

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.

MARKETING PLAN FOR LE COQ SPORTIF RUSSIA

YULIA LEDOVSKAYA

№ 1385

A Project carried out on the Management course, under the supervision of

Jorge Velosa

Jan 2014

INDEX

ABSTRACT	2
EXECUTIVE SUMMARY	3
MARKET ANALYSIS	4
MARKET TENDENCY	5
SITUATION ANALYSIS	6
COMPANY.....	6
COLLABORATORS.....	8
CONTEXT	8
CUSTOMERS.....	9
COMPETITORS	11
SWOT ANALYSIS	12
KEYS TO SUCCESS	13
MARKETING STRATEGY	14
MISSION	14
OBJECTIVES.....	14
SEGMENTATION AND TARGETING	15
POSITIONING.....	16
STRATEGY SUMMARY	17
MARKETING MIX	18
PRODUCT	18
PRICE.....	20
DISTRIBUTION.....	21
PROMOTIONS.....	23
FINANCIALS	26
IMPLEMENTATION AND CONTROL	26
MARKETING RESEARCH AND LIMITATION	27
CONTINGENCY PLAN	27
REFERENCES	29
ATTACHMENT	30

ABSTRACT

I am going to take the position of the Head Office in France and look at the Russian business performance as a part of the global business. Results of several researches indicate a clear picture of the challenges on the Russian market, as low awareness of the brand, low penetration of the brand and complexity with the marketing mix implementation due to wide differences in terms of behavior, overall environment in the cities and climate between Russian cities. This marketing plan intends to face those challenges and create a sustainable and profitable business in the Russian market.

Key words: Le coq Sportif, Russia, marketing plan, distribution channels, brand awareness.

EXECUTIVE SUMMARY

One hundred thirty years of experience places Le coq Sportif in a unique position on the market. Nowadays, Le coq Sportif produces apparel for an active life style and for people who have a passion about sport. By 2004, the brand almost disappeared and lost all partnerships, but since then the brand is under the control of Airesis – a holding Investment Company, which mission is to return the legendary brand to the market. Currently, the brand is present in 4 countries with owned business, in 10 countries through distribution contracts, and in Asia through a license contract. Sport and Fashion group represent the brand in Russia since 2008. Russia is, nowadays, one of the most attractive markets in the world, expected to grow in 2014 by 14%, but due to low investment in this market, the Russian only accounts for 5% of Le coq Sportif overall sales.

To create a sustainable and profitable business in Russia, Le coq Sportif will develop sustainable distributional channels through department stores and multibrand shops, and open 2 flagship stores; develop a marketing mix adaptation strategy through groups of cities with individual approach; launch a new marketing campaign - “win with elegance” - and will create several initiatives to capture cycling, with the creation of an app, special branded parking for bicycle with table and events. A new design of the stores will be created, as well as new packaging to educate consumers about the heritage of the brand.

MARKET ANALYSIS

Le coq Sportif Russia has a small part of the total profit of Le coq Sportif overall.¹ However, the Russian market has been experiencing the most impressive growth. (Attachment1)

The Russian apparel retail industry, which includes menswear, womenwear and childrenwear and all types of clothes such as casual wear, formalwear, outerwear, etc., grew by 10% in 2012. The sportswear industry, which includes categories as professional sportswear, sportswear for amateur sports or fitness and casual wear sports style clothes, grew by 14% in 2012.² Also, this was due to an increasing percentage of the budget spent on clothing of urban residents, especially women. According to AC Nielsen, 74% of respondents are willing to spend money left after basic expenses on clothes. In comparison, for the same purpose, only 41% of Europeans expressed the same will.³ Also, Russians are willing to pay a two to three times higher price for clothing than in comparable Western European countries.

The Russian apparel retail industry had total revenue of \$48,835.6 million in 2011, representing a compound annual growth rate (CAGR) of 6.2% between 2007 and 2011. In comparison, the French and German industries grew with CAGRs of 0.2% and 1% respectively, over the same period, to reach respective values of \$48,687.6 million and \$74,000.8 million in 2011.⁴

Corporations as Nike and Adidas benefit from large scale economies that let them build brand through multiple retail outlets as they have higher negotiation power with suppliers. According to trade sources, around 70% of foreign manufacturers prefer to operate through local partners, whilst only 10% open 100%-owned retail companies.⁵ Manufacturers most of the times make distribution contract with companies which are

located in Moscow. These holdings have their own retail channels in the biggest cities and make contacts with local partners in other cities and operate as wholesalers. To get easier access to cities, the holdings make contracts with department stores and multibrand stores.⁶ (Attachment 2)

Russian's accession to the World Trade Organization (WTO), following 18 years of talks, is expected to stimulate foreign investment, as the agreement aims to reduce barriers to trade across borders. Due to it, it will be easier to expand operations in the country, since as a member of the WTO, Russia is required to accept various regulation which will force it to address issues such as corruption, protection of minority shareholders and the independence of the judicial system.⁷

MARKET TENDENCY

The market of sportswear in Russia is considered to be one of the fastest growing in the world due to the fact that sport in Russia is becoming popular and sportswear has become firmly established in the daily lives of many Russians.

Changes in the sportswear market take place on several fronts. First, the major players are trying to monopolize the market through mergers and acquisitions of competitors. Thus, the company Adidas in 2006 bought one of the competitors - the company Reebok. Experts expect a reciprocal move from Nike.

Secondly, there is a blurring of the boundaries between sport and fashion. Manufacturers of brands of sportswear expand its range of more fashionable items of mass consumption ("not for sports"). In particular, some of the major manufacturers started including a collection of jeans, skirts, T-shirts, etc. which Fashion designers, in line with the latest fashion trends, design these products. In turn, the clothing manufacturers create a collection of casual style in the style of sport.

Finally, the perspective for the Russian clothing market is the country's participation in the contest to host the Olympics, accompanied by active promotion of sports and sports lifestyle. Also government increases spending on the promotion of sport and organizes several events to attract people to do some sports. In addition, it is possible to observe that the overall number of people who do any sport increased considerably in the last years.

SITUATION ANALYSIS

COMPANY

Le Coq Sportif was established in 1882, founded by Emile Camuset in the town of Romilly- sur-Seine in France, who was known to be a passion lover for sports, especially in the area of football and cycling.⁸ The initial entry in the market was in the athletic discipline. Using his know-how and expertise, he became the ultimate market leader in sports clothing and the number one choice of clothes provider for a major athlete of that time. The rising popularity of sports lifestyle pushed company to produce fashionable clothes for the first active leisure enthusiasts, allowing the brand to be taken beyond professional sports. Thus shirts, sweaters, t-shirts and tank tops appeared in the collections, while the brand Le Coq Sportif was becoming associated with success, comfort and elegance.

The production stopped only during the World War II. But, already in 1951 the company received a prestigious order - tights for the Tour de France. Twelve teams of 10 cyclists each were equipped with Le Coq's clothing, including legends of cycling such as Louison Bobe and Fausto Coppi. The legendary victory of the football team of Saint-Etienne in the Europe Cup in 1976, Yannic Noa's victory at the Open Cup in France in 1983 and the athletic achievements of Bernard Guinot in the Tour de France

from 1978-1985 in which they all had T-shirts and sweaters with the emblem of Le Coq Sportif strengthen the brand. At the time this French could boast of a rich sport history in sports such as football, rugby, boxing, basketball, athletics, handball, cycling and sailing.

From 1974 to 2005 the brand was under the control of Adidas brand. Until 1974, the company was a family business, but they failed due to increasing competition and faced financial problems. As a result, Adidas made a good proposal and bought the company. At the end of the XX century, the brand Le Coq Sportif has virtually disappeared from the world arena and lost all partnerships. But in 2005 Airesis⁹, which is number 1 in the kitesurfing market with known brands like North Kiteboarding and Fanatic, bought Le Coq Sportif. Since then, the brand has slowly but confidently and ambitiously began its comeback to the market. In April 2008 the first shop opened in Moscow - Russia. Since 2012, Le Coq Sportif has once again became the official supplier of professional equipment for the legendary cycling race *Tour de France*

Le coq Sportif has its own distribution network in France, Italy, Spain and United Kingdom with an overall of 15 concept stores and 8 factory outlets besides multibrand and department stores. Le coq Sportif chose a careful strategy to operate in the countries it is present, with a close French culture where it is easy to implement the “French success story“. Also the company works with partners all around the world on the base of distribution contracts and licenses. Le coq Sportif has distributors in Cyprus, Kazakhstan, Russia, Colombia, Argentina, Tunisia, Israel, South Africa, Arabian Emirates and Australia. In total, it has 25 concept stories, 3 factory outlets besides of multibrand and department stores; and a license contract in Asia.

COLLABORATORS

The Le Coq Sportif established a franchise agreement with The Sport and Fashion Group in Russia in order to operate in the Russian market. The Sport and Fashion Group was established in 1991¹⁰ and entered the market as the official representative of Reebok International LTD. Today the company is the exclusive distributor of brands like Gant, Le Coq Sportif and Lyle&Scott in the territory of Russia and CIS countries. This private company has 36 retail stores in Moscow, St. Petersburg and Kazan. Whereas Le Coq Sportif is responsible for major parts of the business such as production, marketing and the overall strategy, The Sport and Fashion group is responsible for the exploitation of the Le Coq Sportif shops in Russia. However these have to meet the requirements in what regards design and service of Le Coq Sportif worldwide. The Sport and Fashion Group has not the possibility to make major adjustment to the shops that would not be in line with the brand image. Sport and Fashion Group pays royalty 10% of sales to Le coq Sportif.

Sport and Fashion Group has now 11 concept stories. In these 11 stores, Sport and Fashion Group own 3 stores in Moscow, 2 in Saint-Petersburg and closed store in Kazan, where all other stores are owned by Sport and Fashion's partners.

Every season, Le Coq Sportif launches a limited edition of sneakers in collaboration with different companies. The last ones were M&M, FootPatrol and Sneaker Freaker – the most worldwide known magazine about sneakers.

CONTEXT

The context analysis will give a better insight concerning the limits of the industry in which Le Coq Sportif is operating. This analysis is done through the PEST model, which analyzes the Political, Economic, Social and Technological influences on the fashion industry and in particular Le Coq Sportif in a macroeconomic setting.

The Russian Federation is a vast country with great capacity. Over the past ten years, its GDP has grown by an annual average of 4.9%, doubling real disposable income and enabling the emergence of a middle class. Primarily revenues from commodity producers have fueled the growth. Russia's emerging economy depends on oil and gas commodities.¹¹

Russia has many severe political issues, which make it not the most preferable investment region. One of the main issues concerning the political system in Russia is its bureaucratic system, which makes the way of doing business truly complex. It is better to have someone local to work with who knows all niceties to minimize the complexity. Under the leadership of Vladimir Putin, a better investment environment has been created which attracted new foreign investors who saw possibilities in the Russian market. Russia has several policies for foreign companies operating in Russia to which they need to adhere concerning marketing, advertising and health and safety requirements.

In 2013, the gross domestic product (GDP) of Russia increased by 1,2 %, only passed by China (7,8%) and India (4.8%).¹² In 2012, foreign direct investment in the country was 45 billion euros.¹³ The highest part of the investment came to the financial sector and manufacturing.

CUSTOMERS

Customers of Le Coq Sportif are open-minded individuals with an active life style who prefer an active and fun leisure time: cycling, snowboarding, skiing, going to the movies, perform modern dancing, fitness, etc. and are frequent visitors of concerts, exhibitions of contemporary art, art projects and all types of social events. They focus on the latest trends in fashion, avoiding pretentiousness in daily wearing style but with a

big consciousness regarding the quality of the products they use.¹⁴ Due to lack of products in the women collection, most of the consumers are men. (See Attachment 3) During the last decade Le Coq Sportif has become more fashion oriented. However, they were able to stay true to their heritage in the bicycling industry, which have formed them into a competitive brand in the current demanding market. Le coq Sportif's consumers looking for apparel for fitness or sport as amateur and for casual wear. (Attachment 4) Le coq Sportif's consumers are between 18 to 35 years old which are enthusiastic about sport and cycling. In Russia the cycling culture is a trend now. There has been a shift in life style, which has become more sports orientated. This is evident through the interest of the average consumer in sports related, health magazines such as men's health for the male segment and cosmopolitan for the women segment.¹⁵

It is a low involvement category even though people carefully choose apparel to buy; they make a decision just in the shop. Despite that people spend a big amount of money on apparel, just few – fashion addicted people, check collections before they go shopping. Most of the people put in the consideration stage brands, which they know in a category, evaluate them in the shop and put in the evaluation stage new brands upon friend's recommendation, shop window attraction or advertising. Due to the fact that fashion is a fast moving industry, people advocate brand after purchase most of the cases due to collection trend orientation and exclusive style. Quality is considered a criteria, which people perceive as an absolute integral element so they don't advocate brand just because of quality but if they not satisfied with it they will tell everyone. Even if the person is loyal to one of brand he is ready to try other brands but only in case his favorite brand don't have items, which the person is interested in. Collaboration and selection items are cling and intriguing people to the brand. (Attachment 5)

Le coq Sportif is rarely in the consideration stage due to low awareness of the product range and brand and due to instability of the collection direction, which create a mess in the consumers' minds.¹⁶ Most of the times Le coq Sportif can be in evaluation stage but only in case the person faces the brand near competitors. For consumers it is important an easy access to the brand since they are rarely ready to go far away to buy implying the necessity to develop distribution channels and to be near all competitors.

COMPETITORS

The segment in which Le coq Sportif is operating can be described as the casual sports style wear apparel. One of the points of difference between Le coq Sportif and the other sport oriented and sport style oriented brand is that the brand proposes total look for the consumers. And because of it Le coq Sportif competes with different brands in different product categories. For example, Le coq Sportif doesn't compete with Adidas directly but compete with Adidas Original. The main competitors include Adidas Original, Nike Sports Wear, Puma, Lacoste, and Fred Perry (Attachment 6).

Each of the main players has a limited line with "designer name" – Y3 in Adidas, Armani in Reebok, Alexander McQueen in Puma, etc. Adidas, Puma and Nike have a strong separately produced line for Russian winter – wide range of jackets and winter accessories. Lacoste has a broad in-line offer of warm knitwear and jackets, including many finished by fur. But none of the main players has similar adapted footwear line, especially men's.

When looking to competitors with an image of higher quality, Lacoste and Fred Perry are competing in this segment of the market; while Nike, Puma and Adidas are considered more accessible than Le Coq Sportif, by the average Russian consumer. All

these five brands have a clear position in the Russian market and Le Coq Sportif tries to position itself between these brands.

Regarding clothes for active life style, consumers mostly named Nike, Adidas, Rebook and Puma. But the ultimate leader is Adidas, which is at the top of the mind of the consumers (Attachment 7). Adidas has the highest level of coverage, 103 concept stores only in Moscow and 776 shops in Russia. Nike has 80 shops in all Russia. For Adidas the Russian market is the biggest European market, being even bigger than the German market.¹⁷ Adidas has had an active development because the company is not afraid to invest in the Russian market, opening its own stores, while most of the Nike stores open franchise partners and American company only invests in advertising.

To differentiate themselves from each other, brands try to stress one of the sports and be associated with it, as Nike nowadays stresses running. Also brands operate in Russia using local distributors but the strategy and adaptation of the decision goes from headquarter and all marketing campaigns paid by it. The brands as Nike and Adidas have winter collection, which are fully adapted to the Russian climate.

SWOT ANALYSIS

Strengths

- Brand heritage
- French roots
- Product quality
- Good and visible location of existing concept shops
- Incredible big range of footwear collections
- Partnership with Tour de France

Weaknesses

- Sport star which supports brand is interesting just in France
- Low brand awareness in the territory out of Europe
- Poor assortment range of Fall Winter products (Attachment 8)
- Low visibility of advertising campaign
- Small distribution network
- High prices out of Europe in comparison to main competitors

Opportunities

- Built brand awareness thanks to Select, Tour de France performance, lifestyle range and limited editions (collaborations)
- Brand development throughout multiband channel including corners
- Grow thought the Russian market

Threats

- Entrance of new competitors in the market
- Economic crisis
- Reduction of concept stores in regions due to retail price and low awareness
- Closure of the business

KEYS TO SUCCESS

In order to fulfill its mission and achieve superior performance, the company should identify the special factors which most contribute to its success.¹⁸ A strong brand is the main important factor and it is a strategic issue, which produces added benefits for the business.¹⁹ In the sportswear market, brand equity seems to be even more important than in other apparel markets being the Sportswear market one of the most heavily branded. Customer chooses their products mainly because of the sports players they back, the possible victories of their favorite team and etc. The main competitive

advantage between the competitors is indeed, the brand. Distribution network is another important issue, which the company should develop. It's really important to create the easy access to the brand and to be in the right place when the consumers need it. The place should also fit the positioning of the brand. The third important issue it is the marketing mix implementation, especially when we talk about "out of Europe" extension – Glocal strategy. The mix should be adapted to the local environment and behavior or otherwise the brand would be presided in a wrong way and fail.

MARKETING STRATEGY

MISSION

The mission is to provide stylish, quality sporting goods worldwide and deliver the emotional and elegance of sport. Le coq Sportif is a French brand that has been serving the emotions of the sporting men since 1882. At the beginning it was the passion of one man – Mr. Camuset: the passion to make the most beautiful sports articles, the passion of well-being, the passion of pride and style. Le coq Sportif is an alternative and unique sport brand, which provides a different message to the consumer. It is a brand with innovative style, elegant with a French touch, undisputed quality and detailed products.

OBJECTIVES

The purpose of this plan is to develop a sustainable and profitable business in Russia. It is a three year plan where we will achieve **\$671 842,32** net earnings in first year and the royalties will increase from \$ 915 721,00 in 2013 to \$3 976 145,66 in 2014. The objective is to develop distribution channels through department stores and multibrand shops and to open two flagship stores in Moscow and Saint-Petersburg, and shops in Kazan, Krasnodar and Rostov-on-Don. To achieve the sustainability of the

brand outside of Moscow and St. Petersburg, we need to implement the marketing mix in the right way. Cities in Russia will be grouped based on their similarity in terms of environment and consumers behavior. For each group of cities it will be adopted a marketing mix and strategy of items collections selections. Another objective is to increase the awareness of the brand. To do that it will be implemented a new marketing campaign - "Win with elegance" - and will take several initiatives to capture the cycling to create the strong association with Le coq Sportif as an app for cycling, new branded parking platform with table for bicycles where people can rest without dropping their bicycle and events. To educate consumers about the heritage of the brand, stores will be decorated in a way to show the history of the brand and the packaging will be decorated inside with photos of historical moments.

SEGMENTATION AND TARGETING

Market segmentation involves grouping consumers within a market into smaller segments based on similarities in need, attitudes or behavior that marketing can address.²⁰ Le coq Sportif operates in amateur sports or fitness category and casual wear category because Le coq Sportif is the brand for active life style and not oriented on professional performance. Despite of that, Le coq Sportif has several performance items, which are related to Tour de France. (Attachment 2)

Le coq Sportif target will be people between 18 and 35 year old, because this age frame is when the average people like a more active lifestyle. This people should be from middle or upper-middle social class, with passion about any sport and preference for an active lifestyle. They are open-minded and diverse people who like to be different from other people and avoid routine in life. Applying the usage - based approach will first of all target competitor users: other-brand loyals, other-brand switchers due to low

awareness of the brand Le coq Sportif. Because we are working in the fashion industry people are more willing to buy the new brand if they find something attractive in the collection. Secondly we will work with the current consumers to make them loyal to the brand via increasing value of the brand. Generally consumers choose a particular brand because they believe that it provides a benefit that is different from other brands'.²¹

POSITIONING

Positioning a brand means emphasizing the distinctive characteristics that make it different from its competitors and appealing to the public.²² Positioning aims to explain the meaning and value of a brand to consumers. To establish a brand position we should start by identifying its category membership. The category provides a frame of reference that consumers can use to position the product in their minds.²³ But first it is necessary to understand how the sport category is divided and understand consumer's minds. The sport category is divided by three sub-categories: performance apparel, amateur sports or fitness apparel and casual sport style. In the past Le coq Sportif was more oriented to the performance sub-category due to its heritage and experience and less oriented on casual wear apparel. But now the situation is totally different. Le coq Sportif is more focused on casual sport style apparel and shoes, and on amateur sports or fitness clothes and shoes. The heritage of the brand is supported by performance collections and sport orientation, sustained by the partnership with Tour de France, but still the brand is not about professional performance. The points of parity in the category where Le coq Sportif competes are trend orientation, comfort of products and all sport oriented brand should be the sponsor of a team, star or competition.

The final component of the brand concept is the point of difference. We need to understand what it is different from other brands in the category.²⁴ Le coq Sportif

differs from the other sport-oriented brands due to French roots, which can be traced in each item of the collections in the form of the French chic and elegance and unusual details in each item. Also, Le coq Sportif proposes to consumers a “total look” benefit, meaning that consumers can enter to the shop and can completely change the look due to wide range of product categories as for example accessories. Le coq Sportif has an incredible history from 1883 and no one within the category have such heritage. The brand has a unique sport orientation – cycling, supported by the partnership with Tour de France, special cycling collections and unique events.

We identify the brand’s category membership and point of difference; it is useful to summarize these in a positioning statement²⁵: “To young men and women who prefer active life style and passion about sport, Le coq Sportif is trendy casual sport-oriented clothes and shoes brand supported by famous sportsmen, which has heritage, cycling orientation and provides a total look with French chic, because of partnership with Tour de France and special cycling collections, sponsorships of a lot great sportsmen and also due to its country of origin.”

STRATEGY SUMMARY

Le coq Sportif is losing a big opportunity and consequently a lot of money investing just in France, Spain, Italy and United Kingdom. These markets are decreasing so Le coq Sportif has to focus on emerging markets as Russia, which grow by 14% a year. Currently there are just 11 concept stores in comparison to Adidas, which has 776 stores and sales are more that 1 milliard euro (more than on the German market).²⁶ Each of 11 concept stores brings more profit than the flagship store in Spain.²⁷ Le coq Sportif and its official distributor in Russia – Sport and Fashion Group should invest in sustainable distribution channels through department stores and

multibrand shops, and open 2 flagship stores while Sport and Fashion group implements new marketing campaigns to increase brand awareness: launching a new marketing campaign - “win with elegance” - and several initiatives to capture cycling, including the creation of an app, parking and events. It will be created a new design for the stores and new packaging to educate consumers about the heritage of the brand.

It is also necessary to pay attention to the marketing mix implementation because Russia is different from Europe and even Moscow and Saint- Petersburg are different from other parts of Russia. Each of the regions is differentiated not only by climate conditionals but also by consumer behavior and overall environment. For Russia it is necessary to have a special winter collection due to climate conditions and a wide range of women collection due to demographic specific. Also Europe sport stars do not mean anything for Russians. In the case of entering in the city with not adapted European strategy the brand will not be accepted by locals. It was proven by Kazan case in which a store was closed because of consumers not understanding of brand’s values and renting issues.

MARKETING MIX

PRODUCT

Le coq Sportif is currently providing several sports and fashion collections, unique clothing consisting of a combination of sports, retro and the latest fashion trends. In the portfolio of the collections there are men and women collections of clothes; men, women and children collection of shoes; accessories and also limited additional collections or selected collections. Collections are divided into sport style and lifestyle. Constantly, Le coq Sportif creates the core basic collection which change from season to season through small details or new colors (color has always been an important

element to the success of the company: from the archives to the heroic teams and the modern times, the products, the merchandise etc.), retro collection, cycling performance collection and urban cycling collection. There are seasonal stories, which are oriented on the last trends and select collections. Seasonal products represent an opportunity to bring freshness to the market. Designed to move the brand forward and organized by creative theme to ensure great visual merchandizing.

The French brand Le coq Sportif, celebrated last year, its 130-year anniversary. Rich sporting heritage, modern fashion trends and the latest technology set the rhythm of flight of fantasy. Fashion on retro allows designers of the brand return to production of the popular models of yesteryear. The select collections and collaborations with famous brands or designers are excellent PR subject also as they create awareness of the brand through trendsetters. Quality, sport, elegance and attention to the details are key element of the collections. Le coq Sportif choose only high quality materials and innovative processes in the production, but still there is a handmade part of the technology production. Accessibility is one of the founding values of le coq Sportif. Its founder Emile Camuset wanted to design products for amateurs and professionals alike. This is still a core brand value: a timeless commitment.

The logo depends on the collection line. The core collection has classical logo – a rooster with an elongated sports breast - and other season collections have tactical logos, which connected to the inspiration of the line. The most expensive line has the logo embroidered with gold thread (Attachment 9)

But the collection designed for warm weather and not for the cold Russian winter. Other brands as Adidas or Nike have special collection for cold winter while Le coq Sportif suffer a drop in sales. The men collection is 50%, unisex sneaker 25%, and

women collection 25%.²⁸ Women are a sales driver and even existing women consumers complain about poor collections.²⁹ It is strategically necessary to develop appropriate winter collections and women collections to keep up with competitors and not to lose in sales.

Brand identity is on the sender's side, while brand image refers to the way in which people decode all the signs emanating from the products, services and communication covered by the brand, brand identity specifies the brand's meaning, aim and self-image.³⁰ In Attachment 10 it is possible to see the graphical representation of the brand identity prism Le coq Sportif in Russia.

PRICE

Pricing decision, like other marketing mix decisions, must start with customer value. Value-based pricing uses buyer's perception of value, not the seller's cost, as the key to pricing.³¹

The Europe LCS footwear pricing is almost at the same level as Adidas Originals and is lower than the two main competitors, Lacoste and Fred Perry. In the Russian market the situation is quite different, the price is in the same level as Lacoste and higher than Fred Perry and Adidas. This causes quite a number of questions, especially from those customers who travel to Europe and have an opportunity to compare the prices on one hand, and on the other hand Internet is available worldwide, so everyone can do a simple exercise and check the prices. In terms of apparel in the Russian market we are in a different position, with an at least 25% price premium to Adidas, almost in line with Fred Perry and less expensive than Lacoste by about 20-25% (Attachment 11). The survey shows that Le Coq Sportif customers are particularly

dissatisfied with the price because of that.³² These issues derive from the large discount percentage Le Coq Sportif uses during the sales, that goes from 10% to even 50%.

We will keep these prices and increase brand's perceived value. Le coq Sportif defines its price setting as part of a skimming strategy. To do this, the new marketing strategy will add some features to the product; consumers will be educated about the brand and will be part of the Le coq Sportif society.

DISTRIBUTION

The Russian market is one of the biggest and perspective markets in the world and in Russia the level of penetration of the brand is incredibly low, having in the mind the size and perspective of the country. The number of 11 stores is incomparable with market leaders, Adidas – 776 stores and Nike – 80 stores. The demand in this category is growing a lot due to a shift of lifestyle to active, sport and health oriented; and also due to climate specific of Russia consumers need special winter collections. Le coq Sportif has huge gaps from the supply side to satisfy increasing demand. With a new strategy, Le coq Sportif in partnership with Sport and Fashion Group will invest in distribution channels development. (Attachment 12) We are going to build selective distribution channels. Le coq Sportif will work directly with Sport and Fashion Group, in turn, Sport and Fashion Group will work with owners of store's premises, multibrand stores and department stores.

It will open 2 flagship stores in Moscow and Saint-Petersburg, and 3 stores in first wave of openings: in Krasnodar, Rostov-on-Don, Kazan. Due to the fact that Russia is a huge market, companies profitably access in a limited number of cities – the most affluent.³³

The cities were chosen by a defined criteria, potential service output demand (more than 1 million residents), high level of development, high percentage of people middle and upper-middle class, common culture, climate conditionals (because for now Le coq Sportif doesn't have collections for really cold weather)³⁴ The cost on the opening will split between Le coq Sportif and Fashion Group as the profit. Sport and Fashion Group will be responsible for finding store space and the negotiation processes, managing store reconstruction and marketing support.

The stores will be opened in several waves and using a glocal strategy - the company will adopt in the international marketing, standardize certain core elements and localize other elements, because different values might lead to the different needs and consumption behaviors: marketing mix will be adapted to each group and will be adopted selection items strategy to consumers preference in terms of colors and type of models. "Think global but act local".³⁵

Also, to increase the brand presence, it is necessary to be in the department stores, also because all the competitors are there. In Moscow there are two main department stores, which perfectly fit to the positioning of the brand. They are bright, eclectic, mixing styles and cultures together and never standing still. Tsvetnoy central market – is a department store with seven floors, four of which are for clothing. Podium market – is a department store on 7000 m² collected more than 300 fashionable European, American and Japanese brands at affordable prices.

To get the first access to cities it is easier to make a partnership with high retail chains. The strategy is to introduce the brand to the consumers, educate them about it, and prepare the city to the concept store. In the corners will be present regular, select collection and Tour de France collections. The Collection will create visibility for the

brand and PR support in turn will create awareness of the brand in this city. When a strong image of the brand is created in the consumers' minds and a stable demand is reached, Sport and Fashion Group will open a concept store. Department stores take 7% of sales and multibrand stores will have special price range in procurement period. (Attachment 13)

The multibrand stores were chosen by criteria: stores concept have to fit brand's positioning, stores penetration, reputation on the market. Sportmaster is on the biggest chain in Russia: 124 cities - Russia, 34 cities - Ukraine, 16 cities - Belorussia, 10 cities - Kazakhstan and also Uzbekistan, Azerbaijan, Kyrgyzstan, Georgia, Armenia, Moldova, Mongolia. It is an international chain of sports shops equipment for fitness, summer and winter sports, and its facilities are as well good for outdoor activities. Vis'shaya liga is the largest retail chain of sports companies of the South of Russia. Sport and Fashion Group will be responsible for the development of multibrand and department store chain.

PROMOTIONS

The role of marketing communications is to engage consumers in a dialog and to build relationships or brand community.³⁶

Target and action objectives were the next step in planning product's communications.³⁷ The target of the marketing communications will be people between 22 and 30 year old, competitors buyers, middle or upper-middle social class whose passion is about any sport and prefer active life style, open-minded and diverse people who like to be different from other people and avoid routine in life.

The objectifies are to increase awareness of the brand, create positive associations, build an emotional relationship with customers, showcasing the

unconventional approach of Le Coq Sportif, create a community around the brand and increase the amount of loyal consumers which will advocate brand and capture cycling.

To increase the recall awareness of the brand and to clarify the positioning of the brand, there will be launched a new advertising campaign. Advertising is non-personal mass communication using mass media.³⁸ “Win with elegance” campaign stands people with champions on the same positions in terms of needs. People make the same movement everyday as champions, for example you raise your hand to catch the taxi the same do tennis player to make a serve. As champions, people win everyday: get a job, help someone, do something for the first time and achieve goals everyday. Champions need comfortable equipment with perfect quality to achieve their goals and win, as people need. But what differentiate them it is style and elegance. The marketing campaign will include video advertising in the Internet and support advertising in magazines: Vogue, Sport Express, Men’s Heath, Maxim, Cosmopolitan, Cosmopolitan Shopping, Sobaka. To measure the success of the campaign will be used the click through rate of the video, media reaction, social media reaction as “likes”, “shares” and positive comments, number of stores visitors, sales and marketing research to identify dynamics.

Public relations instigates with audiences.³⁹ The brand will continue to promote collections. Le coq Sportif will organize the presentation of collections and collaborations to the press to create media pressure before the beginning of the sales. Sport and Fashion Group will work close with the following magazines: Vogue, Sport Express, Men’s Heath, Maxim, Cosmopolitan, Cosmopolitan Shopping, Sobaka, Afisha, lookatme.ru, the-village.ru, furfurmag.ru, wonderzine.com. The company will provide the first pairs of collaborations or the so-called “diamonds” of the collection to

the trendsetters to spread the trend to the community. To measure the success of the collaborations and “diamonds” of the collections will be used the speed of sales, “shares” and “likes” in social media and number of stores visitors, sales.

Point-of-purchase communications includes several communication tools such as displays, shop windows, merchandising, story layout, etc. The shop window is the main influencer on the consumers’ decision to come inside shop if they don’t know the brand. Le coq Sportif should continue to use not only mannequins but also images to transmit the culture of the brand and attract consumers. The shop window has to be always bright and attractive. (Attachment 14)

To promote the attitudes of the brand, as cycling culture and heritage of the brand several initiatives will be taken. Le coq Sportive is launching a unique cycling collections and is also the current official partner of Tour de France. The cycling culture is a trend nowadays, but in Russia has just started to grow. In main cities were made roads, all parks adopted to cycling and for Le coq Sportif it is necessary to capture cycling as Nike did with running, for example. To achieve this objective, we will make an app for cycling (Attachment 15) trough, which will create a cycling community, where it will be promoted the news of the brand and cycling events where Le coq Sportif participates, as well as Le coq Sportif’s events. The App will be promoted using PR, events and through social media. Also first in Moscow, will be established branded parking for bicycles (Attachment 16) for additional visibility of the brand and to promote cycling attribute. Installation of parking will be covered in the press. The measure the success of these campaigns will be measure: the amount of people on the events, quantity of users, marketing research to check the brand image, the number of store’s visitors

To educate consumers and to promote heritage attitude, we will change the story layout to historical, with special equipment and special video on displays. Inside of the packages, it will be posted historical pictures of most important moments of the brand (Attachment 17). The marketing research will show the success of these changes.

Will be continued trial promotions as season sales: 10/15/30 % discount, special holidays discounts 10/15 % as Saint Valentines day.

FINANCIALS

In this phase, it is important to analyze the incremental sources of business value that LCS France will gain with the Russian market. In Attachment 18, it is possible to find the financial projections for 2014, 2015, and 2016. This value comes from 2 types of sources: 2 flagship stores and the products sold to the Russian distributor. With the 2 flagship stores, the holding will have a direct incremental Net Earnings in a first year (2014) \$ 671 842,32; and extra royalties \$ 3 976 145,66.

Le coq Sportif will invest half of all investments in flagship store opening and receive half of the profit from it, in App development, parking for bicycles and advertising. Other investment will be from the Sport and Fashion Group side.

IMPLEMENTATION AND CONTROL

The final step of the marketing plan consists in scheduling a timed-defined plan for completing a series of tasks and activities related to the program or objectives, which helps the company to define the timing and coordinate implementation, while avoiding conflicts and measure progress.⁴⁰ In the attachment 19 it is possible to see the schedule, which will help everyone to work on the plan and check the implementation flow. Also it is necessary to measure product sales, advertising and events performance

to see if a positive brand attitude is being created among the target and if new customers are being attracted. To take care of the deviance from the goals, monitoring has to be done carefully, in order to make corrective actions.

MARKETING RESEARCH AND LIMITATION

The qualitative research was based on in-depth interviews, conducted to 24 people from 20 to 30 years old: Le coq Sportif consumers, 6 men and 5 women; competitor's consumers, 6 men and 6 women. The research was made to measure consumers behavior and brand image of Le coq Sportif. Clearly it would be better to conduct more interviews in order to minimize the error and make results more accurate.

The second research, which was done by the researcher is a quantitative research to measure brand awareness and to identify top of mind brand. In this research took part 130 respondents from 20 to 35 year old, men and women. The research was made through a small interview with 3 questions: first to identify top of mind brand which people named first and spontaneously, with the second question was showed the picture with brands logos: Le coq Sportif and competitors to identify brand recognition, the third question to identify which brands people buy in this year.

It is important to take into account that I am not a professional researcher and it can lead to errors. Also the time and recourses are important issues to researches.

CONTINGENCY PLAN

Contingency plan should be put through in unpredictable situations. It is necessary to measure effect of the marketing campaign "Win with elegance" to check the dynamics. If there will no positive dynamics, all activities, which connected with the campaign should be stopped and should be identified the reasons of failure. Afterwards

should be create a new campaign taking into account the previous problems. In case of a sales fall, the advertising and promotion budget should be increased by 5% depending on the problem. If those appear insurmountable obstacles to the opening of the stores in Kazan, Krasnodar or Rostov-on-Don, other cities can be chosen to open the stores. In the case of too much complexity regarding contracts with department and multibrand stores, small concessions and discounts can be considered.

REFERENCES

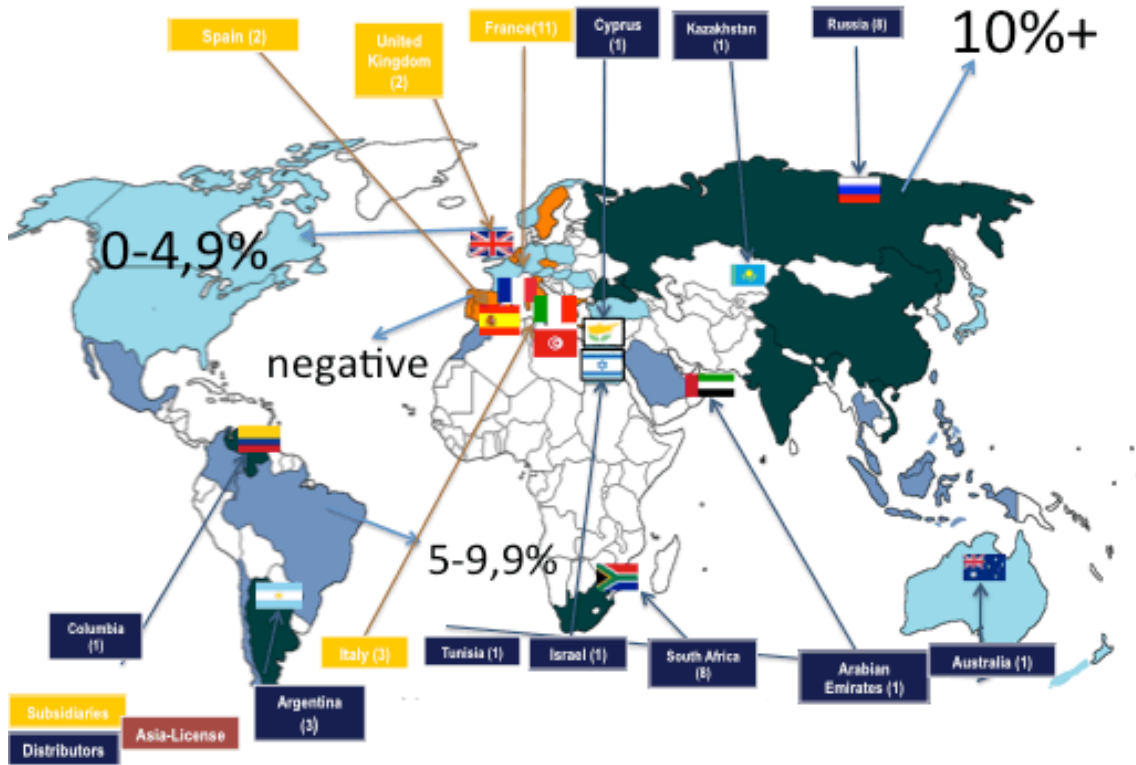
- ¹ Airesis Annual Report
- ² Marketline Russia-Apparel Retail
- ³ ProFashion, June '13 "Russian retail"
- ⁴ Marketline Russia-Apparel Retail
- ⁵ Euromonitor International Retail Trade International, p.425
- ⁶ Anne T Coughlan, Erin Anderson, Louis W Stern, Adel I. El Ansary (2006), Marketing Channels 7th ed, chs 1-5, 6 Pearson Education, Upper Saddle River New Jersey
- ⁷ Euromonitor International Retail Trade International, p.425
- ⁸ www.lecoqsportif.com
- ⁹ www.airesis.com
- ¹⁰ Sport and Fashion Group presentation
- ¹¹ Doing Business Subnational 2012
- ¹² <http://www.tradingeconomics.com/russia/gdp>
- ¹³ Investing in Russia. An overview of the current investment climate in Russia. April 2013- KPMG report
- ¹⁴ Le coq Sportif corporate presentation
- ¹⁵ Le coq Sportif corporate presentation
- ¹⁶ Interview with brand-manager LCS Russia
- ¹⁷ http://www.vedomosti.ru/companies/news/1389194/pervaya_dlya_adidas
- ¹⁸ Wood, Marian Burk. 2008. The Marketing Plan Handbook (3rd Ed). New Jersey: Pearson Prentice Hall. p.27
- ¹⁹ J.N.Kapferer. 2008. The new strategic brand management. p.9
- ²⁰ Philip Kotler, "Principles of marketing" fifth European edition, 2008, Chapter 9, p.410
- ²¹ Tybout, Alice M., and Brian Sternthall. 2010. "Segmentation and Targeting" In Kellog on Marketing, p.34, John Wiley & Sons.
- ²² J.N.Kapferer. 2008. The new strategic brand management. "Brand Identity and Positioning" p.175
- ²³ Tybout, Alice M., and Brian Sternthall. 2010. "Brand Positioning." In Kellog on Marketing, p.97, John Wiley & Sons.
- ²⁴ Tybout, Alice M., and Brian Sternthall. 2010. "Brand Positioning." In Kellog on Marketing, p.97, John Wiley & Sons.
- ²⁵ Tybout, Alice M., and Brian Sternthall. 2010. "Brand Positioning." In Kellog on Marketing, 85, John Wiley & Sons.
- ²⁶ Adidas Annual report
- ²⁷ Interview with brand-manager LCS Russia
- ²⁸ Interview with brand-manager LCS Russia
- ²⁹ Sport and Fashion Group marketing research
- ³⁰ Jean-Noël Kapferer, "The New Strategic Brand Management", Kogan page, London and Philadelphia, 3rd edition, 2004, Chapter 5, p 96-97
- ³¹ Philip Kotler, "Principles of marketing" fifth European edition, 2008, Chapter 14, p.640
- ³² Sport and Fashion Group survey
- ³³ Philip Kotler, "Principles of marketing" fifth European edition, 2008, Chapter 19, p.909

- ³⁴ Anne T Coughlan, Erin Anderson, Louis W Stern, Adel I. El Ansary (2006), Marketing Channels 7th ed, chs 1, p. 12
- ³⁵ Patrick De Pelsmacker, Maggie Geuens, Jori Van den Bergh (2010) Marketing Communications, a European Perspective, 4th ed. FT Prentice Hall p.13
- ³⁶ Patrick De Pelsmacker, Maggie Geuens, Jori Van den Bergh (2010) Marketing Communications, a European Perspective, 4th ed. FT Prentice Hall p.60
- ³⁷ John Rossiter & Larry Percy, Advertising communications & promotion management, McGraw- Hill International Editions, 2nd edition, chapter 3 p 63
- ³⁸ Patrick De Pelsmacker, Maggie Geuens, Jori Van den Bergh (2010) Marketing Communications, a European Perspective, 4th ed. FT Prentice Hall p.4
- ³⁹ John Rossiter & Larry Percy, Advertising communications & promotion management, McGraw- Hill International Editions, 2nd edition, chapter 11 p.334
- ⁴⁰ Wood, Marian Burk. 2008. The Marketing Plan Handbook (3rd Ed). New Jersey: Pearson Prentice Hall. p.145

Attachment

Attachment 1

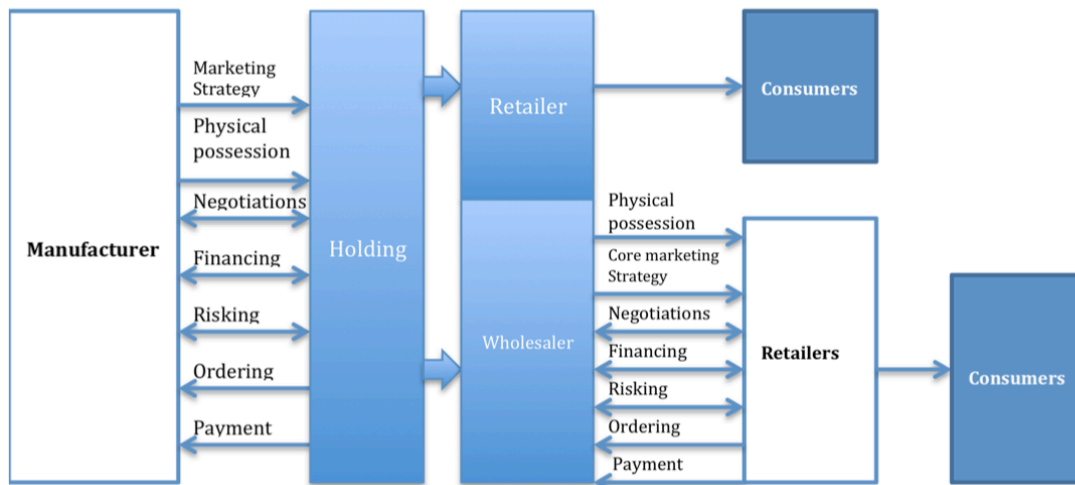
Global sales growth in the apparel market + store location



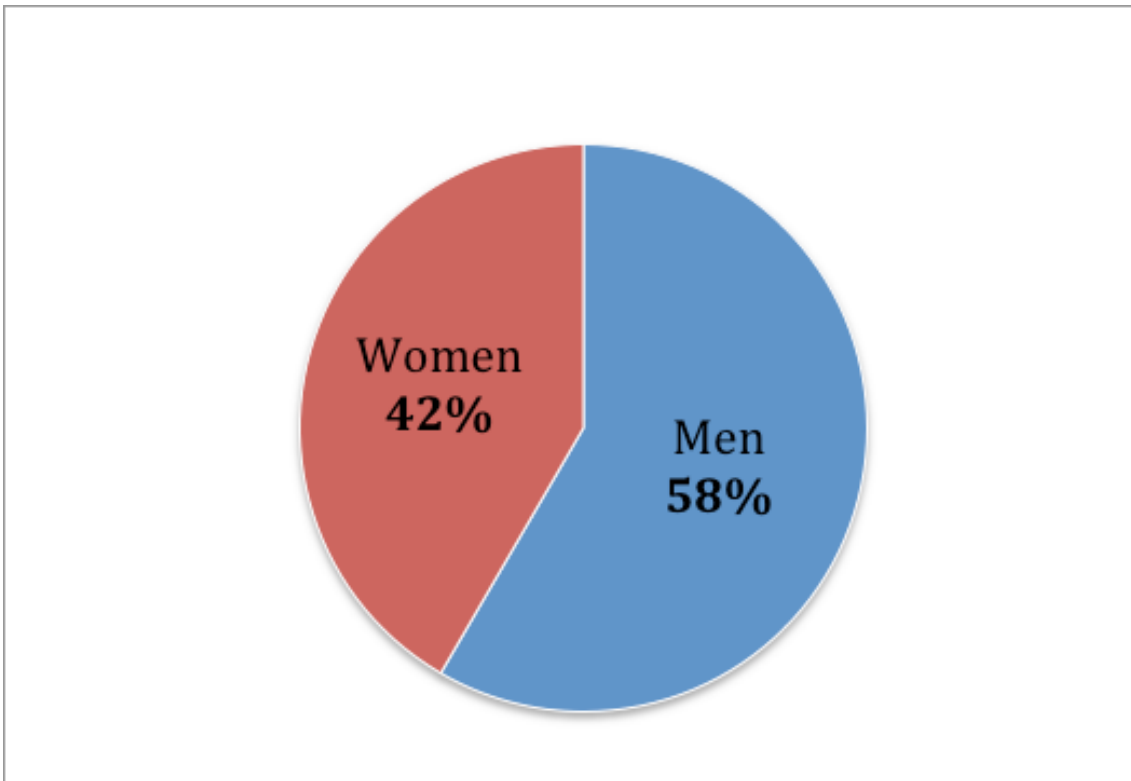
Global Sales grow in 2011-2012. ProFashion, June'13 "Russian retail

10%+ 5-9,9% 0-4,9% Negative

Attachment 2

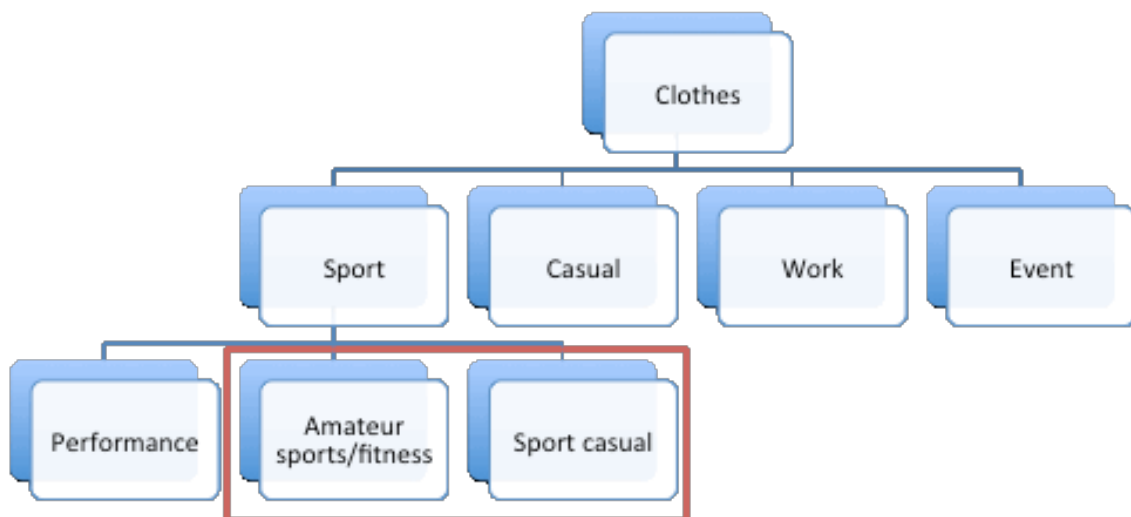


Attachment 3



Note: Sport and Fashion Group's marketing research Jul'13

Attachment 4



Attachment 5

Qualitative Research

Brand Image, Consumers Behavior

24 respondents

Sample:

- Le coq Sportif buyers – 12(6 men and 6 women)
- Competitors buyers -12(6 men and 6 women)

In-depth Interview Results

Associations

Le Coq Sportif

"It's a young guy" – male, 26 SMM-manager

"Le Coq Sportif is a 24-25 years old active man "female,25, fitness trainer

"It's a very active young man around 20-25 years old, whom prefer be on the trend , he really like small details" female, 27, designer

"This is the person, whom want to be associate with a sport lifestyle, but he prefer to do sport irregular and randomly" male , 30, sales manager

"He is prefer be stylish, but not fashionable. He is bicycling, because this is popular" female, 22, student

Associations

Nike

"Nike is a man, whom want to be on the center of people's attention" male, 22, student

"Nike is a young man, whom prefer challenges and fun" female, 22, student

"It's a 23-24 years old active man, whom like be stylish and sportive, visit events to meet with friends and to talk about it in social networks" male, 27, urbanist

"This is the person, whom want to be associate with a sport lifestyle, but he prefer to do sport irregular and randomly" female, 27, designer

Associations

Adidas

"Adidas is man of 26-28 years old whom like comfort" female, 27, designer

"He is always prefer quality" female, 24 account manager

"Adidas' person don't want to be in epicenter of attention" male, 22, student

"This is the person, whom choose always the same and don't like a risk" male, 30, sales director

Associations

Puma

"It's a young person whom prefer price to quality" female, 25, fitness trainer,

"Puma is a 18-19 years old guy whom like colorful and extraordinary clothes" male, 27, architect

"He is prefer be on shopping center with friends, parting and study in college" male, 22, student

Associations

Adidas Original

"Adidas Original is a 22-24 years old, whom like to attract attention by his clothes/"looks"" male, 27, architect

"He is a guy which prefer quality of all products" male, 27, urbanist

"It's a 23-24 years old active man, whom like be stylish and sportive, visit events to meet with friends and to talk about it in social networks" female, 24 account manager

"This is the person, whom want to be associate with a sport lifestyle, but he prefer to do sport irregular and randomly" male, 26, SMM-manager

Associations

Lacoste

"He is conservative over 30 years old man, whom prefer quality"

"This person prefer things proven by time"

"Lacoste person is 30 years old man, whom want that other people think that he is sportive, but he just have member card of sport club and never visit it"

Associations

Fred Perry

"He is over 25 years, prefer football and spend time with friends"

"This person like to spend time in gym to make some exercise, in professional sport he prefer football and boxing"

"Fred Perry is aggressive and unpredictable person"

Behaviour

People visit shops with only because of special needs.

"I visit shops only when I understand that I need to buy something specific." male, 30, sales director

"Usually I don't like to be in shopping center and try to buy all what I need as faster as it possible.", male, 26, SMM-manager

"Sometimes I go to shop to search something, but it's happened really rare. If I go to shop, it because I need to but something specific." female, 22, student

"Shops?! I don't like to spend my time for searching. I always know what want and shop where I can find it." male, 27, urbanist

"My relationships with shops? What I can sat about myself I'm definitely not one of the person, whom enjoy spending a time in shooing center. Only soecial needs can motivate me to go shopping." female, 25, fitness trainer,



Le Coq Sportif necessary to invest to brand awareness, to be in the consideration stage of consumers journey

Behaviour

People don't prepare to visit a shops.

"I never search information before go to shopping" male, 30, sales director

"Sometimes I search if the shopping center have my favorite brand or not " female, 22, student

"Before go to shopping I never read any articles, news, recall of other people about collection and brands.", male, 27, architect

"Sometimes, before go to shop I ask my friends about brands and collection, but its happened really rare", male, 26, film director



Necessary to build strong brand image and positive association in consumer minds

Behaviour

The first of all people visit shop of brand which they know and only after that visit others, because of attractiveness of shop windows.

"When I'm looking for something I go to the mall section which I need and enter to the shops I know and but anyway sometimes I check the brands which I don't know" women, fitness trainer, 25 years old

"Usually I go to my favorite brands, but unknown brands can attract me by their shop windows." male, 26, film director

"I like to look on shop windows, sometimes it's look amazing, like art and it can be good reason for me to visit new unknown shop or shop which I usually never visit, last time when it's happened it was flying sneakers in "Adidas" female, 24 account

"I buy things always in the same shops, but sometimes I visit other shops, because I saw interesting for me things in shop windows." female, 27, designer

"If the windows are cool I always enter to the shop to check that they have" male, 25, It

"In all brands I know because one I come in by chance" man, films director, 26 years old

Necessary always be located near the competitors and also attractive shop window which transmit not only inspiration of collection, but also value of the company

Behaviour

When people shopping they try to find a things intuitively.

"When I visit shops I have a map in my mind where I can find all things." male, 27, urbanist

"I don't like when some shops, for example Zara, change a places for clothes. It always make me confused." female, 25, fitness trainer

"I like when shops make special zones for all things. Its save me time and I easily can find all what I need." female, 24 account manager

Le Coq Sportif need to make special zones for different type of clothes, to make shopping experience is better.

Collection

People remember limited edition collections

"I always pay attention on limited things and special collection. I can say more – sometimes its motivated me to go shopping." female, 25, fitness trainer,

"Sometimes I go to some shop buy only limited things, for example I buy clothes in H&M only from limited collection and collaborations." male, 27, urbanist

"I really like when my favorite brands make collaboration. And I can buy clothes from limited collection even if it not necessary things and it will stay in my wardrobe." male, 27, architect

"I know about some brands only because they make collaboration. And I always pay attention on limited things in magazines, because usually they are more interesting and colorful." male, 26, film director



Le Coq Sportif necessary make more collaboration and limited collection to increase a brand awareness, also a lot people remember Le Coq Sportif because of their limited collections.

Collection

If people want to buy professional equipment they go to special shops for that, but when they buy clothes for active life they don't pay a lot attention for that

"If I want to buy a sneakers for running I'll go to Nike, if I going to buy sneakers just for each day usage I wont so careful with choosing a brands." male, 30, sales director

"I easily choose a clothes for active life style. It can be everything from Zara to Roxy or Lacoste. But I careful choose a clothes for snowboarding, I need only professional equipment, because sometimes my life can depend from that." female, 27, designer

"I clearly understand separating of professional brands for sport from non-professional. I can buy a trousers in any shops, but I careful with special equipment." male, 22, student



Le Coq Sportif is a brand for active life style, necessary to build a strong brand image, that people whom need to buy clothe for fitness or joga go to buy staff in Le Coq Sportif.

Collection

For consumers where important that brand have a big variety of different things.

"I like when one brand have a wide assortment of clothes, because I can save my time and buy all things in one shop." female, 25, fitness trainer

"I don't like a brands with small variety of clothes, I always need a choice, even if want to buy a simple white T-shirt." male, 27, urbanist

"I like some brands, but if they not launch a new and interesting things they will loose me like a client easily." male, 26, SMM-manager

"I dont like when in restaurants have a big menu, for me its mean that they don't cook very well. But with shops my psychology work opposite. female, 24 account manager



Le Coq Sportif necessary to add in collection clothes for winter and also increase a collection for women.

Lifestyle

All people need a clothe for active lifestyle, even if they don't do sport.

"I like to wear trousers and sneakers every day, even if I don't go to gym." female, 24 account manager

"Usually I wear suits, but my life is so busy, because of that I wear polo, T-shirts and sneakers, just because it is more comfortable." male, 26, SMM-manager

"I like to wear dress with gumshoes – this is the part of my style!" female, 27, designer

"Life is change so much our generation is very active, we are always run, always late! I cant imagine my life without sport clothes and shoes, all day on high hills will kill me!" male, 26, film director



All people buy clothes for active lifestyle, because of that Le Coq Sportif necessary increase the numbers of shops.

Communication

All people use internet and biggest part of them have account in social networks. They are usually put "like" only on pages with interesting content and pages with information, which give them benefits.

"Me and my friends always in Smartphone, sometimes I hate that, but I understand that this is the part of our life today." male, 22, student

"I very careful with liking pages in facebook, but in my favorite is Nike. I really like to share with my friends my achievements." male, 26, SMM-manager

"I like pages in facebook and twitter where companies give me advises for everyday." male, 27, architect

"I user friendly with social networks. I write every day in twitter and if I have a problem with company I write them in twitter and usually they answer to me. I like keep in touch with my favorite brands." female, 22, student



Necessary create content for social networks of Le Coq Sportif which give more that information about brand, but also give benefits to followers, as information about discounts, sport news, every day advices and other.

Communication

People prefer to read magazines about sport, health, women's magazines. They are pay attention on advertising in this magazines and notice the brands, which present there.

"I like to read magazines, but now I don't have a lot time for that and usually do that when I wait something, for example in doctor's office or when I wait my coffee in Starbucks. I like to look on the "looks" of other people and notice what they wear." male, 26, SMM-manager

"I like to be stylish and sometimes I try to find a inspiration for my new "look" in magazines, for example I always check section of GQ with new trends and brands." male, 26, film director

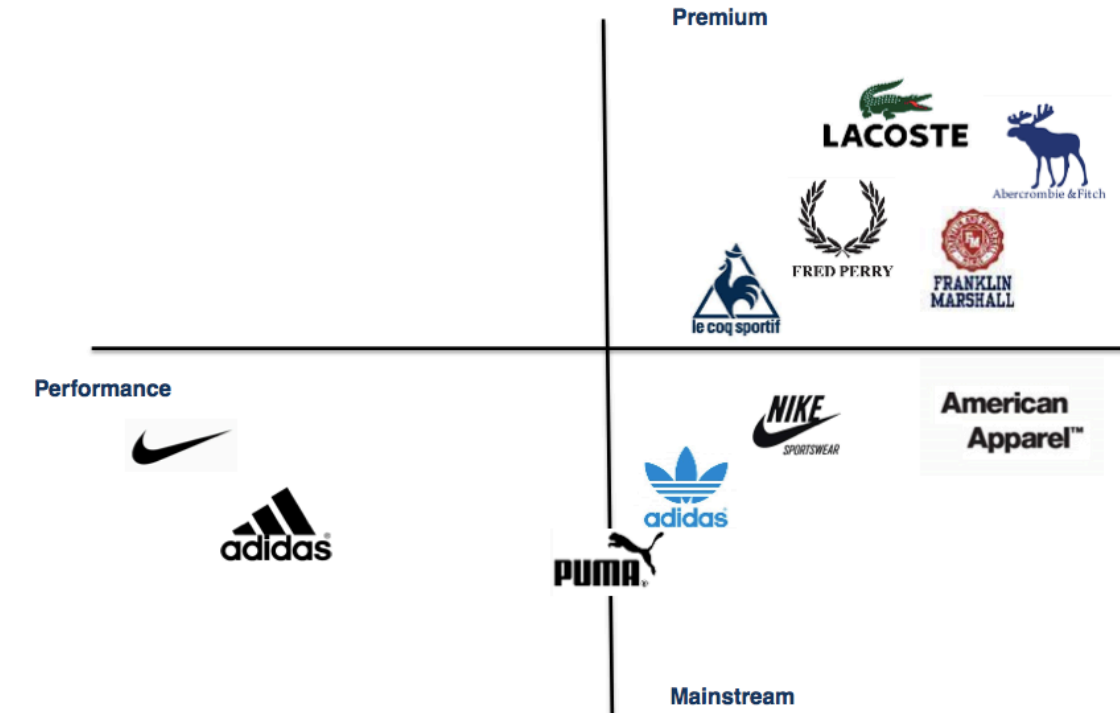
"I hate when in magazines a lot advertising, especially when they do special plastic pages, it is very annoying, but I like when brand present themselves in short stories, interview or "looks"." female, 25, fitness trainer,









"I stop to read a magazines at 2005, because I don't have a time for that. But two years ago I start to do it again, because all my favorite magazines have iPad version. On my own opinion here more advertisement, but today it's more interesting and interactive – I like that, I always pay attention on this pages." female, 24 account manager



Necessary to communicate with magazine, increase advertisement, regular support of bran in publicity, noticing of brand in articles.

Attachment 6



-  Puma
-  Adidas
-  Adidas Original
-  Nike Sportswear
-  Nike
-  Le coq Sportif
-  Fred Perry
-  Lacoste
-  Franklin Marshall



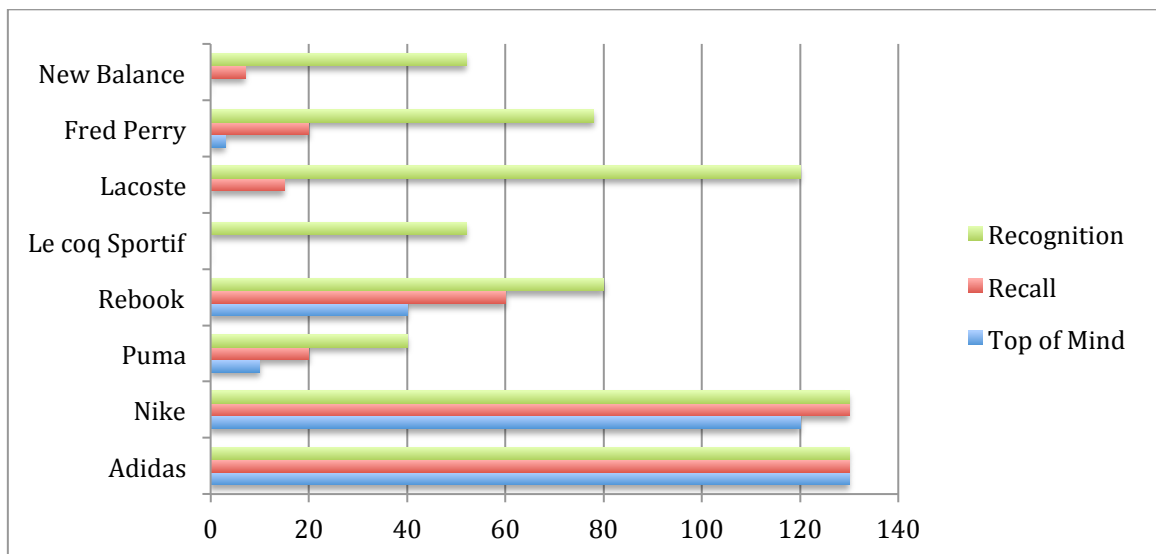
Abercrombie & Fitch

American Apparel

Attachment 7

Quantitative research awareness- Questionnaire

Sample of 130 respondents: Men and Women 50/50, 18-30 years old.



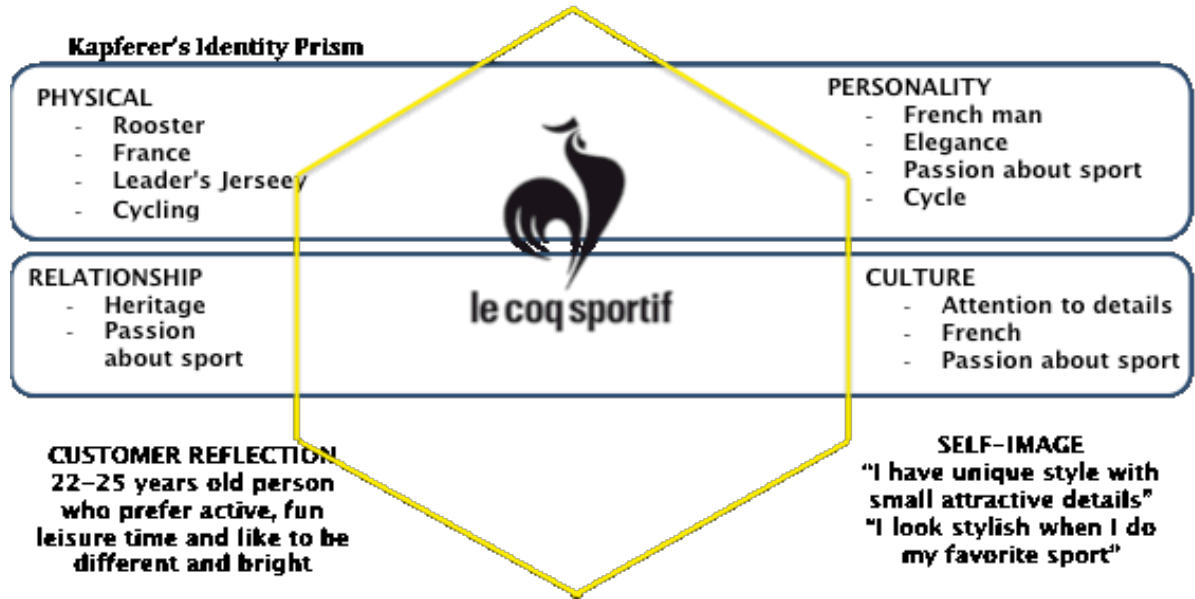
Attachment 8



Attachment 9



Attachment 10



Attachment 11

Current FOB 17,92
Euro
Current RRP 113
Euro



LCS Bolivar
RUS 113
EUR 64



Lacoste Freeglide
RUS 105
EUR 66



Adidas SL 72
RUS 97
EUR 64



LCS Tourmalet
RUS 130
EUR 75



Lacoste Onda STM
RUS 129
EUR 81



Adidas The Sneaker
RUS 107
EUR 72



LCS Deauville plus lea
RUS 117
EUR 64



**Lacoste Marcel
Chunky**
RUS 112



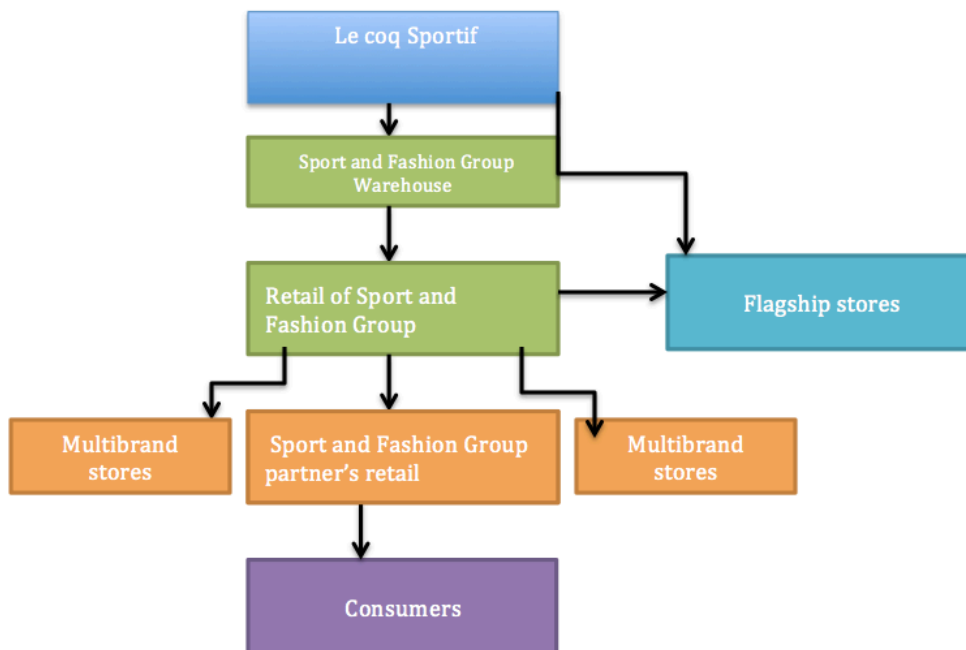
FP Beresford
RUS 106
EUR 81

Attachment 12

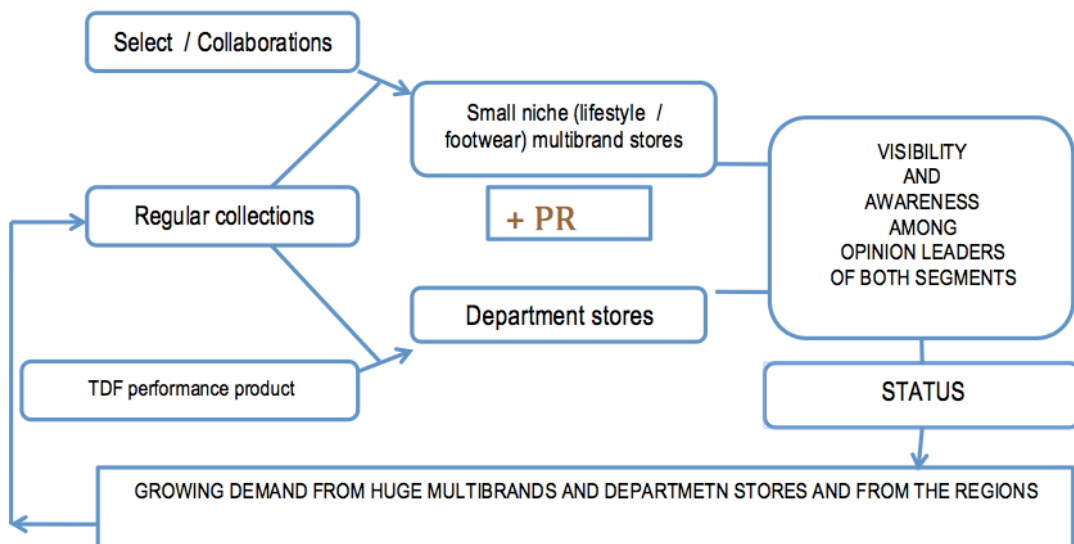
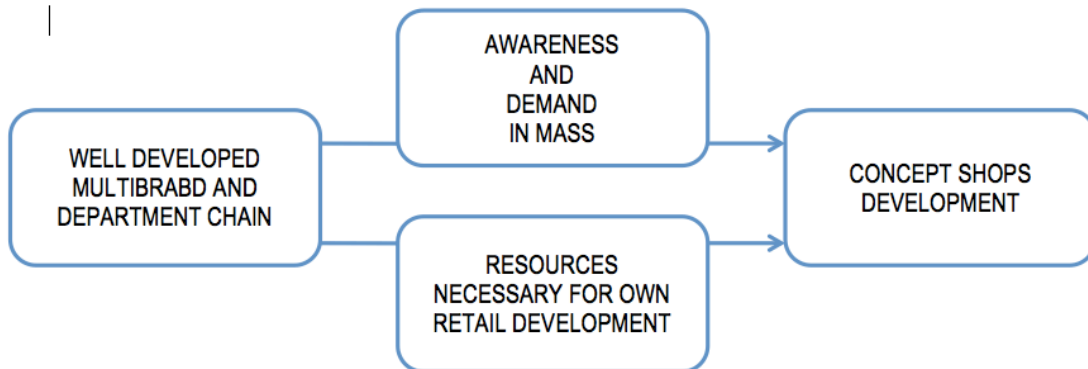
Before



After



Attachment 13



Attachment 14



Attachment 15

The app will create strong relationships with the consumers and deliver unique benefits. The app will be branded and add value to consumers' lives and enhance long-term engagement with the brands. In Russian cities only began to build bikeways and cycling is one of the most fashion trend. Now more and more people use bicycle. In app person will have a profile, he can pave the way to go somewhere using the bicycle roads or most comfortable for cycling roads, can share with friends how much he cycle, can meet with friend. Also the person will receive information and invitation for cycling events and news from the brand. At this moment this application have no analogues.

Attachment 16



Attachment 17



Attachment 18

Le coq Sportif revenue from flagship store

FRANCE

Estimated P&L - Russian Market

	2014	2015	2016
Revenues	\$4 114 320,00	\$4 525 752,00	\$4 978 327,20
COGS	\$1 144 676,40	\$1 259 144,04	\$1 385 058,45
% Sales	27,82%	27,82%	27,82%
Gross Margin	\$2 969 643,60	\$3 266 607,96	\$3 593 268,75
% Sales	72,18%	72,18%	72,18%
Labour Costs	\$666 519,84	\$733 171,82	\$806 489,01
% Sales	16,20%	16,20%	16,20%
Non Labour Costs	\$1 308 353,76	\$1 439 189,14	\$1 583 108,05
% Sales	31,80%	31,80%	31,80%
EBITDA	\$994 770,00	\$1 094 247,00	\$1 203 671,70
% Sales	24,18%	24,18%	24,18%
Amortizations	\$94 967,09	\$94 967,09	\$94 967,09
% Sales	2,31%	2,10%	1,91%
EBIT	\$899 802,90	\$999 279,90	\$1 108 704,60
% Sales	21,87%	22,08%	22,27%
Interest	\$60 000,00	\$60 000,00	\$60 000,00
% Sales	1,46%	1,33%	1,21%
EBT	\$839 802,90	\$939 279,90	\$1 048 704,60
% Sales	20,41%	20,75%	21,07%
Taxes	\$167 960,58	\$187 855,98	\$209 740,92
% Sales	4,08%	4,15%	4,21%
Net Earnings	\$671 842,32	\$751 423,92	\$838 963,68
% Sales	16,33%	16,60%	16,85%

Extra Profit for LCS

- Revenue: 2 sores which are 240 m2 each, multiplied by sales per m2 (historical data-SF Group) with an annual 10% grow.
- COGS (cost of good sold) and Labour costs weight on Revenues, are according to the past data from the SF Group
- Non Labour costs: rent 22%+ Marketing 5% + Other Operating Expencies 3,8%= 31,8% of Revenues

This investment will be paid in 5 years, with an interest rate of 10 % (assumption)

Le coq Sportif COGS and Royalty

Estimated Incremental Royalties - Russian Market

	2013	2014	2015	2016
Royalties	\$915 721,00	\$3 976 145,66	\$6 306 528,43	\$8 697 438,22
% SFG				
Sales	9,23%	9,24%	9,24%	9,25%

Sports and Fashion Group

Estimated P&L

	2013	2014	2015	2016
Revenues	\$9 919 803,00	\$47 163 251,27	\$72 805 269,99	\$99 091 797,67
COGS	\$2 759 864,19	\$13 121 648,49	\$20 255 710,44	\$27 569 086,15
% Sales	27,82%	27,82%	27,82%	27,82%
Gross Margin	\$7 159 938,81	\$34 041 602,78	\$52 549 559,55	\$71 522 711,53
% Sales	72,18%	72,18%	72,18%	72,18%
Labour Costs	\$1 607 008,09	\$7 640 446,71	\$11 794 453,74	\$16 052 871,22
% Sales	16,20%	16,20%	16,20%	16,20%
Non Labour Costs	\$3 154 497,35	\$14 997 913,90	\$23 152 075,86	\$31 511 191,66
% Sales	31,80%	31,80%	31,80%	31,80%
EBITDA	\$2 398 433,37	\$11 403 242,17	\$17 603 029,96	\$23 958 648,64
% Sales	24,18%	24,18%	24,18%	24,18%
Amortizations	\$180 799,99	\$2 754 045,70	\$2 754 045,70	\$2 754 045,70
% Sales	1,82%	5,84%	3,78%	2,78%
EBIT	\$2 217 633,38	\$8 649 196,47	\$14 848 984,26	\$21 204 602,94
% Sales	22,36%	18,34%	20,40%	21,40%
Interest	\$18 080,00	\$275 404,57	\$275 404,57	\$275 404,57
% Sales	0,18%	0,58%	0,38%	0,28%
EBT	\$2 199 553,38	\$8 373 791,90	\$14 573 579,69	\$20 929 198,37
% Sales	22,17%	17,75%	20,02%	21,12%
Taxes	\$439 910,68	\$1 674 758,38	\$2 914 715,94	\$4 185 839,67
% Sales	4,43%	3,55%	4,00%	4,22%
Net Earnings	\$1 759 642,71	\$6 699 033,52	\$11 658 863,75	\$16 743 358,70
% Sales	17,74%	14,20%	16,01%	16,90%

Investment Assumptions

Item	Allocation Rate	
	France	Sports and Fashion Group
App	100%	0%
Parking	100%	0%
investment per flagship store	50%	50%
investment per department store	0%	100%
investment per multibrand store	0%	100%
Amortization Rate	20%	
Interest Rate	10%	

Attachment 19

2014

January - February

- Works on flagship opening

March

- Flagship opening
- Press cocktail
- Press releases in press

April

- Parking installation
- Collaboration Presentation

May

- Contracts with department stores
- New Collection Presentation
- App introduction
- Cycling Event

June

- Cycling events
- Advertising launch

July

- Cycling events
- Collaboration presentation

August

- Contacts with Sport Master and Vis'shaya liga
- Faces and Laces exhibition
- New Collection Presentation

September

- Flagship opening in Saint- Petersburg

- Press cocktail
- Press releases in press

December

- Collaboration presentation

All year press support and Publications

2015

March

- Opening of the Krasnodar shop
- Press cocktail
- Press releases in press

April

- Collaboration Presentation

May

- New Collection Presentation
- Cycling Event

June

- Cycling evens

July

- Cycling events
- Collaboration presentation

August

- Faces and Laces exhibition
- New Collection Presentation

September

- Opening of the Kazan shop

December

- Collaboration presentation

All year press support and Publications

2016

March

- Opening of the Rostov-on-Don shop
- Press cocktail
- Press releases in press

April

- Collaboration Presentation

May

- New Collection Presentation

- Cycling Event

June

- Cycling events

July

- Cycling events
- Collaboration presentation

August

- Faces and Laces exhibition
- New Collection Presentation

September

- Opening of the Kazan shop

December

- Collaboration presentation

All year press support and Publications