to-door delivery. This adds value to the whole process and customer service.

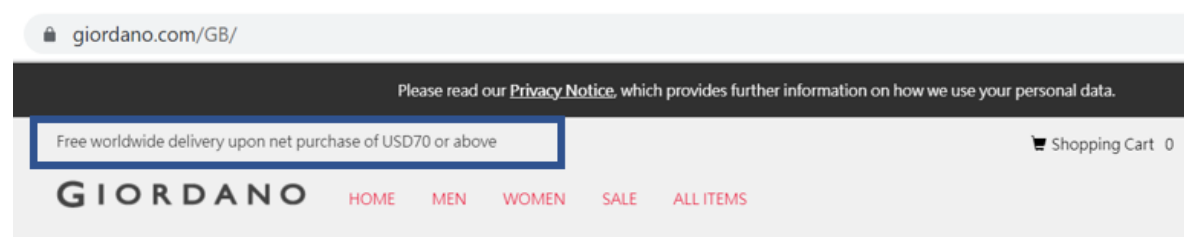


Figure 4.2 Outbound logistics of Giordano - online

Source: Magretta (2012)

Marketing and sales is very key to the business transaction. The purpose of marketing is to generate revenue for a brand, company or organization. In other way is to promote the

product and drive customers to make the purchase decision (Navarro, 2018). Sales is the activity that customer purchased the product online or offline. As Giordano is a mature brand, it has already had many customer base in Asia, especially in Hong Kong. The cost that the company spent on marketing seems limited in Hong Kong for both online and offline. Based on Figure 4.3, it shows Giordano's Youtube channel hasn't been updated or uploaded new videos in the latest 5 years. For the brand awareness, it has less impact. However, for the new products, it should be promoted by different ways to boost the sales. The sales numbers of Giordano are declining as the annual report shows. The marketing and sales do not add value to the product itself as the product itself won't have any change by having marketing and sales or not. But this is one of the most important parts to the business as it decides the transition happens.

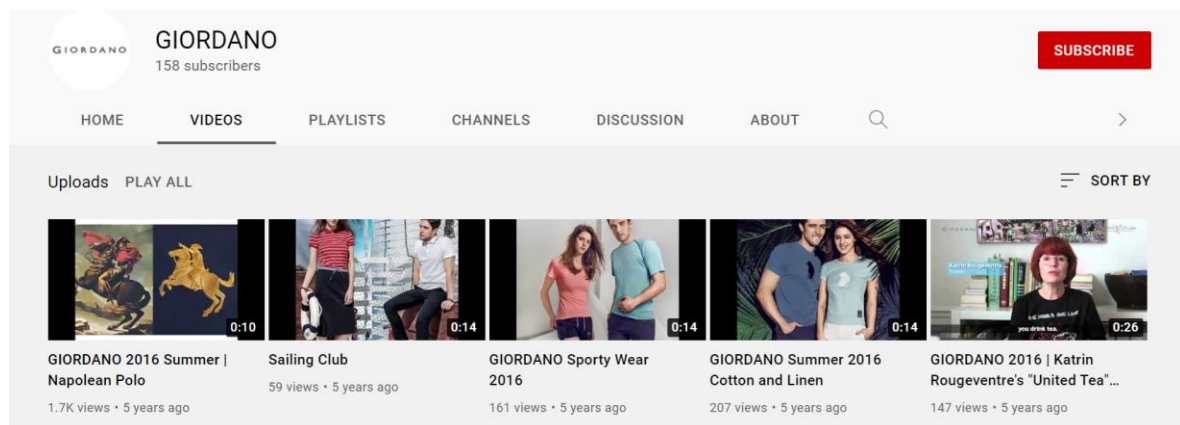


Figure 4.3 Giordano's Youtube Channel

Source: Giordano, 2021g

Nowadays, service has become more and more important to customers no matter customers are buying a solid goods or a kind of service. It sometimes can be the main decision factor when the product or service itself is not quality differentiated (Bruhn & Georgi, 2006). For Giordano, it seems the service level is quite standard industrial services, which includes changing sizes etc. It does not have too much differentiation in service. One of the competition that Giordano is facing is the online platform in Mainland China or Japan or

Korea, ie, T-mall, Taobao, Zarola. Some of the online shops operates a service differentiation strategy, for example, T-mall shops will provide the customers free refund just because the customer “does not like it”. Figure 4.4 shows one example of it. The no-reason refunding service adds customer much condifence to purchase the goods and have a try. It will improve the succeeding rate of sales trasaction.



Figure 4.4 T-mall 7-days “no reason” refund or change

Source: T-mall, 2021

4.2 Support Activities

The support activities of value chain includes procurement, technology development, firm infrastructure and human resources management.

procurement includes direct and indirect part. Direct procurement is the process of purchasing or obtaining raw materials, resources, goods and services. Indirect procurement

deals with acquiring products and services that support a business's operations (Buddress & Eugene, 2010). The indirect procurement includes office supplies, stationery, decorations etc. For Giordano, the majority suppliers located in south part of China which relatively has higher cost compare with its competitors in Southeast Asia. Giordano should look at how to control the cost in the severe competition atmosphere.

The application of technology development adds to the business covers every part of the end-to-end process (Jung, Chen & Jeong, 2010). For Giordano's, technology has played a significant part of the company's internal and external communications. Technology also increase the company's sales revenue by online platform. For the marketing and customer service, technology can also contribute by different social media and network, i.e., Youtube, Facebook, Instagram. However, like stated previously, there is still lots of room for Giordano to improve on social media promoting and reaction with customers.

The firm infrastructure makes sure the company runs smooth and efficient, it is an organization's structure and its management, planning, accounting, finance and quality control mechanisms (D'heur, 2016). According to the management profiles found in their homepage, it appears the management is a mix of people in terms of experience and age.

Human resource management is the practice of recruiting, hiring, deploying and managing an organization's employees. Human resources management is employee management with emphasis on those employees as assets of the business (Wilson, 2012). As for Giordano, there are many arrangements in place to provide the staff with better environment to work, like flexible working hours, support breastfeeding etc.

In conclusion, the primary value chain and support activities consists the value chain and

they are adding values to the product or business. For Giordano, they have been working well in many areas, however, there are some more actions for the management to notice and evaluate to cut the cost, improve the efficiency, improve the service levels so that to differentiate themselves from the industry.

5 Recent Corporate Strategy of Giordano

This section will discuss the recent and current Giordano corporate and business level strategies and then appraise the effectiveness of these strategies based on the Balanced Scorecard.

5.1 Corporate Strategies

According to Giordano's 2020 annual report, it states Hong Kong business is disappointing due to the high cost of operating. Moreover, 2019 social events and COVID-19 devastated the economy. Therefore, the company applied the retrenchment strategy to reduce the business scale in Hong Kong by closing high rental loss-making stores. On December 31, 2020, the total number of stores was reduced from 73 to 62. Macau, on the other hand, shows some positive signs of recovery (Giordano annual report, 2020). This is to apply the retrenchment strategy to cut some sales-losing markets. Looking at the financial perspective, Giordano's annual report shows from 2011 to 2018, the company recorded sales revenue over 5 billion HKD. However, it dropped to 4.8 billion in 2019 and 3.1 billion in 2020 (Giordano annual report, 2020). 2021 first half sales was 1.6 billion which is also challenging. The key financial parameters and performances like ROE is not well in the recent two years, especially in 2020, the profit of the year is negative. Table 5.1 shows the details. Therefore, it is wise for the corporate to apply the retrenchment strategy.

	2020	2019	2018	2017	2016
Profit of the year (Million HKD)	-108	289	542	569	89
Total equity (Million HKD)	2631	1237	1396	1437	1781
ROE (After Tax)	-4.1%	23.4%	38.8%	39.6%	5.0%

Total 5.1 Giordano History 5 Year ROE Analysis

Source from Giordano's annual reports

The company tried to preceed market development. In the past years, they have expanded their footprints to over 30 countries by operation around 2100 stores. The company also welcome franchising distribution and licensing opportunities. They applied market strategy to expand to new areas. However, expending to new markets creates new opportunity to the busiess as well as face the challenges and threats. There are some problems of introducing current product to different part of the world. For example, Figure 5.1 shows the homepage of Giordano Middle East. None of the marketing or product or model can tell this is for Middle East market. The company should think about actions to improve the acceptance of local people as the competition they faced will also include local brands.

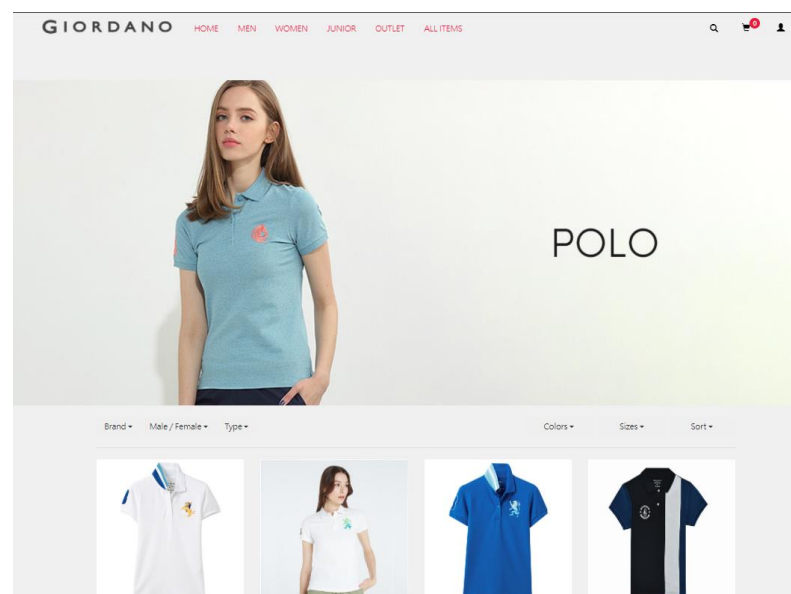


Figure 5.1 Giordano Middle East

Source: Giordano, 2021j

The company should focus on the profit improvement by both increasing the sales revenue and reducing the cost.

For the learning and growth prospective, the Giordano company conducts employee satisfaction survey every year to collect useful feedback as reference for improving the company's policies. The company will present Long Service Award annually in recognition of their loyalty and commitment to the staff. It will award the employees of 5, 10 and 30 years of service. There are also learning and growing program held to help employees for their career development (Annual Report, 2020).

Giordano continuously strive to provide their customers with the most enlightening shopping experience. This could be reflected on their services and it aligns with the corporate mission – To make people feel good and look great. The company launched the “Giordano Means Service” campaign first in 1989. Since then, the service has become one of the tenets of Giordano (Annual Report, 2020). In terms of customer service, Giordano has also won lots of awards. However, there are some other areas the company should look at to improve the customer satisfaction, especially when the company would like to grow its online business. Currently, there is no any customer commitment on the online platform of how many days delivery. It could be the area to improve the customer service for the company.

There are not too much information could be found for Giordano's internal business processes. Based on their home page and annual reports, it appears that the number of employee is declining from 7900 people in 2019 to 6400 employees in 2020. It seems the company is going to much leaner and efficient structure.

5.2 Business Strategies

Take Hong Kong as an example, currently, there are two focused products for Giordano online and offline. One is Giordano's 180° expandable waistband trousers, shown as Figure 5.2, and the other is the silvermark series with the image of the black bear shown in Figure 5.3. Both products are trying to differentiate Giordano with good quality, worth of money, suitable for the whole family. The product development strategy of Giordano has always been one of the key strategy of the company to emphasis its good quality.



Figure 5.2 Giordano's 180° expandable waistband trousers

Source: Giordano, 2021h



Figure 5.3 Giordano's Silvermark Series

Source: Giordano, 2021

The group is having a product strategy of differentiation for Hong Kong market. However, without enough marketing to expose the advantage of products, the sales performance of the new products would be under expected, which potentially will lead to the strategy failure.

From balanced scorecard point of view to evaluate Hong Kong market's performance, it shows that the most challenging part is from financial perspective. As mentioned earlier in the study, Hong Kong's performance is disappointing due to multiple reasons analyzed. For the rest three parts of balanced scorecard, as Hong Kong is the headquarter of the group, the resources in learning and growth is enough, the customer fulfilment process is mature and the internal business processes have been modified to fit the business. The Hong Kong

business branch leaders should focus on how to drive positive profit by increasing the sales and reduce the cost.

6 Recommendations and Implementation Plan

Based on previous analysis, here are some recommendations to Giordano company:

Review its mission - to be the best and biggest world brand in apparel retailing. According to previous analysis, the current position that Giordano is at in the industry has a very long way to go to be the world best and biggest apparel. An appropriate and realistic mission will encourage and inspire the employees to work and fight against. Otherwise, employees will feel discouraged and lead to high chance of talents loss rate for the company.

Looking for more efficient and cost effective supply chain, be open-minded to source suppliers and factories from outside of China, i.e., Vietnam, India, Pakistan, Cambodia etc. The evaluation could be based on a score card system to decide which one is the best for the company. Once it is confirmed, the implementation plan could be up to one year to transfer all the technology and process from China to other regions. Changing the location of sourcing and production is a big decision for a company. It could bring lots of cost savings and profit, however, it brings risks to the business as well. As a contingency plan, the company could look at dual source strategy of China + Southeast Asia mode to play safe.

To strengthen the marketing part in the value chain to promote products. Although Giordano is a well-known brand in many regions, especially for Great China Region, the new product promotion can still not be ignored. The competitors are constantly having

advertisements on social media, transportation etc, once the competitors owned the market share, it will be very difficult to turn those customers back. The young generation has more choices than before, promoting brand and products by their frequent used social media is necessary, as in the fashion industry, young generation is always the main target customer segments. If Giordano did not attract and grab these customers, they still insist to keep their current customers, these customers will grow old and reduce the purpose power of fashion items. The implementation plan of advocating social media marketing can be started immediately in Facebook, Youtube, Instagram, Wechat. The resources input of doing this might be a lot, the company could consider to implement this from region to region, by starting from some mature markets in Asia first. The result could be easily monitored by the views and likes from social media. Review meetings should be held periodically to adjust the carrying-out operation.

The company is currently having mix strategy of retrenching (to reduce Hong Kong market) and expanding (to welcome franchise business and new locations). For the expanding and developing new markets, the company should be very careful and have comprehensive evaluation before hand. The global macro-economy environment is changing rapidly, the company now has recorded negative profit, any new business or investment should be gone through a much detailed risk assessment. The implementation should be immediately applied to all new projects. In summary, the company should focus on their financial performance closely, internal evaluation and approval for spending should be more cautiously.

The strategy of differentiation of high quality of their product should be maintained in the group and continue to build the brand image. This will be the result of multiple departments working together including design, sourcing, production etc. The internal

measurements of quality standard should stay in the high level.

Above recommendations are based on corporate level. There are also business level recommendations for regional markets as below:

In order to match the market expand strategy, the company should think about hiring designers from different countries to design the “popular” product amongst those target markets. The implementation plan could be within 6 months of reviewing current products and markets, then develop the new suitable products. The designer will not necessarily locate in their R&D centre in China. By applying technology, the foreign designer can be located in their own country where the stores and markets are, and communicate with the factory for sampling production and mass production.

For Hong Kong market, although the company reduce the resources and cut the number of shops, the performance should still be monitored carefully. Once the macro-environment changes for Hong Kong, i.e., the number of mainland travellers bounce back, the company need to quickly respond to the new opportunity to expand the increasing market demand.

In conclusion, there are some good aspects that Giordano as a group is doing well, they need to maintain and strengthen those practices. On the other hand, there are some areas that the company or the specific business unit need to identify as areas to improve, they need to analyse the problems and take corresponding actions to rectify them, to keep themselves competitive in the apparel market.

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