

ID Cover Page

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About You's Expansion to Singapore

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About You's Expansion to Singapore:

Strategic Plan



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Acronyms

1P - Own

3P - Third Party

ACRA - Accounting and Corporate Regulatory Authority

APAC - Asia Pacific

AR - Augmented Reality

B2B - Business-to-Business

B2C - Business-to-Consumer

DE&I - Diversity, Equity and Inclusion

DIY - Do It Yourself

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest Taxes Depreciation and Amortization

ESG - Environmental, Social, Governance

FDI - Foreign Direct Investment

GDP - Gross Domestic Product

IMC - Integrated Marketing Communications

MCDA - Multi-criteria Decision Aid

NPV - Net Present Value

PESTEL - Political, Economic, Social, Technological, Environmental, legal

PM 2.5 - Fine Particulate Matter

RoE - Rest of Europe

ROI - Return on Investment

SEO - Search Engine Optimization

SWOT - Strengths, Weaknesses, Opportunities, Threats

TME - Tech Media Enabling

VCF - Value Creation Funnel

VCW - Value Creation Wheel

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Abstract

The following work project has as its main research question the possibility of internationalizing the European online fashion retailer About You to the Asian market. This Field Lab analyses the attractiveness of the online fashion industry and the opportunities in Asia and identifies Singapore as the most attractive market for expansion. This research provides an understanding of whether an expansion to Singapore is appealing to the brand and provides recommendations on how to proceed in the areas of Marketing, Strategy, Operations, and Finance.

Keywords

Fashion | E-commerce | Asia | About You | Singapore | Internationalization

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1. Introduction

1.1 Introduction to the topic

The global apparel segment is currently estimated to be worth \$1.53tn USD and is expected to increase to \$1.89tn USD by 2026. Geographically, the two countries that generate higher revenue are the United States of America and China. India is the third country that accounts for more revenue even though on a substantially lower scale. The fashion industry is recovering from the pandemic faster than predicted by the experts. The sector is expected to grow globally in the following years in all segments including apparel, footwear, and accessories. Covid accelerated e-commerce sales as more consumers shopped online, and even though the dominant channel is still the offline channel, the online is gaining share and it will keep doing so in the future.

About You is a German online fashion retailer that currently operates exclusively in Europe, selling in 26 European countries. The online retailer sells clothes, shoes, and accessories from over 3,500 quality brands such as Nike, Ralph Lauren, Guess, Calvin Klein, and Michael Kors, among others. In addition, they also sell their own labels: About You and Edited. Their goal is to digitize the offline shopping experience for younger generations and create a personalized and inspiring shopping experience by helping you discover fashion and your personal taste. The brand is influencer-driven, meaning it collaborates with local influencers to promote and raise awareness.

In the next few years, Asia will have the fastest-growing economy in the world. The region is experiencing a rise in the middle class with higher income, which raises the interest of many businesses and sectors. The younger generations, Generation Z (Gen Z) and Millennials, are the main drivers of consumption in Asia, and they are also the main consumers

of About You. They were born in the digital era, so they are naturally tech-savvy and engage more in e-commerce.

With this in consideration shouldn't About You explore these opportunities and invest abroad?

1.2 Research Questions

The goal of this Field Lab is to identify the most attractive market in Asia for expansion for About You. After identifying this market, an internationalization plan is made to assess if the decision of expanding is feasible and realistic. Therefore, the main research questions this project aims to answer are the following:

RQ1: Is About You operating in a profitable growing sector?

RQ2: Where should About You expand to within Asia?

RQ3: Does Singapore have favorable macro and micro characteristics?

RQ4: How should About You enter that market from a Strategic perspective?

1.3 Field Lab Structure

In order to answer those questions, this Field Lab is divided into 9 different sections:

1° - Introduction: brief overview of the fashion industry and the Asian market, both further explored in the Literature Review, as well as a brief presentation of About You;

2° - Literature Review: analysis of the global fashion sector as well as the e-commerce market and the current opportunities in Asia, after which it is possible to answer RQ1;

3° - Company Overview: analysis of the brand's key characteristics such as the brand's mission and business model;

4° - Methodology: explanation of the tool used to select the new market as well as the qualitative research methods including an interview conducted with one of the brand's employees and 7 consumer interviews;

5° - Country Selection: selection of the most attractive country for expansion using the value creation wheel framework, which provides a conclusion for RQ2;

6° - Findings and Data Analysis: includes two subsections. The in-depth analysis of Singapore after which it is possible to answer RQ3, and the internationalization plan for About You.

7° - Results: the five research questions are answered using the data collected;

8° - Limitations: the main drawbacks of the project are presented;

9° - Conclusion.

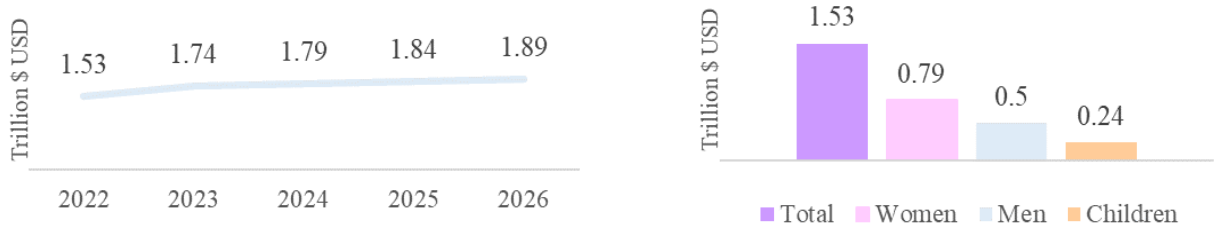
2. Literature Review

2.1 Fashion Industry Overview

Fashion is often “associated with the design and style of clothing, accessories, and footwear” but the industry also “ includes the production, supply, distribution, and sales of such items, supported by a global network of manufacturers and workforce both in the manufacturing and retail side of the industry” (Statista Research Department 2022i). The fashion industry includes different segments. “The most obvious segmentation within the clothing and apparel industry is between womenswear, menswear, and clothing produced for babies and children.

The industry can be further broken down into more specialist sub-industries, including accessories, jewelry, watches, shoes, leather goods, and bags” (Statista Research Department 2022j). Fashion retail, in particular, is a part of the industry driven by brands that engage in mass production and ready-to-wear products. Overall, the fashion industry is characterized by “a tremendous variety of products, small product life cycles, unpredictable and volatile demand, and inflexible, long supply procedures” (Statista Research Department 2022i).

Figure 1: Evolution of apparel revenue worldwide Figure 2: Apparel revenue by sub-segment in 2022



According to Statista, in 2022, the global revenues in the apparel segment are estimated to reach \$1.53tn USD and are expected to increase steadily until 2026 (Statista Research Department 2022b). The apparel segment encompasses three sub-segments - women’s, men’s, and children’s apparel. Women's is the largest sub-segment and in 2022 it is expected to have a worldwide market value larger than the men’s and children’s sub-segments combined (Statista Research Department 2022b).

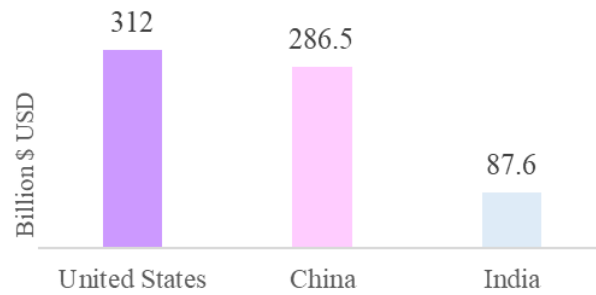


Figure 3: Revenue of leading apparel countries in 2022

In 2022, the United States of America and China will be the two countries that generate a higher portion of the previously stated apparel revenue (Statista Research Department 2022b). According to the same source, India will be the third largest apparel market, even though with substantially lower revenues when compared to the two biggest markets.

The fashion industry is recovering from the pandemic faster than predicted by experts, demonstrating resilience and an ability to adapt to challenges. According to Mckinsey's senior partner Achim Berg, the predictions where the industry would achieve the 2019 level only at the end of 2022 but globally that level was achieved at the end of 2021 (Berg 2022). This recovery was different depending on the geography, with Asia “with the very strong leadership of China” showing a quicker recovery than Europe, which had a bigger challenge due to the lack of international travelers and the fragmentation of the markets (Berg 2022).



Figure 4: Leading apparel exporters in 2020

Figure 5: Leading apparel importers in 2020

In 2020, China was the leading apparel exporter, with an export value of \$154bn USD, with European Union ranking second (Sabanoglu 2021a). In the same period, the leading importer was the European Union, with the United States of America ranking second and Vietnam ranking third (Sabanoglu 2021b).

The industry is experiencing a trend toward secondhand apparel, “which is forecast to grow, as the consumer demand for more environmentally conscious apparel options increases” (Smith 2022h). The market value of secondhand apparel worldwide was estimated at \$96bn USD in 2021 and is expected to more than double by 2025 (Smith 2022f). Part of this growth can be attributed to the younger generations, Generation Z and Millennials, who according to a survey conducted in 2021 are more likely to purchase these items since it represents a more environmentally conscious solution and enables them to purchase clothes that otherwise would be too expensive (Smith 2022f).

“In recent years, the sports apparel and athletic wear markets have benefitted from changing consumer trends” (Smith 2022b). The concern about health and having an active lifestyle, especially coming from younger generations, explains the increasing demand and revenue growth of the sportswear market. The global sports apparel market generated \$179bn USD in 2021 and it is expected to increase to \$191bn USD in 2022, with forecasts showing a continued increase until 2026 (Smith 2022b).

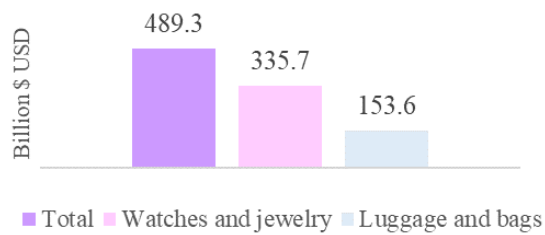


Figure 6: Accessories revenue worldwide in 2022

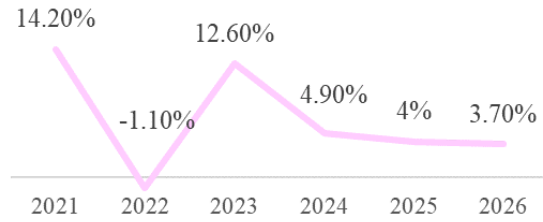


Figure 7: Accessories revenue change

Within fashion, the accessories segment is also worth mentioning. Accessories encompass two sub-segments - luggage and bags, and watches and jewelry - with the latter contributing the most to the 2022 worldwide revenue (Statista Research Department 2022a). As seen in the chart above, in 2022 the revenues will most likely decrease compared to the previous year, but as of 2023 only revenue increases are to be expected (Statista Research Department 2022a). Unlike apparel, in global comparison, China is the country that generates the highest accessories revenue, an amount of \$98.34bn USD in 2022.

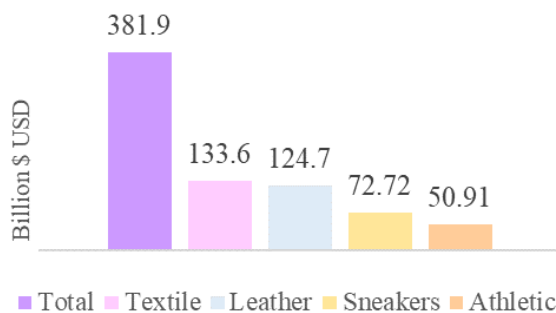


Figure 8: Footwear revenue worldwide in 2022

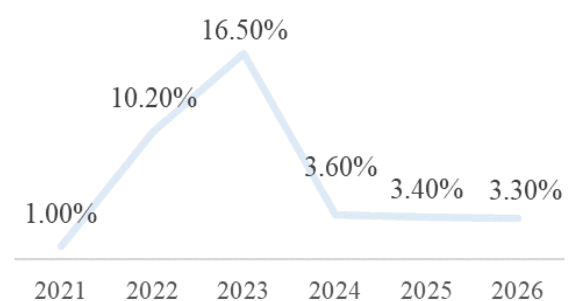


Figure 9: Footwear revenue change

The footwear segment has also shown some growth. This segment encompasses four sub-segments - athletic footwear, sneakers, leather footwear, and textile and other footwear – with the latter being the largest sub-segment globally in 2022 (Statista Research Department 2022e). According to the same source, in 2023 footwear revenues are expected to have the most significant increase since 2015.

Asia is the region with the highest consumption of footwear, accounting for 55.8% of the world’s total value in 2020 (Smith 2022c). Since Asia represents more than half of the worldwide consumption, it is natural that seven Asian countries integrate the top ten leading global footwear consumers, with China taking the first place with 3.94 billion pairs bought in 2020 (Smith 2022d). The Asia-Pacific region is not only the leading region of footwear consumption but also the dominant region of footwear production since China, India, Vietnam, and Indonesia are the four leading worldwide footwear producers (Smith 2022a).

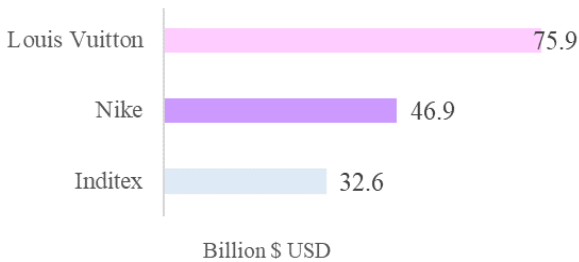


Figure 10: Sales of leading fashion brands in 21/22

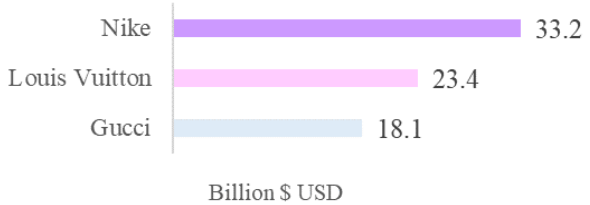


Figure 11: Top fashion brands in 21/22 by brand value

Concerning industry players, the company that generated the highest sales worldwide between April 2021 and April 2022 was LVMH followed by Nike (Smith 2022e). The ranking switches by brand value, with Nike in this case being the most valuable brand in 2022, achieving a \$10bn USD margin over the second most valuable apparel company Louis Vuitton (Smith 2022g).

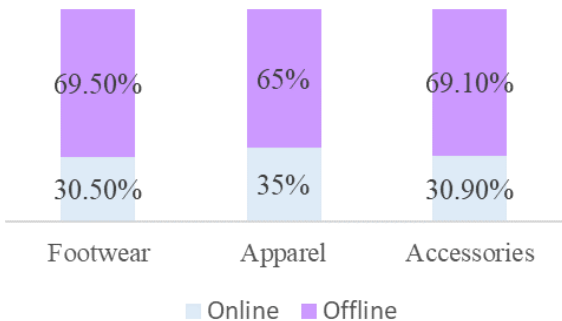


Figure 12: Sales channels in 2022 by segment

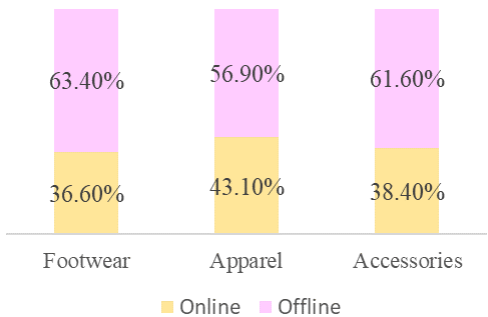


Figure 13: Sales channels in 2025 by segment

In terms of sales channels, the offline channel is still preferred worldwide across all fashion segments, covering more than half of consumption (Statista Research Department 2022a);(Statista Research Department 2022b);(Statista Research Department 2022e). Nevertheless, the online channel will “steal” part of these shares in the following years.

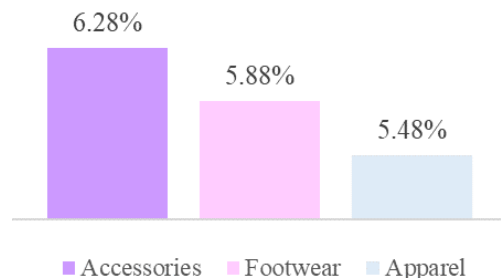


Figure 14: CAGR until 2026 by fashion segment

Finally, when comparing the compound annual growth rate (CAGR) of the three main segments of Fashion between 2022-2026, the accessories segment is expected to grow annually the most and the apparel segment, despite being the largest in terms of revenue, is expected to grow the least (Statista Research Department 2022a);(Statista Research Department 2022b);(Statista Research Department 2022e).

Michael Porter’s 5 forces framework

Michael Porter defends that “organizational performance will be primarily determined by industry forces” therefore it is relevant to analyze external forces and industry variables to get and keep a competitive advantage (David 2011, 63). Porter’s 5 forces framework indicates how attractive/unattractive the analyzed industry is from a profit-making point of view (David 2011, 74). This analysis can be done from the perspective of different value chain players but in this case, it was performed to assess how attractive the fashion industry is from a new incumbent's perspective and to complement the previous data about the sector. The following table sums up the key aspects that justify the attractiveness score given to each force that ranges

between (low attractiveness) and 5 (high attractiveness). A more detailed and clarified analysis can be found in [Appendix A](#).

Michael Porter's 5 forces	Attractiveness (1 to 5)
Threat of new entrants • Fashion retailers customers have weak brand loyalty - easy to steal customers (McCormick et al. 2014, 52); • E-commerce reduces entry barriers by keeping costs low and providing quicker visibility (McCormick et al. 2014, 49); • Apparel production know-how is easily found or established (Hergeth 2008, 144–45); • Media tools as facilitators (Hergeth 2008, 144–45); • Distribution channels are easily accessed (Hergeth 2008, 144–45). Conclusion: The threat is <u>high</u> because there are no effective entry barriers for entering fashion retailing and e-fashion in particular, which is attractive for a new retailer.	
Supplier power • Global abundance of garment manufacturing capacity (McCormick et al. 2014, 54); • Imbalance between supplier/buyer concentration (McCormick et al. 2014, 54); • Retailer power advantage over outsourcing third-world suppliers (McCormick et al. 2014, 54). Conclusion: The supplier's bargaining power is <u>low</u> which is attractive for a new fashion retailer.	
Buyer Power • Customers have no switching costs between brands - easy to shift (McCormick et al. 2014, 52); • Weak brand loyalty; • Internet provides transparency - easy to compare offers (McCormick et al. 2014, 52); • Buyer as the dictator of prices - as shown from the thriving of Primark (McCormick et al. 2014, 52). Conclusion: The buyer's bargaining power is <u>high</u> which can be a risk for fashion retailers.	

Threat of substitute products or services • Clothing competing with technology consumer goods, leisure and beauty activities (McCormick et al. 2014, 55); • Risk of preferring the latest electronic product rather than a fashion item (McCormick et al. 2014, 55); • Shift in society from materialistic thinking to an experiment fulfillment (McCormick et al. 2014, 55); • Personal care and healthy living trend - fitness, skincare, and manicures might decrease fashion retailer's sales. Conclusion: Fashion is competing for the consumer's wallets with many other industries; therefore, the threat of indirect substitutes is <u>relatively high</u>, which is not ideal for fashion retailers.	
Intensity of rivalry • High number of players with similar sizes and targets (McCormick et al. 2014, 54); • Homogeneity of product offering (McCormick et al. 2014, 54); • Overcapacity in the market, leading to price wars (Hergeth 2008, 143–44); • Technology enhances rivalry with the personalized wishlists and stock notifications (McCormick et al. 2014, 54). Conclusion: The intensity of rivalry is <u>high</u> in this industry which might be less attractive to new fashion retailers.	
Overall the Fashion industry scores 3.2 on the attractiveness scale.	Average score: 

Figure 15: Michael Porter's 5 forces applied to the fashion industry

2.2 Definition and Evolution of E-commerce

E-commerce is a concept that has been gaining relevance and importance nowadays, and even though there is no universal definition of e-commerce, the descriptions of different authors lead to the same idea. According to Roger Clark, “e-commerce is defined as the trading of goods and services through telecommunication and telecommunication tools” (Babenko et al. 2019, 1). The concept can also be defined as “doing business online, selling goods and services that are delivered offline, as well as products that can be digitized and delivered online

such as software” (Babenko et al. 2019, 1–2). E-commerce platforms are online marketplaces that offer consumers a convenient and cheaper way to choose and buy products and services without having to go to physical stores, easing product and price gathering and research. This facilitates consumer decision-making and product comparison, which contribute to higher online purchases and the success of e-commerce that depends on consumer involvement. E-commerce is as beneficial to consumers as it is to companies, as it eliminates geographical barriers, which facilitates global communication and reduces transaction costs. However, besides its many advantages to both consumers and online retailers, e-commerce faces a significant challenge imposed by the consumer's risk perception since they do not have product trials and have to fill in their financial information and other personal data during online transactions. This imposes a risk for consumers who fear their product not meeting the desired quality and the risk of financial loss, which adds up to possible privacy concerns that might reduce their willingness to buy online.

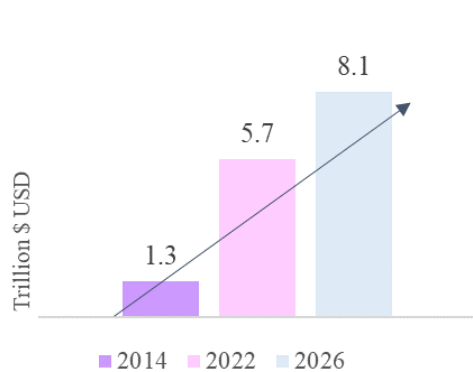


Figure 16: Evolution of retail e-commerce sales worldwide

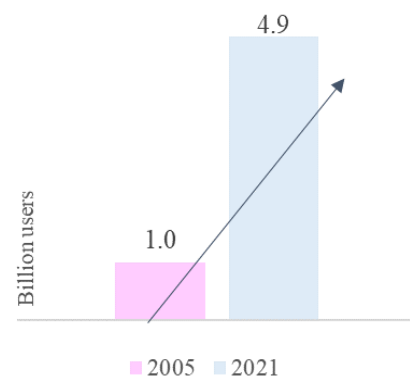


Figure 17: Evolution of internet users worldwide

Despite its challenges, e-commerce has been growing and gaining relevance worldwide. According to Statista, worldwide retail e-commerce sales have been growing throughout the years and are expected to continue rising (Chevalier 2022a). The continued growth and success of online shopping are enabled by a number of drivers, namely the increasing and widespread availability and use of the internet worldwide (Babenko et al. 2019, 4). The graph above shows

how the number of internet users worldwide has been rising, which is a result of the increasing and easier access to computers and smartphones, as well as the modernization of countries (Statista Research Department 2022k). The development of digital markets requires a sufficient digital structure, represented by indicators such as internet penetration, broadband subscriptions, connection speed, and smartphone penetration (Rotar 2021, 23).

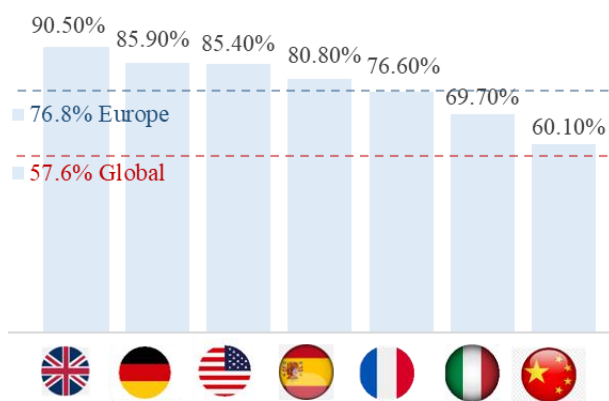


Figure 18: Internet penetration in 2019

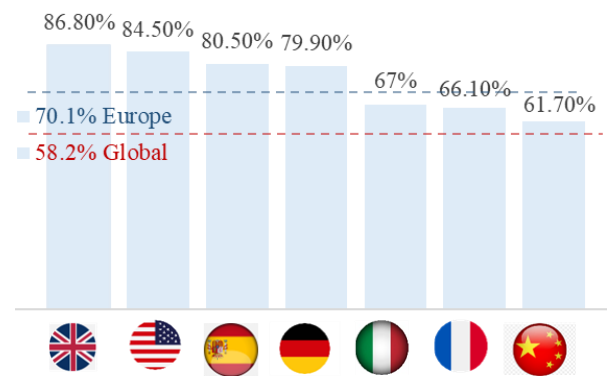


Figure 19: Smartphone penetration in 2019

According to 2019 data from Statista, Europe has a higher internet penetration compared to the global rate, as well as a higher smartphone penetration compared to the worldwide rate. Nevertheless, the rise of smartphones has made e-commerce more accessible, as well as the rising global broadcast subscriptions and average connection speed (Rotar 2021, 24–26).

The globalization of firms is also a key factor in the spread of e-commerce since globalization increased competitiveness, consumer demands, and the need for innovation (Santos et al. 2017, 3), and so “it is expected that large companies are likely to use e-commerce more intensively than less global firms” to better compete in the global market and protect and expand their market share (Babenko et al. 2019, 4). “The eCommerce market has evolved from

a simple counterpart of brick and mortar retail to a shopping ecosystem that involves multiple devices and store concepts. Customers are offered numerous new approaches to shopping to integrate into their lives” (Rotar 2021, 2). Therefore, while e-commerce might have been restricted to large corporations in the 1970s to establish private communication, document exchanges, and financial transactions among them (Santos et al. 2017, 3), nowadays most “companies have integrated the electronic market in their strategies to increase visibility and access the global market” (Rosário and Raimundo 2021) and to not lose their customers to their competitors (Babenko et al. 2019, 1). Therefore, it is expected that e-commerce sales as a percentage of total retail sales worldwide will increase, which according to Statista, can be seen with a smaller rate of 7.4% of total retail sales in 2015 and nearly 19% in 2021. Moreover, forecasts estimate that e-commerce will account for almost a quarter of total retail sales by 2026 (Coppola 2022).

One of the biggest and most recent drivers of e-commerce growth has been the pandemic which impacted global trends and changed the nature of businesses. With the pandemic, consumers avoided going to brick-and-mortar stores and started preferring to buy from home, which represented a huge growth opportunity for e-commerce platforms (Bhatti et al. 2020, 3). As a result of consumers avoiding in-store purchases, global e-commerce sales had an additional increase of 19% in 2020 and grew an additional 22% in 2021 compared to pre-Covid-19 forecasts. Thus, the 2021 e-commerce report from Statista shows that forecasts for the global e-commerce revenue were bigger in the post-Covid-19 analysis compared to pre-Covid-19 results (Rotar 2021, 9). Even though the impact of Covid-19 differed across goods and industries, 2020 forecasts from Statista indicate that all e-commerce segments were expected to grow due to the pandemic, mainly the Food & Personal Care segment with an expected

growth of 26% and the Toys, Hobby & Do It Yourself (DIY) segment with an estimated increase of 21% (Rotar 2021, 8).

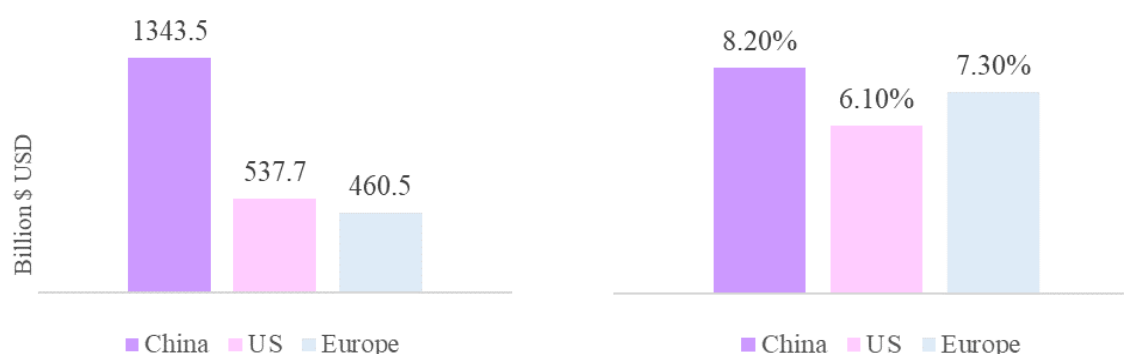


Figure 20: Revenue of top e-commerce markets in 2020 Figure 21: CAGR of top e-commerce markets until 2025

The 2021 e-commerce report from Statista shows that out of the three major e-commerce markets- China, the United States, and Europe- China was the largest global e-commerce market in 2020, with the fashion segment being the most profitable. China is expected to stay in the lead through 2025 as its revenues are expected to grow at a higher CAGR up to that year. The United States was the second largest e-commerce market in 2020, followed by Europe, which will remain the third-largest e-commerce market by 2025, despite having an anticipated CAGR until 2025 higher than the United States (Rotar 2021, 5). The rising adoption of e-commerce in different markets can be potentially explained by a number of socio-economic factors, such as Gross Domestic Product (GDP), consumer spending, population size, and urban population (Rotar 2021, 27). The following table exemplifies the previous, with data from 2019.

Country	Population	GDP per capita	Per-head consumption
China	1.4bn	\$10,295 USD	\$4,235 USD
United States	329m	\$65,142 USD	\$44,255 USD

Figure 22: Socio-economic factors of China and the United States in 2019

China has the largest population worldwide, which makes it the biggest e-commerce market, despite the highest GDP per capita in the United States as well as its higher per-head consumption expenditure, which is 11 times higher than in China (Rotar 2021, 28–30). Additionally, age also influences significantly online behavior. Online purchases are more extensive among Millennials and Gen Z due to their tech knowledge that allows them to navigate e-commerce platforms and perform transaction processes in an uncomplicated manner (Rosário and Raimundo 2021). When it comes to social commerce spending, a 2021 survey showed that by 2025, Millennials will account for the majority of the global social media shopping spending, followed by Gen Z shoppers (Chevalier 2022b).

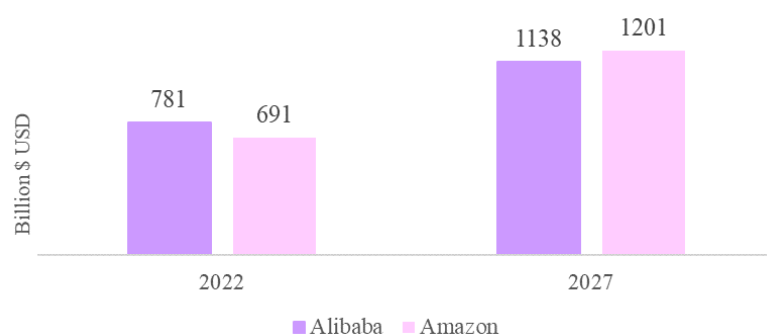


Figure 23: Sales evolution of leading e-commerce retailers worldwide

The graph above shows the leading e-commerce retailers worldwide in 2022 and 2027, based on estimated sales. Therefore, the leading e-commerce retailer worldwide is the Alibaba Group- a Chinese online marketplace that has as subsidiaries large online retailers such as Taobao and Tmall- followed by the US marketplace Amazon. However, forecasts indicate that Alibaba will lose its leading position to the US giant by 2027 which will generate more sales (Statista Research Department 2022l).

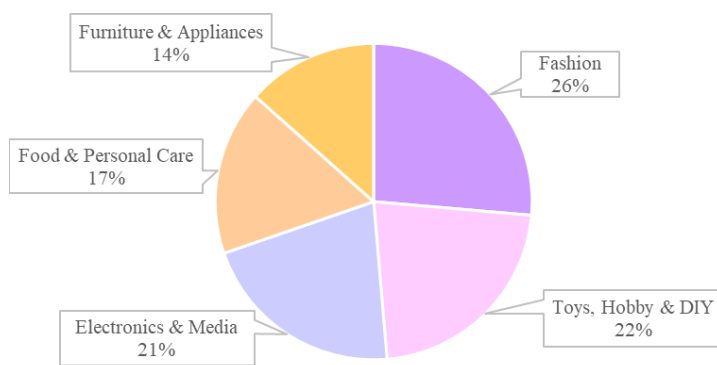


Figure 24: Revenue from e-commerce segments in 2020

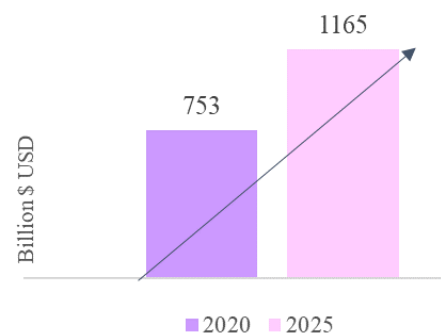


Figure 25: Evolution of E-fashion revenues

The 2021 e-commerce report from Statista divides the e-commerce market into five segments- Fashion, Electronics & Media, Toys, Hobby & DIY, Furniture & Appliances, and Food & Personal Care- with the Fashion segment being the largest e-commerce segment, followed by the Toys, Hobby and DIY and the Electronics & Media segments, respectively. In 2020, out of the global e-commerce revenues of around \$2.9tn USD, \$753bn USD come from the online fashion segment whose revenues are expected to grow to \$1.2tn USD by 2025 (Rotar 2021, 4–6). Thus, it becomes relevant to know the leading e-commerce fashion companies worldwide. As of June 2022, the German marketplace Zalando stands as the leading fashion e-commerce company with the highest market capitalization (Chevalier 2022c). According to the same source, the German marketplace About You came in fifth, and the UK online retailer ASOS came in sixth. Moreover, the US online retailer Macy’s and the UK e-commerce company Next can be described as two of the biggest players in the online fashion segment (Rotar 2021, 49).

As e-commerce gains more importance and relevance in businesses these days, it is crucial to analyze and follow up on its trends. One of its trends is the shift to mobile commerce, which is the buying and selling of goods through “handheld computers or smartphones via a

remote (Internet, GPRS, etc.) connection” (Babenko et al. 2019, 2), as consumers increasingly spend more time on mobile devices. As a consequence, companies are now adapting web shops for mobile devices and developing mobile device applications to satisfy customers (Rotar 2021, 11). Online retail is also shifting to a marketplace distribution where consumers can access and compare a variety of products on a single website, which offers a more convenient, easier, and quicker shopping experience (Rosário and Raimundo 2021). Among these trends are also the simplification of the check-out process and payment, and the optimization and convenience of the delivery, both of which are drivers of growth in e-commerce as they increase the shopper conversion rates. Therefore, online retailers are reducing the number of clicks to purchase, allowing customers to log in with their Facebook profile, and increasing mobile check-out speed through Google’s new approach, “Pay with Google”. Also, initiatives such as providing exact delivery times for working people, drone deliveries, and same-day delivery are optimizing product and service delivery (Rotar 2021, 12). Among these trends are also the loyalty & memberships programs that offer customers loyalty bonuses such as shorter delivery times or price discounts, and the VoiceCommerce which is the “processing of voice orders by smart agents like Siri or Alexa”. This concept is more suitable for customer’s re-order since it eases the re-ordering process while increasing the average revenues per customer (Rotar 2021, 13). A final trend would be the increasing adoption of Augmented Reality (AR) by e-commerce platforms to improve the customer experience and influence online purchasing intentions. “AR creates a technology-enabled visual experience that enables consumers to view and experience the targeted product”, enabling consumers to visualize and evaluate products and services before their purchase (Rosário and Raimundo 2021). Thus, Dynata suggests that AR is the solution to the consumer’s biggest drawback of online shopping- not being able to touch/feel products- and a survey performed by Dynata suggests that Gen Z shoppers were the most interested in AR shopping experiences, followed by Millennials (Dynata 2022, 15–20).

2.3 Opportunities in the Asian Market

In the next 10 years, Asia will have half of the world's spending growth and will be the fastest-growing economy in the world, generating a consumption growth of \$10tn USD. This growth is a result of the many opportunities in the Asian market which have been noticed by companies that want to leverage the growing market and expand to Asia to generate more revenue, making this market indispensable for their profits and sustainable growth (Tonby et al. 2021).

The Asian-Pacific (APAC) is becoming an attractive region for companies to invest in due to its many opportunities, one of which being the highest level of consumption compared to any other region of the globe. Firstly, the rise of the middle class is one of the opportunities that attract several businesses to this region. After the war, the world economic landscape changed, and as matured markets started to decline, emerging markets started to appear, among them the Asia-Pacific region. Back then, the region had a huge economic growth that led to the development of the countries, creating business opportunities and, more importantly, helping raise the middle class, which had more access to education and as a result better job opportunities that gave them a higher disposable income, a very appealing factor for businesses (Weber 2015).

The rise of the middle class which first occurred in America and Europe started to appear in Asia once the region began to grow economically. The disposable income of this middle class became the "jewel" for businesses (Hastuti e Jauhari 2021). Thus, the consumerism of this social class is not only a way to satisfy their "needs" and "desires" but also a way to signal their status in society and resemble their peers to establish their place in this class. This new rich class, unlike others, can keep up with their consumption even in moments of crisis, which

creates a disparity between classes, a structural characteristic of Asian society (Beng-Huat 2002).

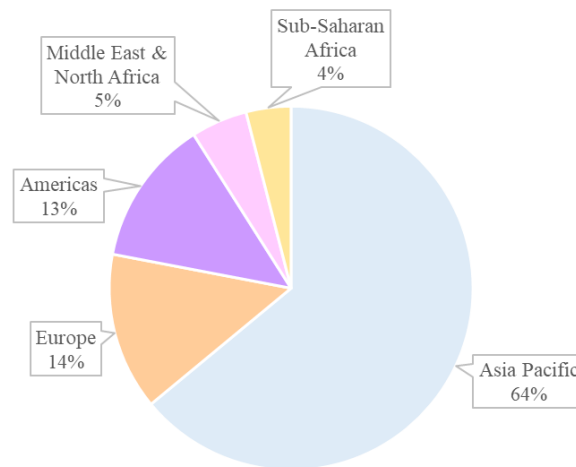


Figure 26: % of middle class population in 2030 by region

This social pressure to convey a high social status in society represents yet another opportunity for businesses. Due to the economic growth in this region, the levels of poverty will decline as Asia's middle class will grow immensely and expectantly represent 64% of the Asia-Pacific population in 2030, which is by far the highest middle class percentage compared to other regions in the world (Buchholz 2020).

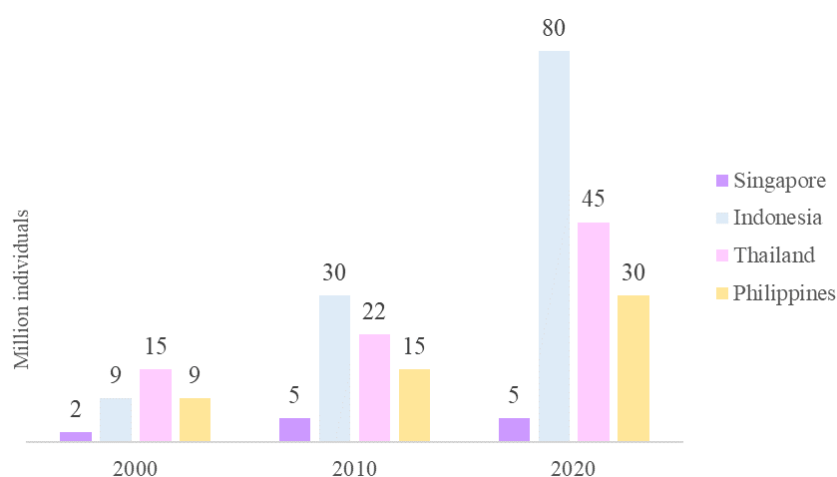


Figure 27: Evolution of the number of individuals part of middle class by region

The previous graph shows the evolution in the number of individuals that are part of the

middle class in some APAC regions. There has been an increase in the middle class in most of the countries of the region, leading to an increase in the purchasing power of consumers. Moreover, Indonesia has had the biggest increase over the years, growing from 9 million to 80 million individuals being part of the country's middle class (Statista Research Department 2020). This opens a big opportunity for businesses to enter this market, as the consumer base will be larger than in other countries and their level of consumption will continue to grow due to their cultural and social context. Moreover, Asian governments foster this continuous consumption since it promotes the region's growth, and so despite governments despising Western businesses entering the region, they still help and promote their entry (Beng-Huat 2002).

Furthermore, globalization and financial liberation fostered the region's consumption growth as these two factors promoted the liberalization of Foreign Direct Investment (FDI), which helps external investments and businesses enter this region and the company's marketing to reach its consumers. Therefore, trade has intensified in this region as foreign companies have also started to outsource their production from Asia due to its lower costs, which has led to higher growth in Asia's GDP (Asia Development Bank 2020).

The younger generations are the main drivers of consumption in Asia, as they have different consumption philosophies compared to older generations, namely Generation X (Gen X). While the latter is more focused on rising economic prosperity, ensuring the stability of their household, and ascending socially the younger generations- Millennials and particularly Gen Z- are the ones making use of the disposable income of their household on the considered desirable goods (Beng-Huat 2002). Therefore, the younger generations form an opportunity for businesses to leverage, as they convey characteristics that make them a desirable target. According to a McKinsey report, Asian consumers from Gen Z are more willing to consume as they were born in different circumstances than the other generations. This generation alongside

Millennials was born in the digital era, where information about products and services is easily accessed and the act of purchasing is more convenient. Gen Z is the generation that spends more time in the digital world, spending on average 8.5 hours a day, 2 more hours in comparison to Millennials and Gen X. This plays a difference between generations, as Gen Z is highly influenced by the digital, especially social media. They are also less likely to get a full-time job and therefore make less money, which makes them more demanding in terms of price-quality ratio and more eager to look for the best deal (Kim et al. 2020).

The rise of the internet opened the door for other forms of business to appear and shape consumer behavior. As seen previously, consumers are shifting their habits to the digital world, especially the younger generation, opening the opportunity for the growth of e-commerce in the Asian market (Kim et al. 2020). E-commerce represents an opportunity for these countries to participate in the digital economy by allowing local businesses to participate as vendors and foreign businesses to enter the Asian market through the online channel, allowing consumers to access foreign goods and services more quickly and conveniently. E-commerce in Asia is still a big market to tackle with a lot of room to grow. The region is becoming more digital as people are adopting the internet in their daily lives.

Internet Users: 3.1 billion users
Internet Penetration: 61 %

Figure 28: Internet users and internet penetration in Asia in 2021

The region represents a major opportunity for online retailers as it has the highest number of internet users since it has the highest population density in the world (Statista Research Department 2022k). However, Asia has a lower internet penetration of 61% compared to Europe's 87% penetration rate (Statista Research Department 2022k). Despite these numbers, the

previous indicator will increase in Asia, as Asian consumers tend to adjust their behavior to leverage the new opportunities to acquire goods and services (Hastuti e Jauhari 2021). Asia has a large base of young individuals and can be considered a younger region than Europe, which represents an opportunity as the younger generations are the drivers of consumption nowadays, as seen previously. Asia seems particularly interesting for e-commerce, as the younger generations account for more than 65% of the total population of the region (Statista Research Department 2022h), which opens a big opportunity for businesses, particularly for e-commerce platforms to enter this market as the younger generations are shifting their consumption towards online which is aligned with the shift of trading to the online environment, for example, the transition to card payment (Kim et al. 2020).

Summing up, the Asian market seems to have major opportunities for businesses, especially in the e-commerce and fashion-related sectors. As mentioned previously, the wide group of younger generations who are the main drivers of consumption in this region, the rise of the middle class, and the growth of internet connectivity in the region make several businesses grow and thrive from these opportunities, which increases the potential of this market compared to the European or American market. Within e-commerce, the electronics and fashion sectors will have the highest revenues, especially fashion, which in 2025 will have the highest share of e-commerce revenues since in this market the population is very driven to fashion consumption (Statista Research Department 2022c).

3. Company Overview

About You is an e-commerce fashion company founded in 2014 and based in Hamburg, Germany, whose mission is to “digitize the offline shopping stroll for Gen Y&Z” (About You 2022c, 3) by creating a personalized and inspiring shopping experience on the smartphone to help consumers discover fashion and their personal taste. According to the founding members,

this is “one of Europe’s fastest growing fashion platforms of scale for young and fashion-conscious customers” (About You 2022c, 3) which has become Hamburg’s first unicorn since 2018 as it was a privately held startup that achieved a valuation of over \$1bn USD. About You operates in the online fashion industry, which is a large, growing, and fragmented market that remains an opportunity for the company. About You is a mobile-born company, as it has over 80% mobile revenue share- revenue share for apps, mobile web, and tablets- and its vibrant community allows the company to have more than 45 million monthly active users (About You 2022c, 9). According to Vishal Mishra, one of About You’s Senior Project Managers of International Markets, About You targets Gen Z and Millennials, particularly consumers between 18 and 45 years old who shop more than 2 to 3 times a year and have purchasing power. Also, the brand aims to reach all genders, even though most consumers are female. The business focus- Gen Y&Z- is expected to represent the majority of spending in Europe by 2035, specifically 54%. These generations are often associated with impulsive purchases and are influenced by influencers more than by traditional ads (About You 2022c, 8).

The company operates exclusively in European markets and is currently in 26 markets as per May 2022. The outstanding company growth within Europe is enabled by its go-to-market strategy that grants rapid internationalization, and by its Distribution Center (DC) network plan that enables scaling. The go-to-market strategy is a 6 stage playbook to enter a new market that begins with the exploration stage- the first high-level assessment- and ends with the profitability stage- monetizing the customer base (About You 2022c, 12–13).

The fashion online retailer offers close to 600,000 products from more than 3,500 premium brands of clothes, shoes, and accessories with a wide range of prices (About You 2022c, 3). The Partner Business of this online marketplace “offers fashion brands and retailers the opportunity to integrate their assortment into Europe’s fastest-growing fashion platform” (About You n.d.). Some of these partners are Nike, Adidas, Guess, GAP, Ralph Lauren, Calvin

Klein, and Michael Kors, as well as two private labels, About You and Edited, that according to Vishal Mishra, represent a smaller portion of what is sold by the company as most business is not a private label, meaning that most of what is sold by About You is not manufactured by them. Nevertheless, About You has complemented its range of third-party fashion items with its private labels as well as exclusive collaborations to distinguish itself from the competition (About You 2022b, 37).

About You is an ambitious multi-brand group whose goal is to become the number one fashion platform around the globe. The company's vision is to digitalize the shopping experience while offering personalized shopping where customers have access to products that fit their personalities which is possible through wish lists and other data-driven features that customize each experience. The brand aims to be Europe's most personal shopping destination, and to do so, they share some values based on efficiency, flexibility, and commitment, as well as an optimistic, analytical, and hands-on approach that allows them to meet deadlines and make fundamental decisions (About You n.d.).

The fashion platform wishes to fulfill its Environmental, Social, and Governance (ESG) commitments and position itself in the consumer's minds as an inclusive, fair, and circular brand. To do so, the brand aims, among other initiatives, to extend the life of fashion goods by reusing the products or their components in a cycle to decrease the environmental footprint, selling second-hand items online, and increasing revenue share from more sustainable products. Furthermore, the online retailer also aims to focus on transparency across the value chain and maintain a balanced gender distribution within the organization as shown by their solid Diversity, Equity, and Inclusion (DE&I) metric of 49% female representation across lead levels (About You n.d.).

Employees: +1,100
Nationality: 80 different nationalities
Average age: 28 years old
Gender Distribution: ~33% male; ~67% female

Figure 29: About You's employee demographics

The company employee demographics described above show that About You has a young and diverse employee structure (About You 2022b, 59).

One of About You key activities are its marketing efforts since it is an influencer-driven brand, that counts more than 20,000 influencers in its database and more than 2,500 collaborations per month (About You 2022c, 9) to enhance brand awareness. However, the brand focuses on collaborations with local influencers, which is why the third stage of its go-to-market playbook consists of building its local influencer network whenever the brand enters a new country. Besides its marketing efforts, the fashion brand also has to source its materials to manufacture the goods of its private labels, manage its own inventory and, depending on the operating model chosen by the partner, the partner's inventory, manage customer-facing processes, and sell the goods.

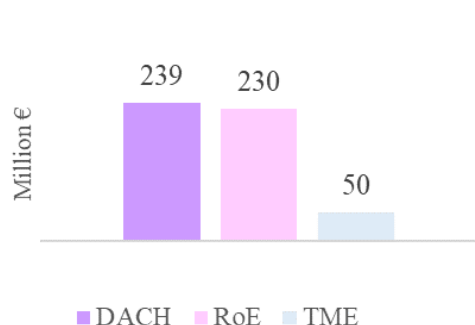


Figure 30: Segment revenue in 2022/23

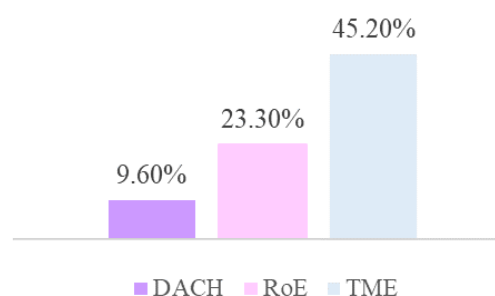


Figure 31: Revenue growth in 2022/23 by segment

About You has two sources of revenue that correspond to the sales of the two customer segments that are the company's focus: Business-to-Consumer (B2C) and Business-to-Business (B2B) markets. The B2C segment is divided into the DACH (Deutschland, Austria, and Switzerland) segment and the RoE (Rest of Europe) segment, and the B2B segment which translates as the TME (Tech, Media, Enabling) segment. Thus, besides selling its fashion items to the B2C market, About You's TME segment offers three B2B solutions- "the SaaS solution SCAYLE Commerce Technology (Tech), Brand and Advertising Solutions (Media) and 360° services along the company's e-commerce value chain, as well as other revenue-generating services and business areas (Enabling)" (About You 2022b, 36). About You's commerce engine, SCAYLE, "enables brands and retailers to scale their business across technology, operations and online marketing" (About You n.d.). Although the B2C segments drive the highest revenue for the company, the TME segment has the highest revenue growth, followed by the RoE segment and the DACH segment, according to the Quarterly Statement of 2022/2023 (About You 2022a, 11). The TME revenue growth is driven by the expansion and success of SCAYLE, although all segments are bringing revenue and growth to the company, despite the market volatility. Lastly, About You's Quarterly Statement for 2022/2023 reveals that its biggest costs concern the cost of sales, marketing, and fulfillment expenses of €289.3 million, €104.9 million, and €110.2 million, respectively, that pressure the company's profitability (About You 2022a, 10).

4. Methodology

4.1 Value Creation Wheel

The Value Creation Wheel (VCW) is a decision-making method created by Professor Lages to help people reach the optimal decision for their challenges. After identifying

criteria/filters to solve the problem and defining key decision makers, the value creation wheel narrows down the solutions using the chosen filters (admin n.d.). This method was used to decide the best Asian market for About You internationalization. The process included the following stages:

Stage 1: an Excel document was created displaying all the Asian countries.

Stage 2: The criteria/ filters were chosen as well as the relevant order. The rationale was that the primary filters would be broad measures related to the country's demographics to eliminate both the too complex and the insignificant markets. The secondary filters would be specific measures related to the online fashion sector.

Stage 3: Research was performed to find information for each criterion for each country using secondary data namely The World Bank and Statista.

Stage 4: The thresholds were discussed. The minimum value, maximum value, median, and average value were displayed for each filter to help find the thresholds.

Stage 5: The narrowing process began. If the countries did not meet the threshold for the respective filter, a 0 was attributed, and the country was not considered for the next filter. If the reverse happened, a 1 was attributed instead, and the country continued to the next filter.

4.2 Qualitative Research

4.2.1. Expert interview

To have a better understanding of About You's business and practices, an interview was conducted with the company's Senior Project Manager of International Markets Vishal Mishra, who has been working at About You for four and a half years and is in charge of expansion plans having launched the brand in several markets. This interview's main purpose was to gather relevant insights about the company's previous expansion practices, how to forecast the

financial impact of such expansion, and what should be taken into consideration on the operational, strategic, and marketing level. This information was used when doing the internationalization plan for Singapore and can be found in the full interview link made available in [Appendix B](#).

4.2.2. Consumer interviews

To get insights from the target of the selected country 7 structured interviews were conducted using the group personal network. Four preliminary questions were asked to guarantee that the consumer was part of the target. The respondent's insights were analyzed further ahead in each topic of the internationalization plan. Since the respondents did not agree to be recorded, the notes from the interviews are available in [Appendix C](#).

5. Country Selection

The geographical market selection is extremely important when a business is getting started. It defines not only the potential of the business (product or service) but also has a critical influence on success. Therefore, to choose the best market to operate, the decision will be made using the “Value Creation Wheel”.

The framework has two different approaches:

- Multi-Criteria Decision Aid (MCDA) – Where all the filters chosen are considered and summed up. The country with the highest number is considered the most attractive.
- Value Creation Funnel (VCF) – Where all the filters are put in order of priority from the most important to the least, and as soon as one country does not match one requirement, it is no longer considered in the next one.

In this case, as the challenge of this thesis is to expand the company About You to the Asian market, the countries to be considered in the framework only belong to the Asian continent.

The model starts by considering all the countries in Asia (from Afghanistan to Yemen - for full list see [Appendix D](#)) and according to the different filters will generate a final market. Both approaches were used and the filters were put in order from the most important to the least, to facilitate the VCF approach.

Starting with the VCF approach, the 1st filter that was considered was the “Population size (in thousands)” defined by the number of individuals in a population (World Bank Data 2021d). This filter was chosen as the first priority for the company’s internationalization is to analyze if there is an opportunity to scale the business and work only with the countries that have an appropriate size for the company resources. Even if the target size is significant and the market has potential if the company cannot monetize or capitalize on it due to a lack of resources it should not be considered. In the case of About You, it is important to expand to a country that is not too big since the objective is to find a market where there is space for competition as strategy is based purely in the digital world and that would demand an extremely high investment. It should not be too small either since the company has enough resources and capacity to enter a market with a medium-high population and it would not be a favorable market to leverage economies of scale.

To select the threshold, the statistics of the population size of all countries had to be considered. Therefore, the median, average, and quartiles were calculated. In this case, because of the previous explanation, the TOP 25% of countries with the highest population were excluded, together with the WORST 25%, leaving only countries with mid-size populations. After applying this filter, the following countries remained in the funnel:

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, Jordan, Afghanistan, Cambodia, North Korea, Kyrgyz, Nepal, Syrian, Tajikistan, Yemen.

Figure 32: First Filter result of the VCW

The 2nd filter used was the “GDP per capita” which is the sum of gross value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation of output, divided by mid-year population. This filter provides a basic measure of the value of output per person, which is an indirect indicator of per capita income (World Bank Data 2021b).

This filter was chosen because, after defining the scale of the business, it is necessary to understand if there is value being created in the market and if people contribute to the economy and can afford the brand. This filter comes second as it helps to see the “big picture” of the countries from a macro perspective. After filtering this, it will be possible to study the demographics of the specific target.

The threshold defined was selected to exclude all the worst results, eliminating the countries with the worst GDP per capita (below the first quartile). After applying this filter, the following countries remained in the funnel:

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, Jordan, Afghanistan, Cambodia, North Korea, Kyrgyz, Nepal, Syrian, Tajikistan, Yemen.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, and Jordan.

Figure 33: Second Filter result of the VCW

The 3rd filter considered was the “% of total population with ages between 15 – 59”. This filter was chosen after filtering the population size because it is important to guarantee that the population demographics match the target of the company (Nation Master 2020). As

previously mentioned, About You targets consumers between 18-45 years old, but since the group could not find information for that specific age group, the proposed range 15-59 was used as the best approximation.

Once again the threshold chosen excluded the worst 25%. The statistics of the countries show that in Asia this criterion ranges from 53% to 83%, with an average value of 63.9%. Therefore, in Asia, this filter has already good results overall, with all the countries being already above 50%, which is why it makes sense that only the first quartile is excluded. This way, the worst of already good results were excluded. After applying this filter, the following countries remained in the funnel:



Figure 33: Third Filter result of the VCW

The 4th filter used was the “% of the female population”, expressing the percentage of women in a certain country (World Bank Data 2021c). Similar to the previous one, this filter was selected to guarantee that the demographics of the target match the demographics of the country. Even though the brand has options for both women and men, women continue to be the main buyers when it comes to fashion and more specifically when it comes to the brand’s sales.

The threshold chosen was above average (47.7%), as the country’s results range between 25% and 53%, but are mainly concentrated between 45% and 50%. In this filter, it makes more sense to select the countries above average so that the ones with lower results are excluded. In this case, only Saudi Arabia and the United Arab Emirates were no longer considered in the funnel. Therefore, the countries that remained were:

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, Jordan, Afghanistan, Cambodia, North Korea, Kyrgyz, Nepal, Syrian, Tajikistan, Yemen.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, and Jordan.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lebanon, Saudi Arabia, United Arab Emirates.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, and Lebanon.

Figure 34: Fourth Filter result of the VCW

The 5th filter used was the “GDP growth percentage”. This is a measure of the size and health of a country’s economy over a period of time (usually a year or one quarter) and indicates if the country is becoming wealthier (World Bank Data 2021a). This filter was chosen to ensure that the chosen country has a growing economy and, consequently, people are likely to be able to continue to afford to spend money.

This filter has negative values on its statistics, with the minimum value being -18, meaning that the economy is decreasing, and the maximum value being 31, which is an outlier. The median is 3.4, and the average is 3.3. Ideally, if a country is growing that is positive. However, because the countries that remained in the funnel all grew, the value that will be used as the threshold will be above average, indicating higher growth than usual. The remaining countries were the following:

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, Jordan, Afghanistan, Cambodia, North Korea, Kyrgyz, Nepal, Syrian, Tajikistan, Yemen.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lao, Lebanon, Saudi Arabia, United Arab Emirates, Iraq, Israel, and Jordan.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, Lebanon, Saudi Arabia, United Arab Emirates.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, Uzbekistan, and Lebanon.

Singapore, Kazakhstan, South Korea, Malaysia, Azerbaijan, Sri Lanka, Turkmenistan, and Uzbekistan.

Figure 35: Fifth Filter result of the VCW

The 6th filter used was the “% of individuals using the internet” (World Bank Data 2020), which measures how many people are currently using the internet. About You is a company that sells exclusively through its online platform. Without the internet, the business cannot reach the consumer and consequently cannot generate sales. Using this filter has the side effect of excluding countries with big areas of poverty or provinces.

As the maximum value is 100%, the minimum is 0%, and the median is 70%, the threshold that was considered was 75%. As it is crucial for the business that consumers use the internet, 75% seems the minimum adequate value to use as a threshold for a business that can only survive online. After this triage, the countries that continued were:



Figure 36: Sixth Filter result of the VCW

The 7th filter used was “E-commerce fashion revenue in 2022” defined by the revenue generated by the fashion sector in e-commerce platforms (Statista 2022c). This filter analyzes the current sales, the size of the market, and if this is a sector in which the consumer invests. This filter comes seventh because now that the scale and size were already evaluated and

analyzed by considering what About You is looking for in a market, it is still missing information regarding the market potential in the specific sector: e-commerce fashion.

The threshold value chosen was the average value of all the countries after excluding the superior outliers (Japan, China, South Korea) as these countries have values (48, 266, 33) that are completely far from the reality in most of the Asian market. After calculating the average excluding these outliers, the average value of the revenue in e-commerce fashion in the Asian market goes from \$1.3bn USD to \$9.5bn USD. The goal is to expand to a country where consumers engage in the online fashion sector and, therefore, generate higher revenues. After using this filter, the countries that continued in the funnel were:



Figure 37: Seventh Filter result of the VCW

The 8th filter used was the “Growth in e-commerce fashion revenue between 2022 – 2027 in %” (Statista 2022c). This filter forecasts the revenue growth that the fashion sector in e-commerce will have between 2022 and 2027. Even though these statistics are based on the growth from previous years and are a prediction, since this expansion plan is also supposed to happen in the future and needs to generate profit in a short period of time, it makes sense to consider the growth of the following years. This filter comes in eighth since after knowing the

countries that are currently performing well in the sector, it is necessary to infer if they are expected to perform well in the future as well as to guarantee that the brand has space to grow in a sustainable way.

Since all Asian markets are expected to have growth in e-commerce fashion revenues in the next few years, the threshold chosen was once again above average, to get the countries with a higher revenue growth expectation. After applying this filter, the country that remained was **Singapore**.



Figure 38: Eighth Filter result of the VCW

In this Value Creation Funnel, the country was prematurely selected, as Singapore was presented as the most favorable market before all the filters were used in the funnel. Nonetheless, the country should be evaluated across all filters to see if it fits all the requirements first designated. The next filters were assigned to evaluate yet another macro (broader) characteristics of the country that can impact the business, particularly from a technological, legal, and political perspective.

The 9th filter used was the “Network readiness index”, an index published annually by the World Economic Forum. It explores whether a country has the drivers required for digital technologies to meet its potential and whether these technologies are actually having an impact on the economy and society (Network Readiness Index 2021). As this is a company that relies heavily on technologies and innovations, it is logical for this company to work in an environment with a high index. This index goes from 0 to 100, ranging from 32.4 to 80 in the Asian market, with an average value of 52.5. To guarantee that the country has a high advantage when it comes to digital technologies, it was used a threshold above that average value. In this case, Singapore not only has a score of Network Readiness higher than the threshold but also it is the country with the highest score among the Asian countries, scoring 80.

The 10th filter used was the “Political stability index” which measures the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means. This index ranges from -2,5 to 2.5, meaning that the minimum value of stability is 0 (Political Stability Index 2020). Based on the definition, the threshold chosen was 0, which means that the requirement to pass in this stage of the funnel is to be a country with at least the minimum value of Political Stability. It is important to notice that the average value of this filter in the database was -0.36 and it ranges between -2.73 to 1.47. Once again, Singapore passed the threshold with the highest rate compared to all the Asian markets, scoring 1.47 in this index.

The 11th and final filter used was the “Corporate tax rate”, which is the corporate tax levy that the government imposes on the income of a company (Bray 2021). This filter was displayed last as it was considered the least important, however, the company should operate in a market where this number is low. The tax rate ranges from 7.5% to 32.5%, with an average of 20.37%. The threshold was then selected as below the average, with Singapore once again

successfully passing the threshold with a tax rate of 17%.

Overall, the sequence of these filters was meant to answer positively to the criteria in the respective rationale: Is there scale and value? Is there a target? Does the value continue to grow? Is it a viable market for an e-commerce business? Does the market exist? / Does the consumer invest in this sector? Is it growing? How is it socially, politically, and legally? In the end, the country with the highest results in all of these criteria was Singapore.

In the MCDA approach- which shows how many criteria each country meets with no order of prioritization - Singapore continues to be the first in the ranking with 11 points, followed by Cyprus, Malaysia, Turkey, and Saudi Arabia, with 9 points. In fact, Singapore was the winning country in both methods, which demonstrates the robustness of the answer. For the full analysis of the MCDA and VCF approaches see [Appendix E](#).

6. Findings and Data Analysis

6.1 In-depth analysis of Singapore

6.1.1 E-fashion in Singapore

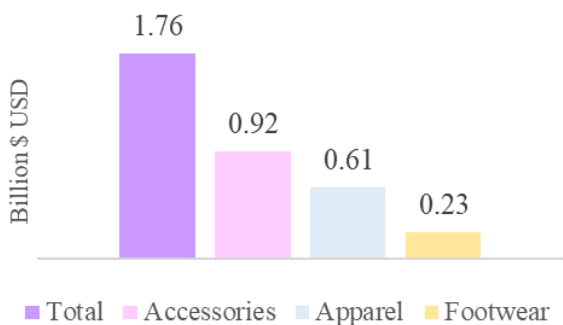


Figure 39: E-fashion revenue in Singapore in 2022

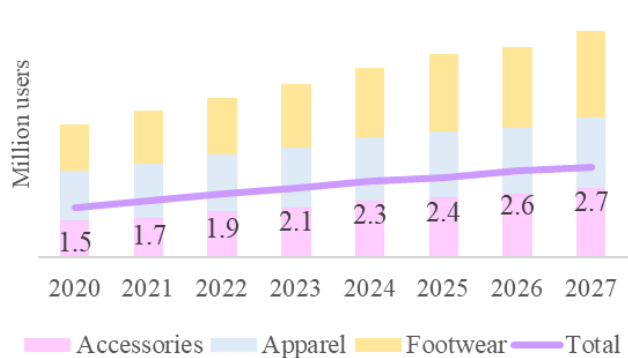


Figure 40: Evolution of e-fashion users in Singapore

According to Statista, in Singapore the e-fashion revenue is projected to reach \$1.76bn

USD in 2022. From the total \$1.76bn USD revenue, accessories have the bigger piece, followed by apparel and then footwear. As seen in the chart, in 2022 accessories will account for approximately half of the e-fashion total revenue in Singapore, a trend that is expected to continue at least until 2027 (Statista Research Department 2022d). In the same year, the total number of online fashion users is estimated at 1.90 million people and will scale to 2.10 million in 2023 (Statista Research Department 2022d). Even though accessories sales bring higher revenue, they do not bring in the most users. Until 2020, there were more active paying Singaporeans in the apparel segment and fewer users in the accessories segment (Statista Research Department 2022d). In 2022 the expectation is that the number of footwear users reaches the number of apparel users. As of 2022, footwear will likely be the segment with the most users, followed by apparel and only then accessories.

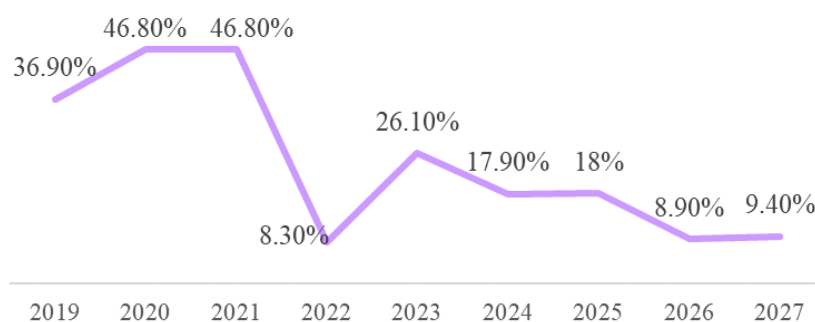


Figure 41: E-fashion revenue change in Singapore

Singapore appears to be an interesting market for a fashion retailer, particularly an online fashion retailer like About You, since the e-commerce fashion market has been growing in Singapore, and it will not stop growing in the following years. In the past years, revenue changes have been significant each year, particularly during the pandemic (Statista Research Department 2022d). The high percentages are comforting and appealing for a company like About You even though the market is expected to slow down growth-wise.

A survey conducted by Rakuten Insight demonstrated that in the past three months, as

of June 2022, the second-most purchased items online were “clothing, apparel, and fashion accessories, with 50% of respondents stating they bought these products online” (Hirschmann 2022c). These products were only beaten for food and groceries by 2%.

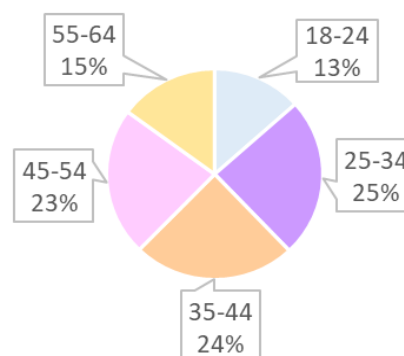
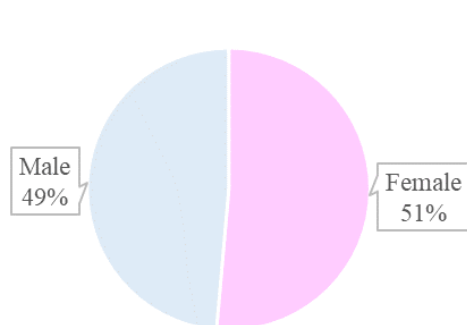


Figure 42: E-fashion users in Singapore 2021 by gender

Figure 43: E-fashion users in Singapore 2021 by age

In terms of demographics, a survey performed by Statista showed that the age group that engages in e-fashion the most is Singaporeans between 25-34 years, with 24.5% of the user share in 2021 (Statista Research Department 2022d). The second age group with the higher usage percentage is people between 35-44 years old, with only a 0.1% difference from the previously mentioned age group. Additionally, Singaporeans between 45-54 years old are more active customers than the younger age group between 18-24 years old.

The gender distribution of e-fashion users in Singapore is quite balanced. The same survey showed that in 2021 there was only a 2.8% difference between female and male users (Statista Research Department 2022d).

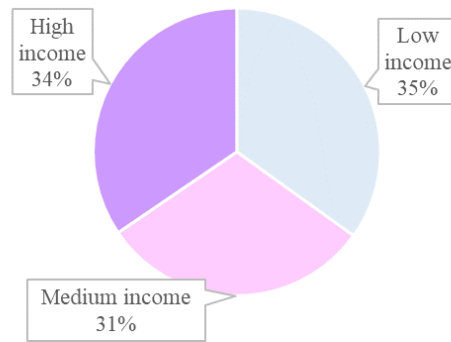


Figure 44: Income distribution of e-fashion users in Singapore in 2021

The same survey suggested that in Singapore 65.1% of e-fashion users have reportedly medium to high income. Surprisingly in this market, the higher percentage of e-fashion users corresponds to those who have a low income even though the income distribution of users is also quite even.

6.1.2 Pestel

When expanding to a new market, companies should consider the external environmental factors that influence the industry and its trends, as these external factors cannot be controlled by companies so management should scan the environment to develop their strategies and use those insights in the decision-making process. For this, Pestel is an analytical tool that helps scan the environment in a broad sense by doing a macro analysis of the external factors. Pestel is a framework that takes into consideration six components of the environment, these being Political, Economic, Social, Technological, Environmental, and Legal factors (Çitilci and Akbalık 2020)

In this section, the aforementioned framework will be applied to the fashion industry in Singapore taking into consideration the opportunities and threats that the industry faces in the region. In the first factor of this tool, the **Political** factor, Singapore offers a stable political environment that creates an opportunity for companies expanding to Singapore, as it assures

stability for their business. In fact, Singapore is the country that offers the most stable political environment for businesses in Asia (Singapore Economic Development Board 2022).

Political stability index in 2021: 1.47
Short-term risk: 3rd worldwide
Long-term risk: 29th worldwide

Figure 45: Political indicators of Singapore

The country reached the strongest value of the region in this index, and it does not face any short-term risk (Chauvin and Chenavaz 2017). Despite these opportunities, some threats might influence the entry of About You in the market, namely some policies imposed by the government that can represent a risk for businesses. Despite the fact that Singapore is a democratic country, the party currently in power imposes restrictions on friendship with other countries, public order, or morality (freedom of speech) to protect and prevent behaviors against the party and their privileges, as well as to protect Singapore's security (Hor and Seah 1991) . In this sense, this represents a risk for businesses, especially in the fashion industry, where freedom of speech is key in the industry nowadays, as consumers expect brands to be “woke”, meaning they take action and address political and social issues, which can be problematic for companies expanding to Singapore (Deloitte 2022a)

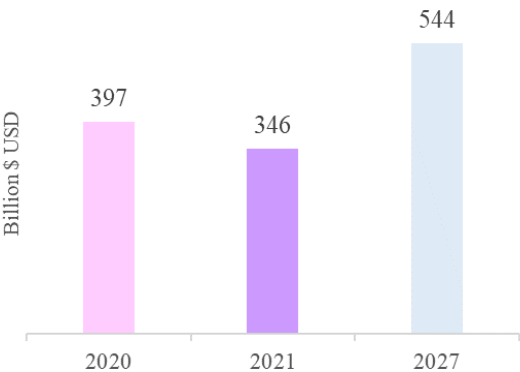


Figure 46: Evolution of Singapore's GDP per capita

A look into the **Economic** factor shows that Singapore is a region full of opportunities.

Singapore is a growing economy, considered one of the most prosperous and stronger economies in Asia. Singapore's GDP has constantly grown over the years, with a slight decrease in 2021 due to the pandemic (O'Neill 2022a).

This growth translates into the rise of the income of the middle class since, according to Statista, the monthly average income is rising each year which opens an opportunity for business as disposable income becomes larger (Hirschmann 2022d)

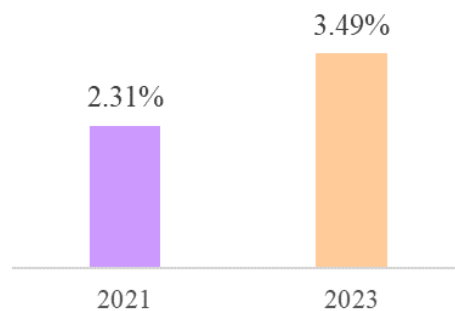


Figure 47: Evolution of Singapore's inflation rate

However, despite the economic growth that the region is experiencing, inflation rates are increasing due to the global pandemic, leading to an increase in prices that affect the purchasing intentions and purchasing power of consumers in the region, which constitutes a risk to businesses. This will be a considerable increase that will certainly affect consumer behavior and purchasing power, reducing the capacity of people to consume within this industry. (O'Neill 2022c).

The third factor of the Pestel analysis helps comprehend the **Social** environment that influences the industry. As seen previously, Singapore is growing economically, as the GDP is expected to have a substantial increase between 2020 and 2027, thus contributing to the rise of the middle class in the country. The enlargement of the middle-class forms a big opportunity for the fashion industry, as the consumer base will increase as more individuals in the country will have the higher purchasing power to afford to purchase from this industry.

An in-depth analysis of the social structure of Singapore shows that the population is

reaching higher levels of education as the percentage of university graduates increased by 9% between 2010 and 2020, which contributes to the growth of the middle class (Ong 2021). Despite these opportunities, Singapore is hitting the same stage as developed countries regarding population size.



Figure 48: Evolution of Singapore's population

The previous graph shows that Singapore is already witnessing a decrease in population growth, having had a decrease of approximately 3.2% between 2020 and 2027. (O'Neill 2022b). The decrease in the younger generations of the country affects its GDP and consequently, the purchasing power in the region, (Hirschmann 2022f) which can be very problematic for the fashion industry as Gen Z and Millennials are the main consumers and drivers of the growth of this industry, as seen previously (Amed et al. 2019)

Regarding **Technology**, Singapore shaped its economy around technology and became a data and digital-oriented economy due to the limited natural resources of the country (Chauvin and Chenavaz 2017). Singapore is considered the smartest city in Asia and was ranked the best country in the region when it comes to digital environment transformation and fourth worldwide. (Singapore Economic Development Board 2022)

The region has already a developed structure for e-commerce, which is also promoted severely by the government that invests and encourages companies to enter this type of business format, particularly before Covid-19, when the government incentive e-payment by not charging fees to register and also for vendors is less costly than any type of transaction (Chan and Al-Hawamdeh 2002). Furthermore, the increase in internet usage in the country is also a big opportunity for e-commerce businesses, as the internet users in 2020 were 88.52% and it is projected to be 93.49% in 2025 (Statista Research Department 2022f)

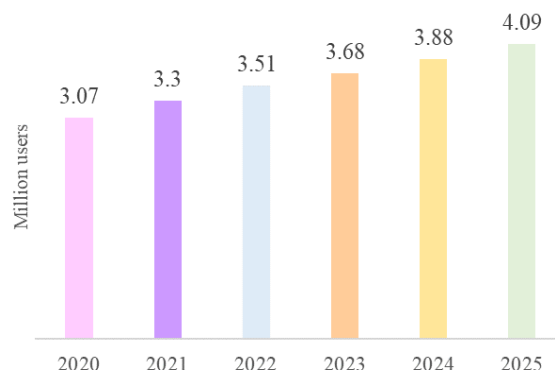


Figure 49: Evolution of e-commerce users in Singapore

The internet became a part of people's lives, and Singapore is not the exception, as the number of e-commerce users is increasing in this region, making Singapore one of the markets with the highest value for e-commerce (International Trade Administration and U.S. Department of Commerce 2022).

Taking into account the population size, e-commerce is very well established in the country as most of the population adopts this type of transaction due to the good e-commerce structure and technological advancements. However, even with the aforementioned

opportunities in technology, fashion e-commerce faces some threats since the value and attractiveness of e-commerce in this region make it extremely attractive for fraud. E-commerce scams are one of the most frequent scams in the country and amounted to approximately 3,000 in 2020 and 2,700 cases in 2021. Despite its decrease in 2021 due to government efforts, this still represents a significant number and a risk for business, as it compromises the credibility of the companies towards the consumers (Hirschmann 2022a)

The **Environment** factor influences the fashion industry, as consumers are becoming more aware of the environmental impact of the fashion industry and becoming more concerned about the sustainability of the planet (Deloitte 2022b)

Carbon dioxide emissions: 56th position
Carbon dioxide emissions per capita: 25th position

Figure 50: Carbon dioxide emissions in Singapore in 2021

Singapore scored low in the global climate risk index, meaning that it is less likely to be affected by extreme weather events that cause huge economic and social losses for countries. On the other hand, Singapore also faces some risks. Despite the country's improvements when it comes to cleanliness and sanitation over the years, the country still has a high account of carbon dioxide emissions, ranking even when it comes to carbon dioxide emissions per capita. This represents a risk for business as it leads to the creation of other types of problems that endanger human health, such as exposure to Fine Particulate Matter (PM2.5), which presents a risk to human health. In Singapore, the exposure to PM2.5 is neither very high nor very low, meaning that there is a potential risk for human health because of these emissions and particles measured, which also means a potential risk for the fashion business, as Singaporeans are concerned with the sustainability of the region and the fashion industry is still one of the biggest industries that compromise the environment (Statista Research Department 2022h).

In the **Legal** lens of this framework, Singapore shows some opportunities. First of all, Singapore is one of the easiest countries to do business in, as the process is extremely quick and easy, taking an average of 1.5 business days to start a business (Statista Research Department 2022g). There are some requirements with fees associated, and if companies don't comply, the penalties can be significant. To enter the market, companies need to pay a fee of \$315 SGD. Additionally, foreign companies must appoint an authorized representative who needs to have a Singapore residential address, which means it can be a Singapore local or a permanent resident (Singapore legal advice 2019). To comply with this, the company can designate an independent Singapore local or relocate one of its employees to assume the position. To establish a legal identity, the company must submit a legal address, even if it does not wish to have a physical store (Spenmo 2022). According to the same source, as an alternative, the company can consider using a virtual office or a home address to comply with this requirement. In comparison with other countries in the region, Singapore is one of the countries with the lowest average days to start a business in Asia, making the region one of the easiest regions to do business (Statista Research Department 2022g). On the contrary, the rise of e-commerce still brings some concerns, especially when considering consumer protection and consumer laws. Consumer laws protect consumers when they engage in this type of transaction, but in Asia, the consumer law is very unstructured and only contains what are considered "soft laws", which leads consumers to drawback from this type of transaction as it does not provide a security net for them, creating a sense of unsureness about the online transaction. This unstructured and incoherent consumer protection law also constrains cross-border transactions, which is very important in this case as Singapore is leveraged by companies to reach other Asian countries (Thirawat 2022).

6.1.3 Competitor's Analysis

E-commerce is a competitive market in Singapore, as some established players have a strong presence in the market. However, e-commerce remains a market full of opportunities in Singapore since there are not a lot of competitors who only focus on fashion, like About You. A closer look at the leading e-commerce sites in Singapore showed that 3 players stand out in this market, Shopee, Lazada, and Amazon. Shopee is the most visited e-commerce site in Singapore with online traffic of close to 15 million people in the first quarter of 2022, followed by Lazada with a traffic per quarter of around 7 million people, and Amazon with a traffic close to 5 million people (Hirschmann 2022b). The 3 marketplaces do not sell exclusively fashion but their strong expression in e-commerce and brand awareness among consumers makes them indirect competitors of About You, as they also compete in the same industry as About You, by offering consumers fashion and apparel.

When it comes to companies whose focus is exclusively fashion, Love Bonito and Zalora stand out as the strongest players in the market based on their website traffic (web visits). As of the second quarter of 2022, Love Bonito counted around 747 thousand visits per month on their website, and Zalora registered around 671 thousand monthly web visits. According to Statista, Zalora and Love Bonito are the most popular e-commerce sites for fashion in Singapore, since the difference in web traffic regarding other competitors is very big, as the third most visited website, Saturday Club, only registered 60 thousand visits per month and the fourth, Reebonz, counted with 29 thousand visits per month. Therefore, the fashion e-commerce market is now polarized between two big players that have several differences. It is crucial to understand the business and strategies of both players to comprehend how About You can fit into this market, which, as seen previously, is more established and competitive when considering e-commerce as a whole but has “room” to grow and compete in the fashion sector, as the market is not very saturated (Hirschmann 2022e). [Appendix F](#) sums up the previous

web visits from all competitors.

From the previous players and taking into consideration About You's business and operations, Zalora seems to be the main competitor for the European brand. Besides being the second most popular fashion e-commerce brand in Singapore, Zalora is also a marketplace like About You, which means that both platforms offer a variety of brands that suit different consumers, with both of them owning a private label clothing line. Moreover, the value that About You offers to its consumers is similar to the one that Zalora offers since they both share the same goal of granting a personalized shopping experience to the customer. Zalora is part of a group called Global Fashion Group, which is formed by four well-established e-commerce platforms that operate in several parts of the world, including Asia. In Singapore, as shown by the statistics above, the brand is well-established in the market and targets a similar consumer group as About You - mostly female consumers between the ages of 18 and 45. Zalora's goals are to provide a seamless customer experience through technology and innovation by collecting data about the consumer, improving the assortment offered according to customer preferences, and offering a personalized experience and presentation of the products. Moreover, Zalora chooses strategic partnerships to work as a marketplace (re-seller) and focuses on having low costs and a good profit margin from sales, while scaling their business as the group/brand is always looking to expand and enter new markets. Once again, Zalora's main goals are very similar to those of About You, making their competition yet more clear. Moreover, both brands provide high-profile product lines, partner with celebrities to create exclusive collections and with influencers to raise brand awareness, are accessible exclusively through their online platforms, and both have a huge portfolio of brands, some of them the same. Thus, since both brands target the same type of consumer, have the same business type, and have similar goals and value propositions, Zalora is the biggest and most direct competitor of About You (Global Fashion Group2020).

Love bonito is also another direct competitor of About You since it has a strong presence in the e-fashion market, being the most popular e-commerce site for fashion in Singapore in the first quarter of 2022 and a leader in e-commerce fashion in Singapore. The reason why this player was not named as About You's main competitor is due to significant operational differences between the two competitors. First of all, Love Bonito is not a marketplace, but rather a designer and manufacturer of apparel. Also, Love bonito is a brand that does not operate exclusively online, as the brand owns several brick-and-mortar stores, where they engage with the customers and sell their products. As mentioned previously the company sells its own designed and manufactured clothes mostly online, which is why it has such a strong position in the e-commerce market. Like About You and Zalora, Love Bonito is also a customer-focused brand, placing the customer at the core of their business by providing a personalized customer experience. They do so by offering a wide assortment of clothing and accessories that are "trending" with the possibility to customize and tailor the products to the customer's preference and sizing. Both Love Bonito and Zalora focus on a specific target, Asian women, as shown by the communication strategies and partnerships made by the brands, as well as the programs dedicated to women's empowerment. Thus, despite the operational and business differences between About You and Love Bonito, the previous is also a direct competitor due to its strong presence in the e-fashion market (Love Bonito n.d)

Despite the market being concentrated in these two players, it is still worth mentioning the smaller competitors that remain both a threat and competition in the market for About You. As mentioned before, Saturday Club is a player that has a weaker presence on the market than the other brands. The brand has the same core business as Love Bonito, as they also manufacture and design their pieces, offering timeless, versatile pieces with high quality and low impact in the environment, and focusing on targeting the modern women on the go. Reebonz has also a weaker presence in the market and is an indirect competitor of About You, as the brand has a

different approach to online retailing (SaturdayClub n.d). Reebonz is a platform of live shopping entertainment for Luxury products, where consumers engage in live conversations on Facebook or Instagram in which they can access links to purchase the products they want to acquire. Despite being totally different from About You at a first glance, the company also provides live shopping entertainment for their private label, occasionally, especially during the Fashion Week season (Reebonz n.d)



Figure x: Competitor's positioning map

In perspective, the e-commerce fashion market in Singapore is a market that is not yet saturated but already has two well-established brands, Love Bonito and Zalora. Zalora seems to be the main competitor of About You, as the two businesses operate similarly and want to reach the same customer base. Thus, the market competition is moderate, which leaves room for About You to establish itself as a new fashion online retailer in Singapore and grow by leveraging on the several opportunities that the market has to offer.

6.1.4 Consumer Behavior

About You is a company that until now has only been present in Europe. Therefore, it is extremely important to understand how the Singaporean consumer thinks, acts, and buys before defining the e-commerce platform, as the customer journey needs to adapt to the local culture, habits, and likes.

When defining a digital strategy, it is crucial to think about the habits of the consumer, how to create value during the customer journey, create a unique experience and adapt to the preferences of Asians to encourage them to purchase.

The European consumer and the Asian consumer are extremely different, particularly when it comes to technological businesses. According to Jan Harling, the Global Media Director of OPPO - one of the biggest Asian companies in the field of technology- it is difficult to treat the Asian consumer as one. Economically, culturally, and demographically the regions are incredibly diverse as each area can be in a dramatically different stage economically and technologically. There is also no coherent “Asian culture” as happens in the United States or Europe.

The digital adaptation in Asia was hurriedly and today there is a greater reliance on mobile technology. Internet speed is faster and more far-reaching across Asia therefore digital consumption is more common, even among older generations.

Furthermore, the director discusses the three best ways for marketing brands to connect with Asian consumers. Firstly, the use of a localized approach while maintaining a global positioning. An example of this was the KFC brand, which changed its menus and style according to the country but stayed true to its brand and values. Secondly, it is critical to have the support of key opinion leaders and influencers, who carry respect and have power in their actions as others follow them. Thirdly, the ability to digitalize (Harling 2021).

Singapore's e-commerce market is growing fast, helped by the pervasive, ultra-high speed, tech-savvy population and the government's dedication to embracing the digital economy and achieving the goal of becoming a smart nation.

The Singaporean consumer is known for being avid online shoppers, with nearly 3 in 4 having shopped online and among them, 73% have bought from overseas online stores. Moreover, 26% buy at least once a week, the highest percentage per capita in Southeast Asia.

Within this group, Singaporean women shop more than men, 62% buy through computers, 35% on smartphones, and 2% on tablets. The same study shows that 46% of online shoppers in Singapore belong to the age group of 25-36 years old, followed by 22% with 35-44 and 17% with 18-24. This leaves only 15% of Singaporeans with more than 45 years old (Shunmuganathan 2019).

As the evidence shows, the main target that buys online is the Millennials (users born between 1980 and 1995). This is not only a generation that has been growing with worldwide digitalization but has also understood the benefits that can reap with it. Buying online has its advantages which are also why 73% of Singapore's buy online from cross-border e-commerce platforms – globalization of products – and more specifically these consumers like to buy products from Malaysia (40%), South Korea (25%), and Japan (18%).

The main e-commerce websites visited by these consumers include Amazon, eBay, Apple, Qoo10, Zalora, Carousell, Redmart, Reebonz, HipVan, and Alibaba.

Concerning online payment methods, the most common for domestic e-commerce sales are credit cards and bank transfers, while for cross-border purchases, the preferred methods are credit cards and PayPal (Janio 2019).

When it comes to fashion in e-commerce, 49% of Singaporeans state that their favorite hobby is shopping, the answer in the study with the highest results (Statista 2019).

In 2020, 24.7% of the total online fashion shoppers in Singapore fell into the 25-34 years old age group (Millennials), forming the fashion's largest consumer segment.

This market segment tends to have higher expectations of a mobile-first, seamless retail experience that includes shopping, payment, delivery, and customer service. They are also driven by a need for self-expression, which determines the way they make their purchase decisions. This suggests that it might be helpful for a fashion brand to also have a clear identity to appeal to these consumers who are looking for characteristics and values they can relate to.

Singaporeans are digitally savvy with an internet penetration rate of 92% (Statista 2022a), which is higher than other Southeast Asian countries, except for Brunei. This fact together with the interest that the consumer has in buying products from other countries suggests that appealing to consumers in Singapore as a new, digital, and foreign fashion brand can be an added value and is a big opportunity in the market.

Nonetheless, relying on popular branding is no longer enough to attract young consumers. Only 11% of young consumers have “prestigious” or “famous” brands as one of their top three attributes for buying from an online store, while 9% choose “having a physical store”. Therefore, it is extremely important to ensure that the consumers have a personalized and designed customer journey on the website to compensate for the lack of physical experience (Tan 2021).

6.1.5 Cross-cultural Issues for Marketing and Business

When a company plans to expand its operations to a different country, it should reflect on several aspects of its many areas and departments, namely the best approach to follow regarding the marketing mix: standardization or localization. In this section, the focus will be on the influence of the cultural variable on global marketing and business relationships and the

pros and cons of each approach. Afterward, along with further consumer behavior research, the goal is to understand what is most likely the best approach for About You to expand to Singapore- standardization or localization - and what elements should be standardized and adapted by the company. The expansion process should be preceded by an understanding of the cultural variable, along with an analysis of consumer behavior, and only then the global marketing decisions. Costs, national controls, culture, management myopia, and ethnocentrism are among the many restraining forces to global marketing. The last three can be overcome, respectively, by studying and recognizing cultural similarities and differences among countries, avoiding a short-sighted approach to marketing that focuses on the business rather than the consumer, and recognizing that each country is unique rather than believing that one's own culture is superior. A study made by Professor Demetris Vrontis (2003, 10) of 124 UK multinational companies, identified culture as the main reason driving those UK multinational companies to adapt their marketing mix, followed by market development, competition, economic differences, and differences in customer perceptions.

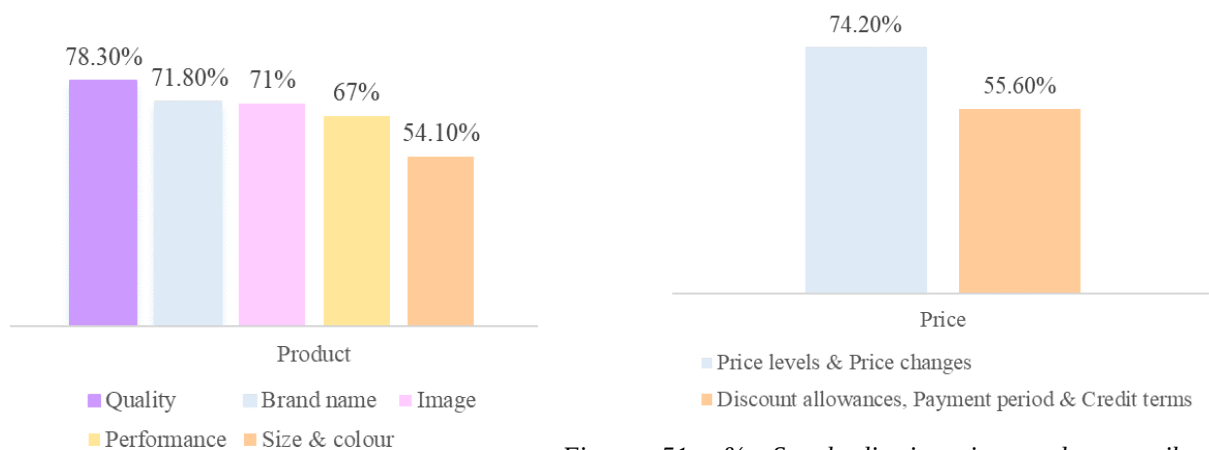


Figure 51: % Standardization in product attributes

Figure 52: % Adaptation in price elements

The same study showed that the product is the most standardized element of the marketing mix, particularly product attributes such as quality, brand name, image, performance, and size and colour varieties. In contrast, the price is the most adapted element of the marketing

mix, namely price levels, price changes, discount allowances, payment period, and credit terms.

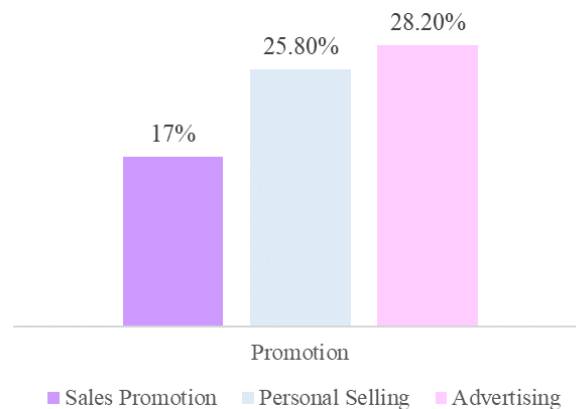


Figure 53: % Standardization in promotion elements

Furthermore, the study revealed that promotion is the second most adapted element of the marketing mix for those participants, and the adaptation is greater in sales promotion and personal selling, and less so in advertising. The study also showed a trend toward adaptation for the distribution, which demonstrates that the two approaches- standardization and localization- are not mutually exclusive and can be applied simultaneously among different marketing-mix elements (Vrontis 2003, 8).

Before choosing the marketing strategy to enter the new market, the company must reflect on the advantages and disadvantages of each approach. The standardized approach improves a uniform and consistent global image, enables the company to benefit from economies of scale, synergies, and knowledge and experience transfer across international markets, and provides easier control and coordination across the organization, as well as higher speed and lower complexity. However, the standardized approach fails to address local needs and ignores differences in the macro and microenvironment across countries. The localized approach is culturally closer to the consumer since it provides a flexible response to local needs and characteristics such as the economic environment, governmental and trade restrictions, marketing infrastructure, competitive environment, product life cycle, culture, and consumer behavior. The downside to this approach is the significant costs and the foregoing of

standardization benefits such as scalability.

In an expansion plan, it is also relevant to understand cultural characteristics such as whether the culture is high-context or low-context. Like most European countries, Germany, About You's country of origin, is a low-context culture, whereas Singapore is a high-context culture as are many Asian cultures. This cultural difference can have many implications in the way time and space are perceived, negotiations are conducted, and, particularly, how to communicate. In low-context cultures, communication is explicit and specific, as words carry all information and do not depend on the context. In high-context cultures, however, communication is not explicit but rather resides in the context, which can be challenging for low-context cultures like Germany when expanding to Asia. Moreover, high-context cultures such as Singapore emphasize background, personal reputation, and social status, and rely on a person's word over legal documents, while low-context cultures rely on legal paperwork and non-personal documentation of credibility. In low-context cultures, negotiations are meant to be quick, whereas in high-context cultures lengthy negotiations are favored to allow both parties to get to know each other, as these cultures rely on one's background and reputation.

The previous insights were analyzed to guide About You on how it should act and proceed in Singapore, namely in how it should conduct business and negotiate with local partners and how it should implement its business relationships in possible distribution centers and offices. Thus, even if local distribution centers, offices, or partnerships are not suggested in the short-term in the following internationalization plan, these cultural insights remain relevant in the long run, in case of Singaporeans prove to be a profitable and reactive market to About You, and the company sees that an investment in tangible assets such as distribution centers and offices is beneficial to the brand as revenues compensate the heavy investment.

6.2 Internationalization Plan

The following internationalization plan will introduce a number of recommendations for About You's expansion to Singapore in the areas of Strategy, Operations, Marketing, and Finance. As mentioned in the company overview, About You has two customer segments: the B2C segment, in which the company sells fashion products to consumers through online shops, and the B2B segment, in which the company sells Tech, Media, and Enabling services to other businesses. For About You's expansion to Singapore, the group considered that the company should focus solely on the B2C segment in the trial period until the market proves its profitability. Since the B2C segment brings the highest amount of revenue to the company, About You should turn its full attention and resources to this segment to guarantee its success.

6.2.1 Strategic Plan

Since 2014, About You has expanded to 26 countries, all in Europe. Their strategy has been following the same pattern: a market penetration strategy with intensive marketing. However, with the challenge of entering a new continent and dealing with a different type of consumer, About You requires more than ever a 360° adaption of its strategy. Considering areas such as marketing and communication, supply chain, distribution, and e-commerce platform.

After analyzing the market and company using a SWOT analysis it is possible to understand the best approaches that About You should pursue and the value that can bring according to the conditions of the current market.

Strengths	Weaknesses
➤ Considerable budget and resources ➤ Partnerships with several international and local brands, including highly popular/valued brands in the apparel market ➤ Easily adaptation to consumer needs ➤ Tech expert team that can customize the website depending on the consumer preferences and build a new and customized digital customer journey ➤ Personalization and inspiration as core differentiation ➤ Outstanding company growth ➤ Huge notoriety between Gen Z and Millennials ➤ Powerful online presence and access to main	➤ Lack of know-how in expansion to markets with different cultures, as this is the first time they will expand to a country outside Europe ➤ Not perceived as a sustainable brand ➤ High investment in marketing brings high pressure in revenue ➤ Elevated inventory which brings a higher cost of sales ➤ Operating deleverage ➤ No partnerships defined across Europe reduce costs in the supply chain ➤ 100% reliance on social media usage ➤ The emphasis is on mobile rather than desktop.

influencers in every geographical area they operate ➤ Top 10 online fashion players	
Opportunities	Threats
➤ Robust and open economy ➤ Attractive tax system ➤ Highly developed infrastructure ➤ Well-developed capital markets and financial system ➤ Most efficient and bureaucracy-free regulatory frameworks in the world ➤ Nearly every young and middle-aged Singaporean speaks English ➤ Convenient market accessibility and a central location that allows access to other Asian markets ➤ Ease of shipping and obtaining resources due to the port and travel capabilities. One of the most liberal trading regulations ➤ High internet penetration ➤ Several local creative fashion brands ➤ Singapore has emerged as a leading Asian fashion capital in recent years	➤ Major upcoming crisis around the world due to conflict between Russia and Ukraine ➤ Cost of living is increasing ➤ Cost of doing business is increasing ➤ The country has 4 official languages: English, Mandarin, Tamil, and Malay ➤ Extremely attached to their unique culture. Open and diverse due to international business, but also have social characteristics that international investors must be aware of in order to maintain and create relationships ➤ Variable weather, doesn't have linear seasons such as Spring Summer, or Autumn Winter, as Europe has

Figure x: SWOT analysis

6.2.1.1 About You Expansion Strategy

When expanding to a new market, About You has always followed the same market penetration strategy that was previously mentioned in the company overview as the six stage go-to-market strategy. According to public information provided by the company, the maximum time frame to expand to a market from the first research to the implementation is about 1 year, and the following method is regarded by the company as “infallible”.

First Phase – Exploration: It is the first high-level assessment of the macro and microenvironment, where the strategic and operational fit of the market is studied and evaluated to understand if it is feasible and profitable for the company to expand. Logistics, USPs, and assortment are features that are highly relevant to continue with the decision. Moreover, the countries to expand depend on the current resources of the company and future predictions of the economy for that area or worldwide. Until now, About You has only expanded to countries within Europe as in terms of resources it is less expensive to the company, and they can take advantage of many insights and investments they already made and own. For example, after expanding to a French-speaking country, it is easier to expand to another French-speaking country as the translation is already made or the customer service department already has trained professionals to perform the job.

Second Phase – Set Up: Consist of setting up country-specific preferences to help improve the customer journey. Select the best payment options according to consumers, most rentable logistics, the layout of the shop, etc. Testing end-to-end to guarantee everything is ready and meets the requirements without errors.

Third Phase – Soft Launch: After the previous phase, it is necessary to fuel the collection of cohort data and build the local influencer network. Especially cohort data regarding customer acquisition cost and lifetime value are monitored to enable an informed ramp-up decision. In this phase, it is possible to truly understand consumer behavior. It is when it actually goes live, and it is viable to test the consumer with different choices so conclusions can be drawn. For

example, if a certain layout is not encouraging the customer to buy, then it is possible to make small changes to see how they react better. Not only a/b testing is done, as sometimes several aspects can be tested at the same time, and if they are not bringing the expected result, they are tested multiple times until they are. In short, the soft launch is a great way to make a first introduction to the consumer and gradually gain a practical understanding of them.

Fourth Phase – Big Bang: This phase takes 4 weeks and is where the brand starts its initial brand awareness campaign, called Big Bang campaign. It is split into a teaser phase to create curiosity and for people to start recognizing the name of the company and associating it with something new in the market. Followed by the launch day with a large-scale social media and performance marketing strategy. Here, the identity of About You is revealed, letting everyone know that it operates in the fashion market and is one of the biggest e-commerce platforms. This is a strategy that the brand recommends using, as it is perceived as something that no one has ever seen failing, according to About You's Senior Project Manager of International Markets. Across Europe, the marketing strategy has been very similar. The brand has opted to use several famous influencers (between 20k and 100k followers) to create a viral marketing campaign called "Who the f*ck is About You?". Creative and bold, until now this teaser has been a success across all the markets in Europe. It activates the brand and guarantees that all Gen Z and Millennials are aware of their concept after the big reveal. Even someone that does not buy apparel regularly will know the brand which consequently will make them have About You as an option when searching for products related to fashion.

Fifth Phase – Scaling: Driving conversion in a heavy customer acquisition phase to scale the market. The brand invests heavily in social media advertising, influencer hauls, events, discounts, and performance marketing. The main objective in this phase is to reach the maximum number of consumers and make them convert into clients.

Sixth Phase – Profitability: After the process, it is expected that the break-even point is

exceeded, and the company continues to be profitable. Ideally, the customer increases their spending per purchase after each transaction (About You 2022c, 12).

6.2.1.2 Expanding to Singapore

When expanding a business to Singapore, there are four ways to set up operations according to the Accounting and Corporate Regulatory Authority (ACRA):

- **Transfer of Registration:** a process where a foreign corporate entity transfers its registration from its place of incorporation to another jurisdiction. Once the registration is transferred the entity will cease to exist in its original place of incorporation the Retama Salt corporation will become a Singapore company and must comply with the requirements of the Companies Act.
- **Setting up a Representative Office:** Companies interested in exploring potential business opportunities in Singapore may set up a representative office before committing to a business venture. A representative office is a temporary setup with no legal status so it cannot engage in any trading or business activities that yield a profit; the representative office can only carry out market research and feasibility studies and participate in trade shows and exhibitions. The application for registering a representative office must be submitted to Enterprise Singapore.
- **Incorporating a Subsidiary Company:** For small and medium-sized companies, they may choose to establish their presence in Singapore by incorporating a Singapore subsidiary. A Singapore subsidiary is a private limited company incorporated in Singapore that can be wholly owned by a foreign company. It is considered a separate legal entity from the foreign company.
- **Registering as a Foreign Company:** A foreign company must register itself with ACRA if it carries on business in Singapore or is planning to carry on business there.

Any foreign company wishing to register with ACRA may engage the services of a registered filing agent to assist with the registration of the company. The registered filing agent will prepare all the documents required. It's also needed an authorized representative who must be a local resident and who is answerable for all matters required to be done by the company. May be liable to penalties imposed on the company for contravening the Companies Act.

(ACRA n.d.)

According to the explanations above, the method that is aligned with the organizational structure of the company and previous expansion plans is the latter. By choosing this format to enter Singapore, the company is required to fulfill some obligations such as notifying ACRA whenever there are changes in the particulars of the company either directors or authorized representatives in 30 days. It is necessary to file its financial statements made up to the end of the last financial year within 60 days with ACRA if an annual general meeting is held. In case it is not, it must be filled in the next 5 months after the end of the financial year. The company also needs to file an audited balance sheet and an audited profit and loss account that complies with the accounting standards.

To expand to Singapore, it is necessary to reinforce the teams and hire new professionals, such as an employee to reinforce the logistics department and another to reinforce the customer service department. These costs will be mentioned further in the analysis, as well as their impact on the company's finances. The marketing strategy that the company normally follows already requires a huge investment, and the fact that the supply chain will also suffer changes regarding new partnerships will also require a higher expense in capital.

Despite the costs that are inherent to moving to a new market, Singapore offers several options for funding for e-commerce companies. After analyzing the different funds that are

available, the one that would benefit About You could be the e-commerce funding from Choco-up. Choco-up is a global technology and financial services platform that offers revenue-based financing, payments, and business growth solutions for digital merchants. Unlike most government grants in Singapore, there are no restrictions on how this fund should be used, but it normally is invested in marketing and advertising, purchasing inventory, launching new product lines, expanding to new markets, or hiring new talent. This fund varies between \$10k USD to \$10m USD. The amount depends on the risk management algorithm of Choco Up, which considers monthly revenue transaction rates, and unit economics. To be eligible for the fund, there is no requirement on the location that the business operates in nor sector, it just needs to be operating for at least 6 months and have a monthly revenue of \$10k USD. Both criteria are eventually met by About You (Tsang n.d.). About You should know about the existence of such funding as it might favor them. However, the financial projections presented ahead do not take this into account as they aim to be as realistic as possible, and the company may end up not getting the funding.

6.2.1.3 Website Adaptation to the Singaporean Market

After all the bureaucracy, the main aspect that About You needs to anticipate is the customer journey on the website. As one of the phases is the soft opening, ideally the website should already be all set up according to what the customer prefers, and then test some details. Some essential factors that can directly affect the consumer's intention to purchase are the layout of the website, the method of payment, languages, return policies, customer service, and mobile and desktop responsiveness.

Regarding the importance of all these points, user experience design and layout are key to providing customers with a satisfying experience. The fewer clicks a customer needs to make

to find what they're looking for and the smoother the website is, the more likely the customer will return. The website should be trustworthy, as most customers are worried about their privacy and data treatment. The policies should be clear about data protection and guarantee that it provides secure transactions. If the website does not show trust, the customer will simply buy on another platform. To communicate trustworthiness, the website can include contact information, recognized trust seals, a secure server, social media links, a page dedicated to answering frequently asked questions, other customers' reviews, shipping and return policies, and privacy policies in a visible place.

Regarding the design and layout, the branding should be similar on all the websites, ensure the brand identity is visible and make sure the brand experience is consistent in all channels across different technological devices. As stated in the consumer behavior section, the most popular device in Singapore when buying online is the desktop, therefore the brand should be extra careful when setting up the website. Currently, brands are too focused on being mobile-friendly and sometimes forget that some technical aspects do not work in the desktop version, depreciating the value that the computer can have. These small steps help construct a strong brand-customer relationship as well as make the customer recognize the brand outside the platform when it's not looking for anything.

The use of icons is also important so customers can immediately find information that they might be looking for. The most critical content should be displayed above the fold, and the contrast of the colors should be as clear as possible, as well as the text on the website. The use of text helps the website appear in the top searches on Google, as it helps the Search Engine Optimization (SEO) results.

The use of strong colors and too many pop-ups at the same time can be very distracting in the customer journey because they cause the customer to lose track of what they were looking for, disturbing their attention at too many different points, making the path more complicated

and less direct (Lee n.d.).

When it comes to the organization on the website, About You already has an excellent menu, with every category well separated and easy to navigate. A suggestion, in this case, could be to add a section of the Asian brands with whom About You will partner, as some customers may have a preference for them and find them easier. The new Asian partnerships will be discussed in detail in the next section.

As the main languages in Singapore are English and Mandarin, it makes sense that the website has both options so each client can choose the one they feel more comfortable with. These languages were also the ones that were mentioned in the consumer interviews. Languages are the most crucial part when communicating. According to About You's Senior Project Manager of International Markets, the goal of About You is to build an experience for the customer. The closer the brand is to the customer the higher the probability that they will be faithful to the brand and choose it as a TOP 1 when looking for something in the fashion industry. For the same reason, it is also mandatory for the brand to provide customer service in Mandarin. Something that was pointed out during the interviews with Singaporean consumers, was that the customer service on big platforms is normally poor so this could be a way to differentiate from the competition. Unlike some other brands, About You does not have any 24/7 online chat where the customer can ask questions at the moment of purchase; however, it is something worth considering as almost all the interviewers referred to the need for a more personalized and higher quality customer service. Moreover, another topic that is relevant in the Asian market is the size misfits. Asians normally have different body types and different measures from Europeans. Therefore, it is crucial to also consider Asian and Singaporean fashion brands as they are also valued by the community. As About You also works with international brands, it can also be important to have a sign verifying the veracity of the sizes and advising the consumer to go with a higher or smaller size.

Another complex issue is the payment method. In Singapore, the consumer is used to buying online, and especially after Covid-19, the consumer has become more familiar with and developed habits of purchasing not just physically but also through e-commerce platforms. According to previous research on consumer behavior, Singaporean consumers prefer to finalize their purchases with a credit or debit card; however, if this option is not available, PayPal is the most appealing option.

As mentioned before, the Singaporean consumer still sees great value in buying in a physical store, which raises the pressure to make the customer experience easier in order to compensate for the lack of the physical experience. To do so, the process of returning products and refunding needs to be as easy as possible. Currently, the customer receives a box with the products purchased and the labels to stick again in the box in case it needs to be returned. This method only requires the client to go to a post office and deliver the packages, which in general is a good procedure and should remain the same when expanding to Asia. Regarding the refund, it is expected to take about 14 days in Europe, which is normally higher when operating in a different continent as the banks take more time to process the transactions. This number is considered high compared to the competition and other fashion brands, which implies the brand is looking for a way to decrease this number of days. Ideally, the returns should be made with a Singaporean bank account to minimize the time as much as possible.

Overall, About You is a company that has the potential to fit in this market, but some adaptations are essential to be more successful in Singapore.

7. Limitations

This work project is subject to limitations that should be handled if this expansion project moves forward. The limitations are the following:

- The survey conducted for the Asian market should have a larger pool of respondents to confirm the cultural differences studied. The survey should also have a preliminary question to guarantee the target's purchasing power to prevent unwanted answers regarding cheap brands' desires. The group did not include it to not limit even more the sample and because one of the goals was to study some cultural differences and preferences that are transversal to all income levels;

- A research survey to the Singaporean target should be performed using a specialized company in market research to ensure a large sample of answers. The group tried to use this method but due to a lack of funding used individual interviews instead;

- In the Value Creation Wheel framework, the age filter should be more precise and only include data regarding the target ages of 18-45. Due to a lack of online information a broader age range was used;

- Due to the inexistence of information on price and time quotes on the website of the chosen logistics partner, the group tried to contact the latter by email several times to have accurate information on international shipping costs and delivery times. However, none of the company's responses were relevant and specific to About You's business, which lead the group to infer both the cost and international delivery time based on other resources;

8. Results

RQ1: Is About You operating in a profitable growing sector? Yes, the literature review showed the attractiveness and growth of both the fashion and the e-commerce sectors.

RQ2: Where should About You expand to within Asia? The Value Creation Wheel framework demonstrated that Singapore is the most attractive market to expand to.

RQ3: Does Singapore have favorable macro and micro characteristics? Yes, the e-fashion sector is growing, it is easy to do business and no major legal requirements are required, the market does not look saturated so there is space for competition and the consumer seems approachable for a company like About You.

RQ4: How should About You enter that market from a strategic perspective? Broadly, About You should enter as a foreign branch, work with a local logistics partner, partner with some new local and Asian brands according to the consumer's preferences, avoid major investments in DC or offices, adapt the website features and communication to the cultural aspects and needs of Singaporeans.

9. Conclusion

About You has successfully expanded to 26 European markets in the last 8 years, using similar strategies in the different markets, which shows the brand's capability and experience in expanding.

To exploit the opportunities in the Asian market, this report aimed to develop an expansion plan for Asia and determine whether it is viable to expand further than Europe, more specifically to Singapore. The latter was chosen using the Value Creation Wheel framework in which the country showed positive results in several indexes and rankings, proving to be a market that is worth doing business in.

About You has been adopting a mostly localized approach in its expansions and that should be a practice to pursue when entering Singapore. In the early stages, About You should invest in notoriety among Gen Z and Millennials and in adapting their website to the consumer to create a fully personalized experience. The Singaporean consumer seems to have a mixed preference for foreign and local brands, so About You should rethink its partnerships and collaborations to meet these preferences.

Overall, considering the country's opportunities and the project's financial viability, it can be said confidently that the expansion to Singapore is a good investment for About You to capitalize on and grow.

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Appendices

Appendix A - Michael Porter's 5 Forces Analysis of Fashion Industry

Michael Porter defends that “organizational performance will be primarily determined by industry forces” therefore it is relevant to analyze external forces and industry variables to get and keep a competitive advantage (David 2011, 63). Porter's 5 forces framework indicates how attractive/unattractive the analyzed industry is from a profit-making point of view (David 2011, 74). This analysis was performed to assess how attractive the fashion industry is, explore its dynamics, and complement the previous data about the sector.

The threat of new entrants

“Whenever new firms can easily enter a particular industry, the intensity of competitiveness among firms increases” (David 2011, 76).

Most fashion retailers have weak brand loyalty customers which makes it easier for new players to steal them from established brands (McCormick et al. 2014, 52). The rise of e-commerce reduces entry barriers as it represents a low-risk option for new incumbents by keeping costs low and providing quicker visibility for small independent retailers (McCormick et al. 2014, 49). Apparel production know-how is easily found or established, media tools facilitate the creation of a fashion brand, and distribution channels are easily accessed because “it is in the interest of independent retailers to encourage competition among fashion houses” (Hergeth 2008, 144–45). The above factors do not provide effective entry barriers for entering fashion retailing making this industry, and e-fashion in particular, an interesting market from an outsider's perspective. On the other hand, according to Hergeth, building a strong brand name might be a challenge due to the high capital needs and the significant amount of time needed for sustaining brand equity and product development (Hergeth 2008, 145).

Overall, the conclusion is that “while the apparel market tends to have low entry barriers, the brand-name fashion market does have significant entry barriers and therefore does provide some protection from new entries” (Hergeth 2008, 145).

Supplier power

The supplier’s bargaining power depends on the level of offer reflected by the number and size of existing suppliers, and how costly it is to switch raw materials (David 2011, 77).

“Garment manufacturers possess a very low degree of market power compared to retailers” due to the imbalance between supplier/buyer concentration (McCormick et al. 2014, 54). According to McCormick et al., the supplier’s bargaining power is low “due to the global abundance of garment manufacturing capacity” (McCormick et al. 2014, 54). Most retailers outsource their production to take advantage of the cost efficiency in lower labor cost countries which provides them size and buying power advantage over these manufacturers (McCormick et al. 2014, 54). For large-scale suppliers working for volume retail buyers, there might be an increase in suppliers' power (McCormick et al. 2014, 54). Additionally, for higher quality standards there might be less garment production which enhances these suppliers’ power, “but it does not appear to translate into a significant shift in bargaining power” (Hergeth 2008, 145).

Buyer power

In fashion retail, there are no switching costs from one brand to another which facilitates the shift of purchasing from another retailer (McCormick et al. 2014, 52). This added to the previously mentioned lack of brand loyalty justifies the high buyer power that characterizes the sector. Additionally, being well-informed about sellers’ products, prices, and costs enhances the power of a player (David 2011, 78). The internet and advances in technology provide transparency, allow consumers to properly compare offers, and make it “easier for buyers to

find lower-cost sellers” (McCormick et al. 2014, 52). The high buyer’s power can be demonstrated through the thriving of Primark, which showed the customer’s willingness to purchase low-priced fast fashion, forcing other retailers to offer more competitive prices (McCormick et al. 2014, 52).

The threat of substitute products or services

According to McCormick et al., clothing is now competing “for share of wallets” with, for example, technological consumer goods and leisure and beauty activities (McCormick et al. 2014, 55). Consumers might be more willing to purchase the latest electronic product rather than a fashion item. The same authors state that there is a shift in society from materialistic thinking that favors fashion retailing, to an experiment fulfillment that boosts sales of substitute industries like entertainment such as cinema or food and beverages, since eating out and purchasing clothing are competing for a share of consumers’ wallets. Additionally, they point out that the personal care and healthy living trend could mean that fitness, skincare, and manicures might be decreasing the sales potential of fashion retailers.

The intensity of rivalry

In fashion, the competitive rivalry is high due to the high number of players with similar sizes targeting the same customers, and the homogeneity of the market that intensifies competition since customers can find similar products from different players, converging in a price competition that culminates in price reductions (McCormick et al. 2014, 54). Also, “there appears to be considerable overcapacity in the market, and there are signs of price wars in many of the apparel segments” (Hergeth 2008, 143–44). Once again technology plays a role by allowing customers to create personalized wishlists from different brands and receive a notification when a certain item is back in stock or has a price reduction (McCormick et al.

2014, 54).

Appendix B - Expert Interview

Link for the full interview: [Click here](#)



Name: Vishal Mishra

Company: About You

Position: Senior Project Manager International Markets

Office: Hamburg (headquarters)

Linkedin: <https://www.linkedin.com/in/vishalmishra/>

Appendix C - Consumer Interviews

Link for the interviews notes: [Click here](#)

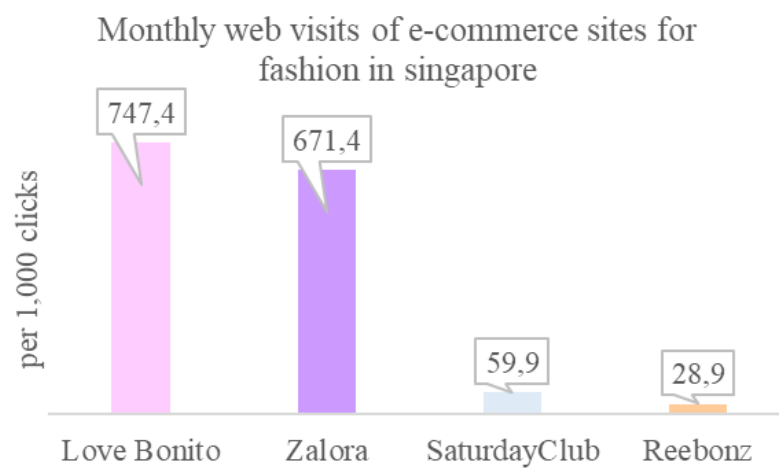
Appendix D - Countries considered in the Value Creation Wheel

Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Cambodia, China, Cyprus, Georgia, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, South Korea, North Korea, Kuwait, Kyrgyz, Lao, Lebanon, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Sri Lanka, Syrian, Tajikistan, Thailand, Timor-Leste, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

Appendix E - MCDA and VCF analysis

Link for excel: [Click here](#)

Appendix F - Competitors web visits



Appendix G - Operational Characteristics

	What Zalora is offering	What the consumer wants	What About You will offer
Logistics Partner	Singapore Post, Ninja Van, SF Express, Yamato Transport	Ninja Van	Ninja Van
Delivery Time (local shipments)	2-6 working days	2-3 and 2-4 days	1-3 working days

Delivery Time (overseas shipments)	5-14 working days	10-14 and 7-14 days	5-14 working days
Brands on the Website	Similar to About You's assortment + affordable brands like H&M and Mango + luxury brands like Gucci and Balenciaga	Nike, Ralph Lauren, Calvin Klein, Lululemon, Girlfriend Collective, Madewell, A.P.C., Love Bonito, Åland, Beams	Brands currently available + Foreign brands (Lululemon, Girlfriend Collective, Madewell, A.P.C.), Singaporean brand (Love Bonito), Asian brands (Åland, Beams)
Shipping Policy	Shipping costs calculated at checkout	Free shipping	Free shipping
Return Policy	30 days free return	Good return policy	100 days free return

Appendix H - Influencer Page - XIAXUE



Appendix I – “Who the f*** is About You?”





Source: <https://marketing-espresso.com/who-the-fuck-is-about-you/>

Appendix J - Influencer Pages - Yoyo Cao & Jaylee Woo



Yoyo Cao



Jaylee Woo

Appendix K - Financial Statement and Scenario Analysis for Singapore

Expansion

Link for excel calculations: [Click here](#)

(in Thousand EUR)	2022	2023	2024	2025	2026	2027	2028
Revenue		1 192	1 959	2 725	4 429	6 132	
% growth y-o-y			64,3%	39,1%	62,5%	38,5%	
Cost of sales		(708,28)	(1 163,60)	(1 618,92)	(2 630,74)	(3 642,56)	
Gross profit		484,11	795,32	1 106,53	1 798,12	2 489,70	
% margin		40,6%	40,6%	40,6%	40,6%	40,6%	
Personnel expenses		(169,92)	(169,69)	(169,85)	(169,69)	(169,69)	
% of revenue		14,25%	8,66%	6,23%	3,83%	2,77%	
Fulfillment costs		(232,5)	(382,0)	(531,5)	(863,6)	(1 195,8)	
% of revenue		19,5%	19,5%	19,5%	19,5%	19,5%	
Marketing costs		(178,9)	(293,8)	(354,3)	(575,8)	(674,5)	
% of revenue		15,0%	15,0%	13,0%	13,0%	11,0%	
Administrative and other costs		(0,22)	0,00	0,00	0,00	0,00	
% of revenue		0,019%	0,0%	0,0%	0,0%	0,0%	
EBITDA		(97,41)	(50,19)	50,92	189,05	449,67	
% margin		(8,2)%	(2,6)%	1,9%	4,3%	7,3%	
Amortisation, depreciation, and write-downs		(0,32)	(0,32)	(0,32)	(0,32)	(0,32)	
EBIT		(97,73)	(50,51)	50,60	188,73	449,35	
% margin		(8,2)%	(2,6)%	1,9%	4,3%	7,3%	
Exempt Income		-	-	50,60	21,81	-	
Taxable Income		(97,73)	(50,51)	0,00	166,92	449,35	
Taxes		16,61	8,59	0,00	(28,38)	(76,39)	
Net Income		(81,11)	(41,93)	50,60	160,36	372,96	
Operational Cash Flow		(80,79)	(41,61)	50,92	160,68	373,28	
CAPEX	(1,60)						
Salvage value after taxes		0,0	0,0	0,0	0,0	0,0	
Investment in Working Capital		(80,31)	(51,63)	(51,63)	(114,72)	(114,72)	413,01
Working Capital		80,31	131,93	183,56	298,28	413,01	0,00
Investment Cash Flow	(1,60)	(80,31)	(51,63)	(51,63)	(114,72)	(114,72)	413,01
Free Cash Flows	(1,60)	(161,10)	(93,23)	(0,71)	45,95	258,56	413,01
Discounted Cash Flows	(1,60)	(155,47)	(86,83)	(0,64)	39,86	216,43	333,63
Cumulative Cash Flows	(1,60)	(162,70)	(255,93)	(256,64)	(210,69)	47,87	460,88
NPV		345,38					
NPV (check)		345,38					
IRR		28,26%					