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	NO	

Review on the Strategic Plan

By the Board Member,

Mr. Steven Andrew Pang

14th October, 2019

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Introduction

I have spent some time studying, exploring and revising our situation after the Strategic Plan been executing another year; I am much impressed that we have a big step forward towards the accomplishment of bringing our iconic brand back. This report is my exploration, at this moment, please do not disclose to anybody other than our Board members; I welcome open discussions prior to and during the upcoming meeting.

This report begins with the macro and micro environmental assessments exhibited by the strategic frameworks of PESTEL and Porter's 5-forces for the casual wear industry in Hong Kong, reviews our vision, purpose, mission, mindset and DNAs, uses the strategic tool SWOT to probe our inner strengths and weaknesses then to analyse the opportunities and threats encountering, evaluates our corporate and business strategies, wraps up some of my thoughts to improving strategic performance.

Your response, involvement, and support are much appreciated.

Casual Wear Industry in Hong Kong

Fashion is a big business worth around USD 1.3 trillion in retail sales globally. (Common Objective, 2019) The revenue of Hong Kong fashion industry amounts to USD 1,236 million. (Statista, 2019) Following the global trend, casual attire has become more acceptable in an increasing number of social settings in Hong Kong. It is apparent in most workplaces, the work population now has much greater freedom to decide what to wear; “semi-casual”, “smart-casual” and “business-casual” seem to have transitioned into an everyday practice rather than only “casual-Fridays”. Nowadays, people like apparel that is suitable for multi-occasions, go to work, gym, travel and even social gatherings. With the growth of casual wear, two-polarize: there are strong demands for premium casual wear, consumers are willing to pay a premium for brands that will elevate their personal image; on the other polar, there are strong demands for synonymous with comfortable, high quality and low-price casual clothing merchandises. (Homma, 2019)

Over the past few years, Hong Kong has witnessed the best market segment, “fast-fashion”; it has transformed the way of shopping and is much welcomed particularly by female consumers in women’s fashion and apparel, with low or discounted pricing new products kept launching bi-weekly, buyers no need

to wait for the seasonal changes to shop the latest trends. (YouGov, 2017)

The youth and work population spend long time online every day, are in a decisive phase of digital adoption, comfort with digital channels and content; e-commerce of fashion and apparel is growing rapidly. The e-consumers have higher expectations to convenience, price, quality, and newness. Digital sales channels such as Amazon, Mydress, Online Fashion, Taobao, T-Mall, and Zalora continue to provide a more premium experience. Many consumers today expect perfect functionality and immediate support at all times, coupled with rapid delivery times as sellers constantly compete to expedite products. (Chan, 2017)

The ongoing IT advancement and customer-centric mindset have led to a new sales approach: Omni channel. Utilize user-friendly mobile apps or other online shopping websites combining with sophisticate brick-and-mortar shops to create a perfect shopping experience which encourages customers to buy more than ever. (Rouse, Sparapani and Goulart, 2018)

Fuelling demand for clothing often ends up in landfill, critics have highlighted the impact of intensive producing carbon to the environment. The latest YouGov Omnibus research reveals that 15% of those polled estimating that they owned over 100 outfits, excluding underwear or accessories. Millennials

(aged 16–34) have the highest proportion of new clothing; 30% have purchased at least 50% of the clothing that they own in the past year while as only 8% of the baby boomers (aged over 55). (YouGov, 2017)

The research also exposes the extent of garment waste in the past 12 months in Hong Kong, it is of great shock that 86% of the respondents have clothing disposed and 30% have thrown away more than ten outfits. Furthermore, 40% of the polled disposed their outfit after only wearing once, and half of them even threw more than 3 outfits. (YouGov, 2017)



2019 is a straitened year caused by several disruptive events like the on-going series of protests rooted from the Anti-Extradition Law Amendment Bill, tourists dropped severely, Sino-US Trade War and volatility in the Hong Kong stock market. All the reasons that keep disturbing Hong Kong, so as the industry; less tourists' spending in fashion plus destroying the atmosphere to spending, the fashion industry is polarization, as a whole expected to still or even decline, but the casual wear and fast-fashion have remained the fastest growing industry segments because of the footprint of affordable luxury brands, and consumers have shown an inclination towards these brands that are selling good quality fashion products at affordable prices. Apart from it, consumers' taste has also changed and they have become more discerning. Technology is playing a stronger role than ever in influencing consumer taste. 2020 is expected to be another glorious achievement year for casual wear. (Homma, 2019)

Here employ a PESTEL analysis evaluating how the macro-environment various political, economic, social, technological, environmental and legal factors affect the casual wear industry. (David and David, 2016)

POLITICAL

“The One Country Two Systems” is the prevalent governance philosophy which endows Hong Kong with a high degree of autonomy and her capitalist and free market-oriented economic system; businesses make the majority of microeconomic decisions but they have to conform to specific agreements, such examples as Mainland China and Hong Kong the Closer Partnership Economic Arrangement and the US-China Textile Memorandum of Understanding.

The political climate has gradually unstable since 2014 the Occupy Central, and currently the public order and security is grim over 600 large and small protests or assemblies rooted from the Anti-extradition Bill Amendment plus the Sino-US Trade War both are ongoing have no specific time to be end. Also, next month and next year will be the Elections of District Councillors and Legislative Councillors, respectively; 2020 will definitely continue another turbulent year! (Zhang, 2019)

ECONOMIC

A strong economy indicates positive results whereas weak economy signifies the opposite. In 2018, the Hong Kong GDP was USD 363 billion, represented 0.59% of the World economy. (Censtatd.gov.hk, 2019) “One Belt One Road” is an opportunity for Hong Kong fashion companies to go out. However, the ongoing riots, anti-China atmosphere, the volatility of Hong Kong Stock Market, Sino-US Trade War and geographical tensions produce even more uncertainties to the domestic economy that makes consumers hesitate to spend money under such rigorous context.

SOCIAL

Major social changes, the priority of work-life balance, rise of athleisure, and growing concern of health and wellness, have occurred in the last decade have driving the inclining demand for casual wear. (Kohl, 2018)

While the millennial generation is the main target of casual wear, their preferences are very different from the previous generations. Changes on the socio-cultural level have affected how to shop and make shopping decisions or which brands preferred to shop. Millennials do not just want convenience but also low prices and great quality. High class fashion is no more the privilege of upper end consumers because it has been made affordable using technology and new techniques. Even if the quality of fabric is not as great as the luxury brands, it is good enough and in terms of style and design, these

fast fashion brands are hardly behind. The result is consumers are flocking to fast fashion avenues. Not just taste but other things have also changed about the consumers. They have grown more discerning and make decisions based on information which they can acquire easily from several resources. They rely on feedback and not on advertising or marketing campaigns. (O'Brien, 2019)

TECHNOLOGICAL

The Industry can be attributed to the technological developments that have happened in this era, globalization, IT, internet and increased use of mobile devices for shopping all these are shaping sales, marketing and consumer choices. Today consumers are well informed and make choices after researching everything. They discuss their choices with the others and share their views. The millennial generation mostly like to shop online and like a personalized experience in terms of shopping and customer service. Technology has disrupted several things and apart from improved production and supply chain, it has also brought greater effectiveness to sales and marketing. Another area where technology has benefitting fashion brands is aggressive expansions globally. E-commerce has helped them go past borders and sell to a larger customer segment. (Chan, 2017)

ENVIRONMENTAL

Environmental sustainability is an important and trendy term in casual wear as in any other segments of fashion industry. Even fashion brands are careful about their carbon footprint and are marketing themselves as more environmental-friendly brands. They are investing in environment and sustainability, using more environmental-friendly raw materials, packaging and operations. Several large brands like Levi and Zara have formulated sustainability goals and are working actively to achieve them. They are working in the direction of maximization of productivity and minimization of carbon footprint. (Impact Hub, 2018)

LEGAL

There are many big employers in the Industry, apart from the labour laws, other common laws applicable in business also apply to them. Ethics and compliance are important focus areas for the large brands and they are working actively in this direction. Such corporate social responsibility image can be beneficial for the business of a brand. (Thompson, 2019)

Micro Environment



Hereto employ the strategic framework of Porter's Five Forces to assess the micro-environment from industrial organization economics which derives 5 forces that determine the competitive intensity, hence the attractiveness of the casual wear industry of Hong Kong in terms of profitability. (David and David, 2016)

🚦 Threat of New Entrants –High

Casual wear has huge and fast-growing revenue, is perceived a profitable business, and requires low upfront capital investment and no legal or technological barriers to enter the market. Products basically are undifferentiated, consumer switching costs are definitely low, many distribution channels are easy accessing; only branding and consumer loyalty make the difference. (Bush, 2016)

Threat of Substitute – High

The athletic or active wear was perceived to be the closest substitute to casual wear as manifested by the booming athletic wear industry but the blurring demarcation makes casual wear family larger rather than supplant.

Another substitute is the formal classic wear, it is superior, better quality and more expensive than casual wear. Low switching cost involved for consumers that also led to low brand loyalty. (Bush, 2016)

Threat of Suppliers –Moderate

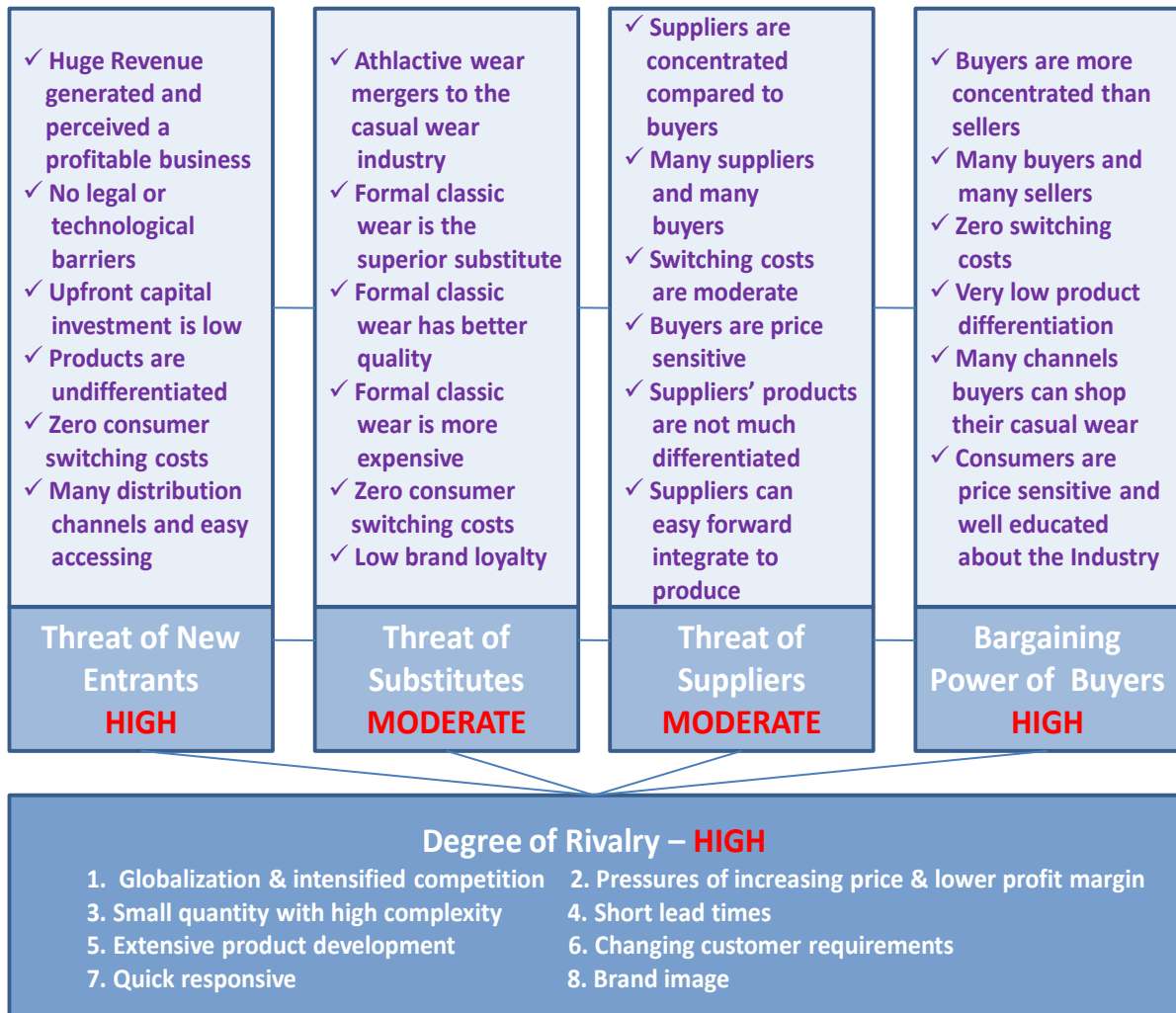
The value chain includes 5 parts: raw material supply, provision of components, production networks, export channels, and marketing networks at the retail level. The prices and availability of commonly used fabrics such as cotton, blends, synthetics and wools might fluctuate, so as the labour costs. The suppliers are concentrated compared to buyers, many suppliers but also many buyers. The switching costs from one supplier to another are moderate. The buyers are price sensitive and the suppliers' products are not much differentiated. The Forward vertical integration is common and becomes easy nowadays the advancement of IT plus the near-no barrier to entry, suppliers could easily become rivals to those well-established clothing manufacturers or even retailers. (Segura, 2017)

Bargaining Power of Buyers – High

Nowadays, many channels for buyers to shop casual wear, also an array of brands even no brand plus low price, all these creating products loosely differentiated. Consumers often look for value for money goods and customer service, as there is low differentiation and many to choose; low brand loyalty, the power of buyers is inevitably high. (Bush, 2016)

Rivalry – High

The industry is under globalization and intensified competition, the pressures of increasing price and lowering profit margin, small quantity with high complexity orders, short lead times from design to shelf to deliver to consumer, extensive product development and improvements at the least possible cost, newness, multiple-location operation, changing customer requirements, quick responsive to market-trend shifts and corporate social responsibilities. In the industry where products are deemed to be “equal”, the product differentiation is only a temporary merit; the true differentiation and competitive advantage are their unique brand image. (Bush, 2016)



Porter 5-Forces Framework of the Casual Wear Industry in Hong Kong



VISION	People around the world will find moments of every day joy from Esprit
PURPOSE	To deliver joy
MISSION	Transform Esprit into its new self
MINDSET	Radical positivity TM
DNA	Feeling good everyday is our business
DNA	Spirit of acceptance
DNA	It always has been
DNA	Playful, immersive experiences
DNA	A passion for bold design
DNA	Radicals with a plan

(Esprit.com, 2019)

According to Porter's 5 Generic Strategies, there are 3 different bases, namely Cost Leadership, Differentiation, and Focus, and 5 types generic strategies, namely Type 1: Low Cost-Strategy, Type 2: Best Value-Strategy, Type 3: Differentiation, Type 4: Focus-Low Cost, Type 5: Focus-Best value; they allow us to gain competitive advantage. (David and David, 2016)

Cost leadership	Type 1:	Low Cost - Strategy	It offers products or services to a wide range of customers at the lowest Price available on the market.	Targets a large market
	Type 2:	Best Value-Strategy	It offers products or services to a wide range of costumers at the best Price value available on the market; the best value strategy aims to offer customers a range of products or services at the lowest Price available compared to a rival's products with similar attributes	
Differentiation	Type 3:	Differentiation	Strategy aimed at producing products services considered unique industry wide and directed at consumers who are relatively Price insensitive	
Focus	Type 4:	Focus- Low Cost	It offers products or services to a small range (niche group) of customers at the lowest Price available on the market	Targets a small market. Full the needs of small groups of consumers
	Type 5:	Focus –Best value	It offers products or services to a small range of customers at the best price-value available on the market. Sometimes called focused differentiation.	

Our positioning was Type 3 strategy in the past years aiming at unique industry wide and directed at consumers in fast-fashion unfortunately we fail to do so and stuck in Type 1 in developed countries and Type 2 in developing countries. I suggest following Type 5 strategy to offer price-for-money products and customer services to fulfil our focal markets.



We pursue sustainability and profitability strategy in our business, derived the followings strategic goals or objectives:

- ✓ To remind all stakeholders about Esprit is an iconic brand.
- ✓ All business units to truly embrace the customer-centric mindset.
- ✓ To eliminate all unnecessary costs and to save costs to reach a sustainable profitability.
- ✓ To optimize operational effectiveness and efficiency by trimming processes.
- ✓ To optimize business efficiency by closing down unprofitable shops, negotiating with landlord to decline rent or reduce floor area, or moving to less expensive shops.

- ✓ To implement High performance Human Resources strategy, only the right staff who are energetic, enthusiastic, and committed are employing, the current number of employees has been cut down to around 6,450.
- ✓ To simplify the complicated organizational structure from bureaucratic to specialized teams to be much more flexible and market responsive.
- ✓ To elevate marketing efforts by promoting on social media: There are 1.87 million people “like” our Facebook page, more than 2.6K followers on our Twitter account, over 4.3K subscribers on our YouTube channel, and 421K followers on our Instagram account. It is insufficient despite the presence on social media, we are not utilizing these channels to do advertisements; these media are not really productive at the moment. (Esprit.com, 2019)
- ✓ The STP of marketing:

6 Distinctive Segments	
TARGETED CUSTOMERS	NON-TARGET GROUPS
➤ Realists – These consumers are driven by function over aesthetic, the safe-playing pragmatists dress suitably for the active, outdoor-led lives. ➤ Vibrant Expressionista – This group value emotions, love relationships and simple pleasures, they express their femininity through a delicate, soft and colourful style. ➤ Simple Sophisticates – These consumers are aesthetically-driven and casually chic, they pursue an experience-led cosmopolitan lifestyle.	➤ Professional Status Seekers – This group are status-driven individuals that dress to a traditionally conspicuous code often to articulate their career success. ➤ Urban-ites – A tribal group who follow trends and in-the-know cues that are culturally-inspired. ➤ Fashion Copycats – These individuals follow trends and a wide repertoire of brands but adhere to no particular style, keen on deals they are known to mix and match high and low values garment pieces.

- ✓ **Our current positioning is at an affordable mass clothing with well-quality, good service, good shopping experience. Esprit presents globally, customers perceive our position factually depends on their earnings; for jurisdictions are medium to high GDP/capita our position is perceived as low-price products whereas medium to low GDP/capita their perception to us is high-price products. (Esprit.com, 2019)**

- ✓ **The 4Ps in marketing:**
 - 1) Product: Clothing collections for women, men and kids marketing under Esprit brand and edc brand. Accessories and apparels are under the brand of Esprit. (Esprit.com, 2019)**

 - 2) Place: Our products are available globally thru online shopping and offline presence in 40 countries with 761 directly managed retail stores and over 6,332 wholesale points of sale, including franchise stores and sales spaces in department stores. (Esprit.com, 2019)**

 - 3) Price: Our products are marked at affordable price. (Esprit.com, 2019)**

 - 4) Promotion: We have been very stingy when it comes to advertisements and marketing campaigns. We mainly focus on social**

media exposures. Also, we present in some global ecological and ethical issues and campaigns.

- ✓ To promote our corporate social responsibility to stakeholders including our strategic partners, wholesalers, franchisee, retailers, employees, suppliers, and customers.

- ✓ To incorporate the UN Sustainable Development Goals into our strategy in by introducing the concept of Circular Fashion defined a 3-year plan from 2019-2021, which encourages us to step back from a linear model, which ends with the disposal of old garments, and to start incorporating recycling into every aspect of our business. With a circular approach, we strive to find environmental- friendly solutions those cover all areas of our business, from product development and production, to operations, and also end of life cycle management for our products. (Esprit.com, 2019)



Strengths:

- ✓ **Strong cash on hand HK\$3,282,000 is sufficient to continuously implement the Strategic Plan. (Aastocks.com, 2019)**
- ✓ **We are the digital first player benefited from the continuous growth of ecommerce, omni-channel and mobile shopping apps, more handy channels to communicate and attract young generations.**
- ✓ **We have 26 years public-listed status; it is trust worthy to our stakeholders.**

Weaknesses:

- **Brand identity is inconsistent and deadlocking the theme of Esprit.**
- **Lost touch with audience due to lack of customer focus.**
- **Product, design, quality and size need to be improved particularly for Asian markets.**
- **Take times for bold changes needed to return to sustainable growth and profitability.**
- **Fast fashion and discounter failed in the past, new direction to affordable clothing and a classic representative design needed to re-gain the golden age.**

Opportunities:

-  According to McKinsey FashionScope, Greater China is expected to overtake the US as the largest fashion market in the world in 2019, a major shift from West to East. (Mckinsey.com, 2019)
-  India: The middle class is continuously booming, plus the adoption of non-Indian-custom clothing.
-  Online shift and mobile obsessed make omni channel achievable.
-  Increasing environmental concerns and corporate social responsibility.

Threats:

- ✧ High degree of rivalry in the Industry as mentioned in the previous 5-forces model, many global competitors, such as H&M, Mark and Spencer, Forever 21, Uniqlo, Zara, and Gap.
- ✧ Global volatility and uncertainty make consumers more conservative on shopping.
- ✧ The Industry is undergoing dramatic disruption because of advancements of IT and could be reshaped by new barriers and trade tensions.

It is not unusual to find consumers still buying the product from certain brand even though they claimed bad fabrics or high price and so forth; eventually, they would still come back because of the image that they perceived of the brand. In other words, the iconic brand benefits do exist and they are vital. Hence, our priority is branding, we know our brand with the purpose by heart

to provide clear brand value and strong product proposition, shape a consistent end-to-end consumer experience; but it is not well-communicated in our new markets. Some marketing efforts needed especially direct communication online with our followers or subscribers. We need to re-build our business model: brand purpose and expression, customer centricity, product competence, consumer experience, wholesale competence, effective organization and team.

Currently we have opened new stores in Shanghai, we are transforming into the affordable fashion lasting over seasons. However, the social media in China are not yet well-managed; content management may need to reconsider to subcontract out to local social media marketing company. In addition, we have joint-promoting some eco-friendly and ethnical campaigns through our website but the messages are not enough to stir up being the talk of the town in community.

Our products made of good quality, such as organic cotton which considered as environmentally friendly, also needed to be communicating to our target customers in Asia.

More resources and efforts are needed to dump in to boost sales with aggressive market expansions in China. Customer knowledge is important in order to attract new consumers, and also these customers can also become tool for promotions through the powerful word-of-mouth. Comfortable clothing the designs consumers like is very important so collecting such kind

of information by online surveys may help headquarter on design in the future. Hence, business management of information is critical, highly-integrated information response by using PDA to directly inform the headquarters about what is going on in the POS.

Let's look into our financial situation:

Financial Analysis					
Fiscal Year as at @30th June	2019	2018	2017	2016	2015
Liquidity					
Quick Ratio	1.35	1.8	2.02	1.74	1.56
Current Ratio	1.86	2.48	2.76	2.4	2.16
Leverage					
Debt/Total Asset	-	-	-	-	-
Debt/Total Equity	-	-	-	-	-
Long Term Debt/Equity	-	-	-	-	-
Activity					
Inventory Turnover	7.01	6.73	6.28	6.48	6.54
Total Asset Turnover	1.22	1.22	1.04	1.11	1.12
Fixed Asset Turnover	11.20	9.69	8.29	8.17	6.81
Profitability					
Gross Profit Margin	0.50	0.51	0.52	0.50	0.50
Operating Profit Margin	-0.16	-0.15	-0.01	-0.03	-0.19
Net Profit Margin	-0.17	-0.17	0.0042	0.0012	-0.19
Return on Total Asset	-	-	0.0044	0.0013	-
Return on Shareholders' Equity	-	-	0.0058	0.0018	-
Earning per Share	-1.14	-1.35	0.03	0.01	-1.90
Growth Percentage					
Sales	-16.32	-3.05	-10.38	-8.41	-19.84
Net Profit	-16.05	-3,911.94	219.05	-100.57	-1,860.00

(Aastocks.com, 2019)

Our liquidity is at a safe level, Current Ratio and Quick Ratio both are above 1 and we have sufficient current assets to cover those short-term liabilities. Since we do not have debts, the Leverage ratios are not applied. (Atrill, 2017)

The Activity Ratios illustrate how effective and efficient our operation and management are. The higher Inventory Turnover shows we can faster liquidate our inventory; it is a good sign of the inventory circulation. 7 turnovers for a fast-fashion brand I'd say that is at a very low rate, the industrial average is ranged from 12 to 26 that means inventory has a turnover monthly to bi-weekly. For a casual clothing brand, I'd expect that 8 to 12, twice per season to monthly. The higher Total Asset Turnover shows higher effectiveness in managing our assets to generate sales. This fiscal year is 1.22 same as the last year's. The fixed asset turnover has jumped from last year 9.69 to this fiscal year 11.2; it is a good sign that we are effective and persist in disposal of obsolete fixed assets according to our game plan. (Atrill, 2017)

Higher value in Profitability Ratios indicates higher operating and management efficiency. Gross Profit Margin is stable and controlled between 0.50 and 0.52. Operating Profit Margin is fluctuated between -0.01 and -0.19, we need to further improve the operating expenses reductions plus explore approaches to elevate the revenue. Besides 2016 and 2017 two fiscal years the divestitures in the United States, Australia and New Zealand, we have an

average of -0.18 Net Profit Margin annually. I'd say there is a very insignificant improvement. Return on Total Asset and Return on Shareholders' Equity, the amount of net income generated by the total asset and to the shareholders' equity respectively, not applicable due to negative figures. Earnings per Share is inclining from -1.90 in 2015 to this year -1.14, the higher the Earnings per Share is the better for the Shareholders, a 40% betterment but which is still a negative figure so not attractive to investors. (Atrill, 2017)

As per the 2019 financial statement, we have a 16.32% slide of Sales and a 16.05% slide of Net Profit. The decline in Net Profit is lower than that in Sales which shows our efforts on restructuring and we are on the right track!



As our CEO has announced the trial of fast-fashion approach had hit a dead end; I believe the only way to bring us back to our roots is the unique brand spirit, our unbeatable competitive advantage!

I can say we are on the right track from the financial figures. Below a balanced scorecard presented to you showing the future steps to continue our journey.

(Johnson et al., 2017)

Strategic Objectives	Measures	Targets	Strategic Initiatives
CUSTOMER Satisfactory online shopping experience	Online customer's complaint rate	Lower complaint rate to 5% by FY2021	Improve customer service to 24/7 by using AI
CUSTOMER Local variations	New size collections	1,200 New size garment items in Asia by FY2021	Product development for Asians
CUSTOMER Communications in China	Number of online members	0.25% China's population by FY2020	Online Chinese content development for China market
CUSTOMER Satisfactory in-store shopping experience in China	In-store customer's complaint rate	Lower complaint rate to 1% by FY2021	In-store sales training

FINANCIAL Sales injection	Net sales	Increase to HK\$50M by FY2021	The Best Salesperson Award, and The Best Wholesaler Award
FINANCIAL Reduction of costs of good sold	Net sales	Lower to 45% of Net Sales by FY2021	New suppliers and manufactures Scheme
FINANCIAL Elevate gross profit	Gross Profit Margin	Lift up to 60% by FY2023	New suppliers and manufactures Scheme
FINANCIAL Reduction of operating expenses	Overheads	Lower 10% by FY2022	Saving/Reduction Plan
FINANCIAL Sustainable Profitability	EBIT	EBIT = 5% of Sales by FY2023	Strategy Plan
PROCESS Total Quality Sales Management	Net sales	Increase to HK\$50M by FY2021	Total Quality Management Plan
PROCESS Inventory Management	Inventory turnover rate	The rate to 8 by FY2021; The rate to 12 by FY2023	AI Just-in-time Schedule
ORGANIZATIONAL CAPACITY Eco-friendly	ISO14001	Fulfil all requirements in ISO14001 by FY2021	Environmental Sustainability Plan
ORGANIZATIONAL CAPACITY Corporate Social Responsibilities	Coverage	10M online exposures by FY2020	CSR Communication Plan
ORGANIZATIONAL CAPACITY Iconic Brand	EBIT	EBIT = 5% of Sales by FY2023	Marketing Plan

1) BRANDING

-  In order to cope with good quality, we should practice TQM (Total Quality Management) by means to continuously enhance customer services, product quality, just-in-time, accessibility and all other critical success factors in the industry.
-  We emphasize our social responsibility on the eco-friendliness, put forward the ISO 14001 compliance, the emission control through the use of thermal energy, and finally the Dow Jones Sustainability Index.
-  Management Information management and related training to our staff since we are highly vertical-integrated and also centralized. We should rely more on direct communication with our consumers rather than spending for traditional advertisings. Good flow of information gathering data or information from consumers across the globe through online systems, and also, we can use PDA (Personal Digital Assistants) to gather immediate customer input and feedback at POS (Point of Sales) and directly sending to headquarters. The information is useful which include purchase intentions, what they like and dislike in fitting rooms, sales ranking of garment items and so forth. Hence, we can excellent customer knowledge to well-identify their customers' purchase behaviour and preferences more accurately based on their geographic area.
-  We have quality products and services plus our distinctive public

image on CSR should go public by more social media coverage; we are doing quite well in Western countries, but in Asia particularly China, we are much behind, may be cause the social media platforms are not familiar to us, WeChat, we have been using the platform since this May but the result is just fair not acquiring lots of followers, that may be our content management is not quite fit the Chinese market, also I find the account updating mostly every week but it is insufficient in China, our targeted youth spend about 6 to 8 hours a day on mobile-surfing and they used to purchase and pay online. A detailed content management campaign should be carried out to capture the atmosphere of our expansion after a newly open shop in Shanghai.

✚ Make our concept of Circular Fashion explicit not only to our stakeholders but also to general public. This is very important to our brand building. Selective waste management and recycling at all facilities; training given to all staff, environmental information and awareness-raising campaigns aimed at all staff. Move towards renewable sources of energy and cogeneration plants.

✚ Our Vision and purpose are much aligning with nowadays the Millennials but we need more marketing efforts to deliver to them.

2) MARKET PENETRATION AND DEVELOPMENT

- ✚ In practicing both market penetration and market development strategies; it is important to improve the level of consumer shopping experience while at the same entering many new and potential markets that can be matching with our marketing and communication plans in China and continuous our exiting conquer in Western social media plus staff training and incentive schemes, such as the Best Salesperson Award, the Best Wholesaler Award in order to boost sales and profits. (Stead, Stead and Starik, 2014)
- ✚ India is a big opportunity that we should consider as the middle class grows rapidly and their non-Indian custom desire expands.
- ✚ We can make some plans with local Chinese brands, such as Stella McCartney partnering with The RealReal in 2017, offered a \$100 credit to consumers consigning her products on the platform. This can create a circular flow that encourages footfall in Stella McCartney stores, while building confidence in the quality and longevity of Stella McCartney products. Also, because of the circular nature of this partnership, it bolsters the corporate and social responsibility of the brand.
- ✚ We may take a different approach, wading into the pre-owned and rental markets. such as China's YCloset using a subscription rental model to grant customers access to an array of clothing and accessories free of additional charges. If the customer likes a particular

piece, they have the option to buy it outright.

-  We put more efforts on partnering with online platforms in China, now we have already with TMall, we may consider Taobao and Alibaba as well to boost up sales and increase familiarity in the public consciousness.
-  Beware the cultural expectations in China particularly mottos and taboos which are different from Western system of values. For example, any mottos or concepts which are against territorial integrity of “One China”; it is not just in China but also including the whole company and where we have business.

3) RIGHT-CLOTHING FOR ASIAN MARKETS

-  We expand in Asian countries particularly China; to increase sales we must to adapt the designs with the local preferences to generate more profit.
-  We need to review the fitting sizes in Asian markets; the variations are quite big to Western.

4) COST SAVINGS vs PROFITABILITY

-  **Eco-friendly, save energy to cost savings, expected another 10% dropped in overheads by the end of FY2022.**
-  **Elevate revenue by boosting sales which can be attained through sales incentives to sales and marketing intermediaries. Expected by the end of FY2021, revenue can reach HKD 50million.**
-  **Control costs of goods sold to 45% by FY2021 by reviewing, sourcing and contracting out to some suppliers and manufacturers, and move manufacturing to cheaper areas. And expected by 2023, the gross profit margin can reach 60%.**
-  **After all our game plans completed, I expect EBIT will be 5% of revenue by the end of FY2023.**

5) NEW CUSTOMERS –MILLENNIALS

-  **To enhance customer service through employee trainings and incentive schemes and awards, especially those who encounter customer face-to-face every day in the store. Moreover, we can optimize the use of the PDA and POS technology to obtain information regarding the customer's preferred designs and feedbacks. Think of our efforts in obtaining feedback from consumers online in order to understand the consumers and therefore able to produce the designs that consumers love. Apply same logic to in-store staff. (Mitchell-Keller, 2018)**

-  More social media content updates to stir up their sentiments to follow us, twice a day rather than once a week, I know it seems difficult, we can sponsor 7 universities to assist us as an academic campaign, 1 university responsible for a day in a week, and each university represents an issue in ethics in the morning and environment in the evening. This can apply globally. (McCarthy, 2018)
-  Satisfactory omnichannels experience is critical to enhance ecommerce, particularly in China. (Zhang, 2017)
-  Providing trainings to our staff to special care this specific group, they are “me-me generation”, they expected they are right at all times as long as they are in the role of consumers.
-  Promote our vision, mission and values to the millennials, they are good customer to share word of mouth.
-  Employ KOL is another “fast” marketing tool for young generations.

See whether the strategies that we have now are sufficient in order to achieve the stated vision and mission. And our strategies are implementing aligned with our aims of sustainability and profitability to drive the company closer to achieving our mission and vision. We are at the rim saving our company, please do not hesitate to supplement me any ideas or open discussions.



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