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Summary of WP Student Team

About You´s Expansion to Singapore

Group constitution:

Student Name	Program	Individual Title
Chandeni Modi	Master’s in Management	Marketing Plan

Work project carried out under the supervision of Advisor: Andrew Harrison

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

About You's Expansion to Singapore:

Marketing Plan

Chandeni Modi (49511)

Work project carried out under the supervision of:

Professor Andrew Harrison

16-12-2022

Acronyms

APAC - Asia Pacific
AR - Augmented Reality
DIY - Do It Yourself
EP - Employment Pass
ESG - Environmental, Social, Governance
FDI - Foreign Direct Investment
GDP - Gross Domestic Product
IMC - Integrated Marketing Communications
MCDA - Multi-criteria Decision Aid
PESTEL - Political, Economic, Social, Technological, Environmental, legal
PM 2.5 - Fine Particulate Matter
SEO - Search Engine Optimization
SWOT - Strengths, Weaknesses, Opportunities, Threats
TME - Tech Media Enabling
VCF - Value Creation Funnel
VCW - Value Creation Wheel
WOM - Word of Mouth

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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 Marketing field.

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 should not 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 adapat their marketing plan when entering in Singapore?

1.3 Field Lab Structure

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

1º - 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;

2º - 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;

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

4º - 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;

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

6º - 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 <

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

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

9º - 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).

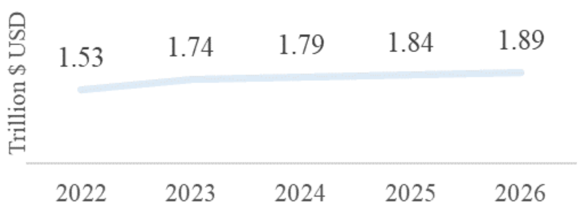


Figure 1: Evolution of apparel revenue worldwide

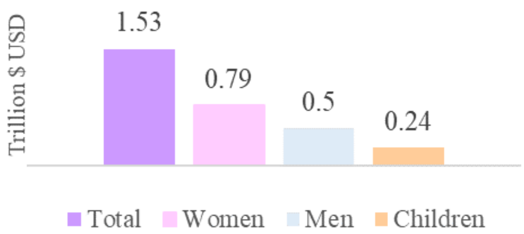


Figure 2: Apparel revenue by sub-segment in 2022

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).

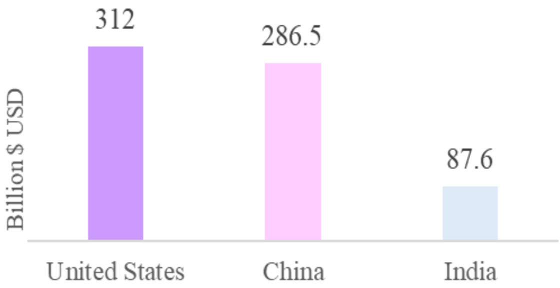


Figure 3: Revenue of leading apparel countries in 2022

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 were that 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).

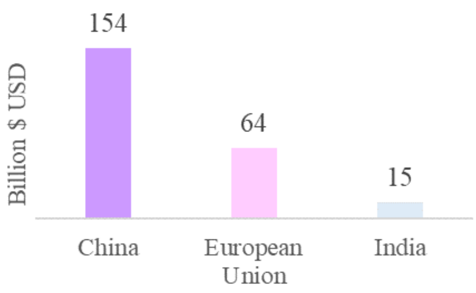


Figure 4: Leading apparel exporters in 2020

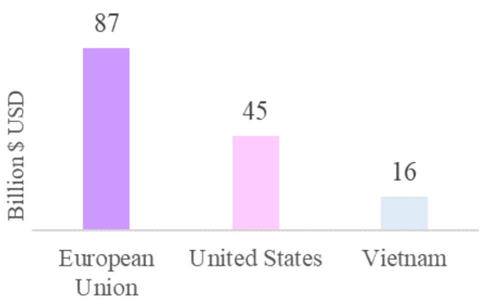


Figure 5: Leading apparel importers in 2020

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).

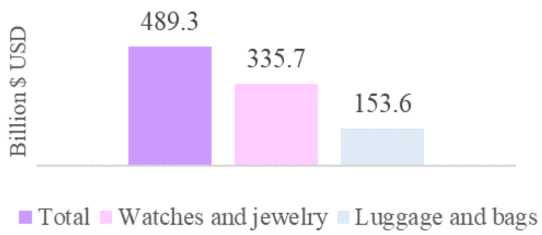


Figure 6: Accessories revenue worldwide in 2022

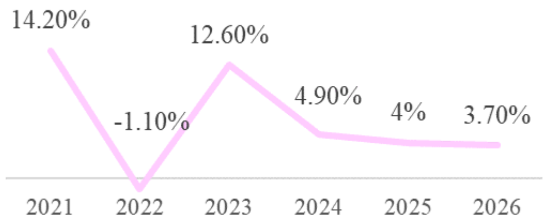


Figure 7: Accessories revenue change

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.

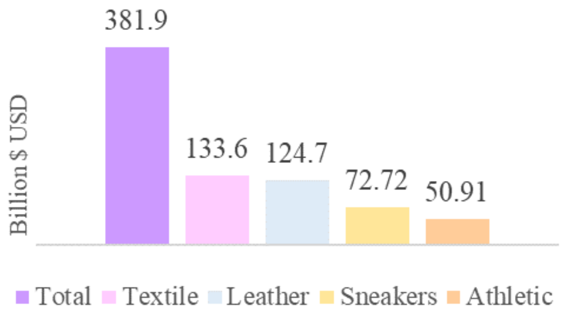


Figure 8: Footwear revenue worldwide in 2022

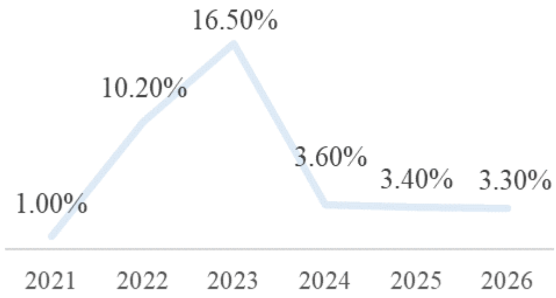


Figure 9: Footwear revenue change

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).

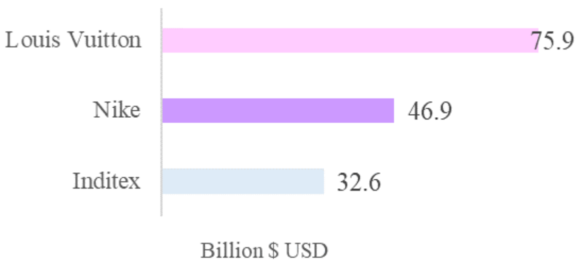


Figure 10: Sales of leading fashion brands in 21/22

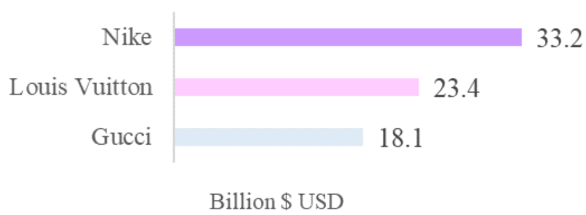


Figure 11: Top fashion brands in 21/22 by brand value

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).

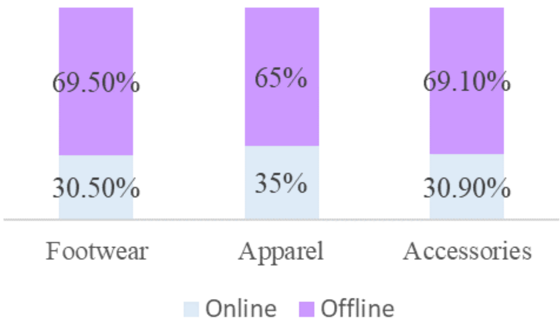


Figure 12: Sales channels in 2022 by segment

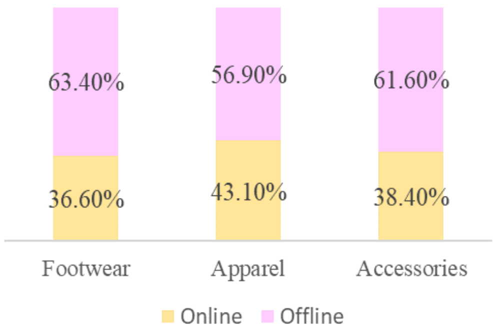


Figure 13: Sales channels in 2025 by segment

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.

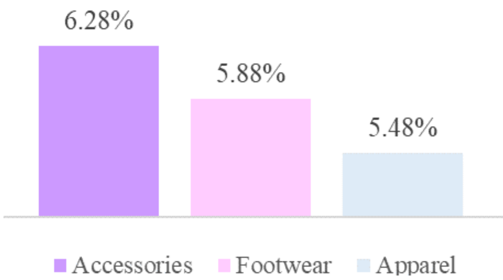


Figure 14: CAGR until 2026 by fashion segment

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 retailer's 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.

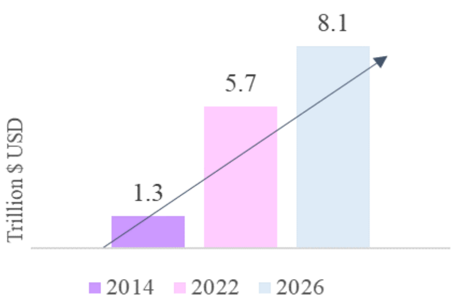


Figure 16: Evolution of retail e-commerce sales worldwide

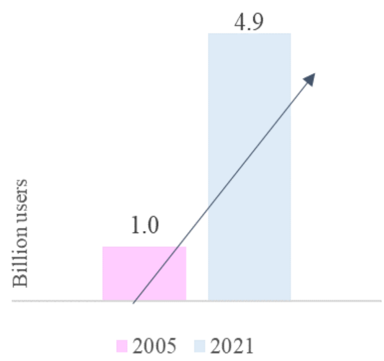


Figure 17: Evolution of internet users worldwide

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).

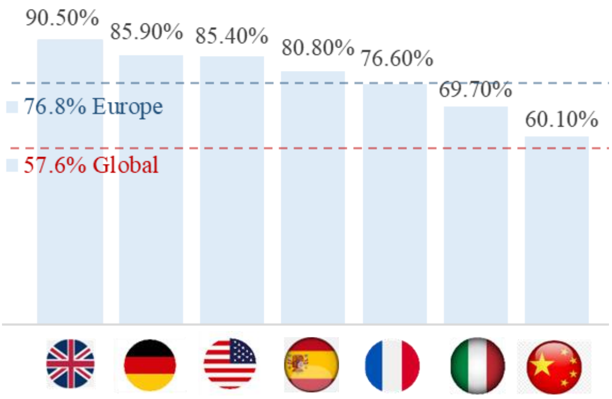


Figure 18: Internet penetration in 2019

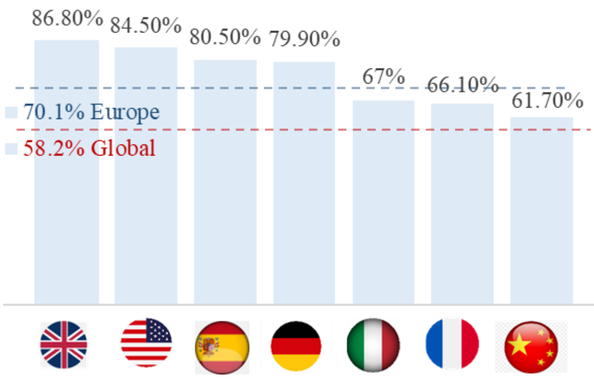


Figure 19: Smartphone penetration in 2019

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).

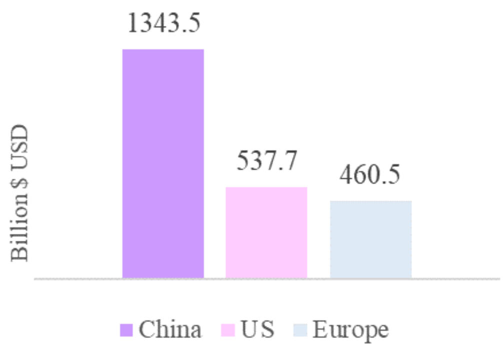


Figure 20: Revenue of top e-commerce markets in 2020

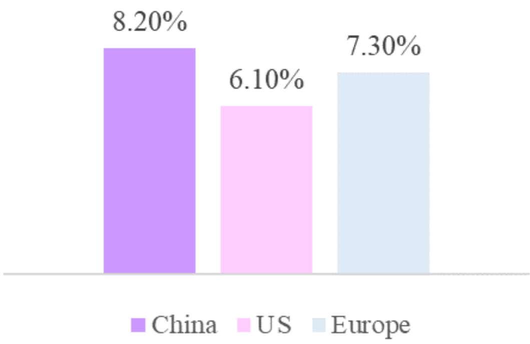


Figure 21: CAGR of top e-commerce markets until 2025

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).

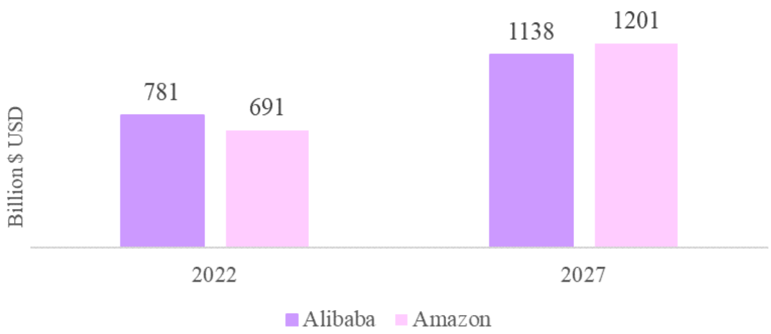
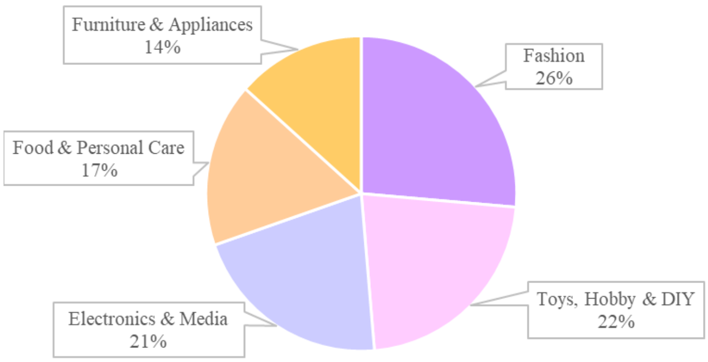


Figure 23: Sales evolution of leading e-commerce retailers worldwide

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 2022).



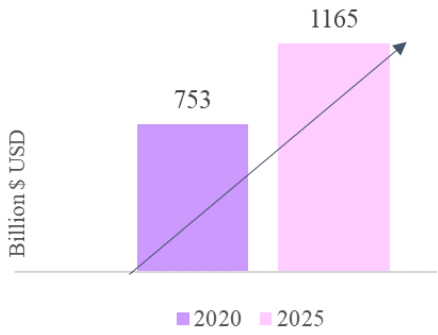


Figure 24: Revenue from e-commerce segments in 2020

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 and 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).

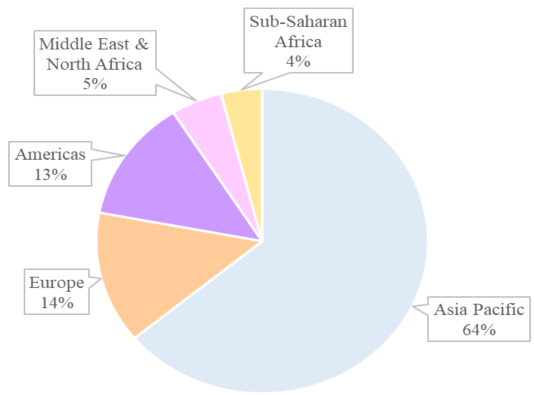


Figure 26: % of middle class population in 2030 by region

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).

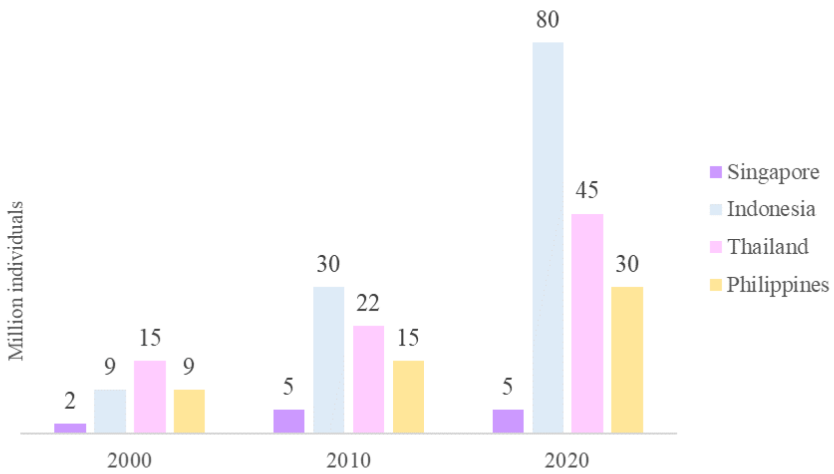


Figure 27: Evolution of the number of individuals part of middle class by region

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 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 (OECD 2014). 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 and 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 is 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.

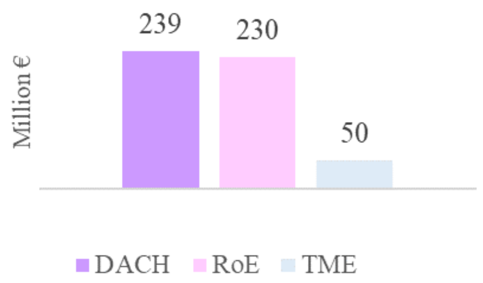


Figure 30: Segment revenue in 2022/23

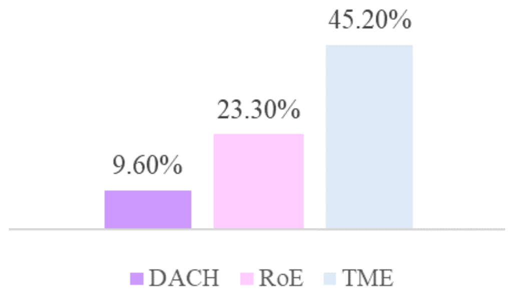


Figure 31: Revenue growth in 2022/23 by segment

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:

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:

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 of 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 34: Third Filter result of the VCW

The 4^{th} 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:

Figure 35: Fourth Filter result of the VCW

The 5^{th} 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:

Figure 36: 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 37: 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 Research Department 2022d). 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 38: Seventh Filter result of the VCW

The 8th filter used was the “Growth in e-commerce fashion revenue between 2022 – 2027 in %” (Statista Research Department 2022d). 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 39: 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

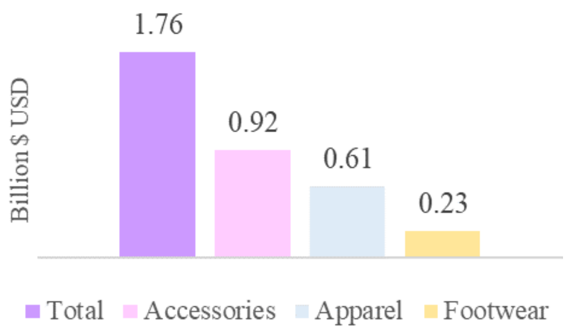


Figure 40: E-fashion revenue in Singapore in 2022

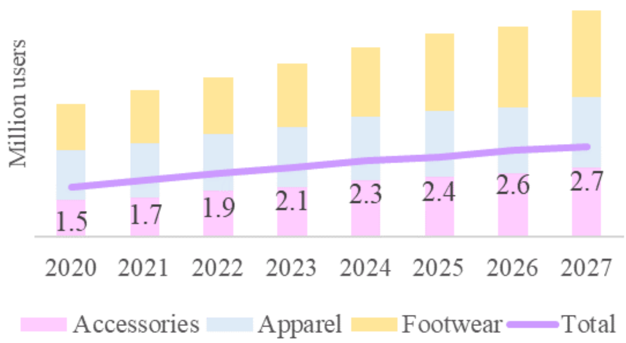


Figure 41: Evolution of e-fashion users in Singapore

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.

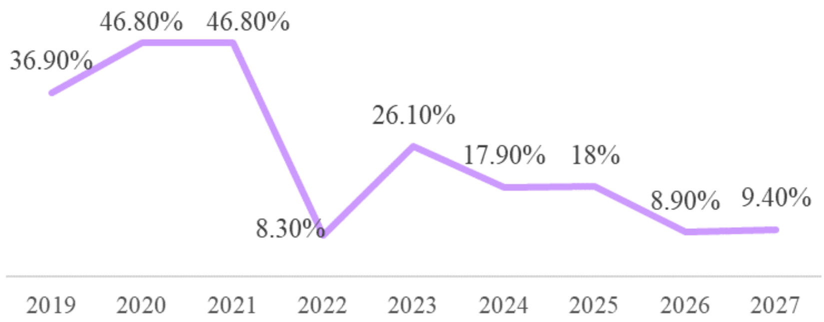


Figure 42: E-fashion revenue change in Singapore

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%.

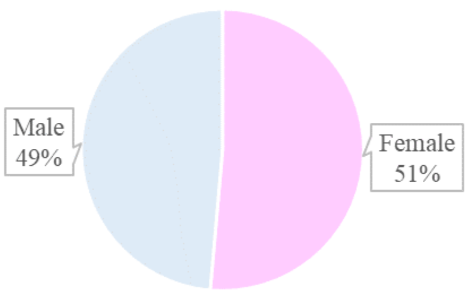


Figure 43: E-fashion users in Singapore 2021 by gender

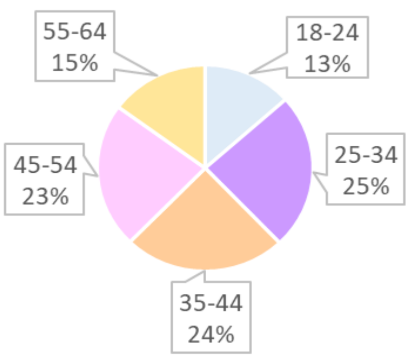


Figure 44: E-fashion users in Singapore 2021 by age

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).

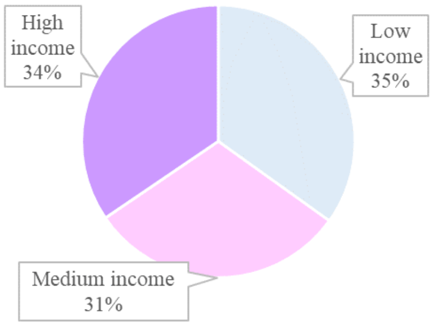


Figure 45: Income distribution of e-fashion users in Singapore in 2021

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 46: 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 its 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).

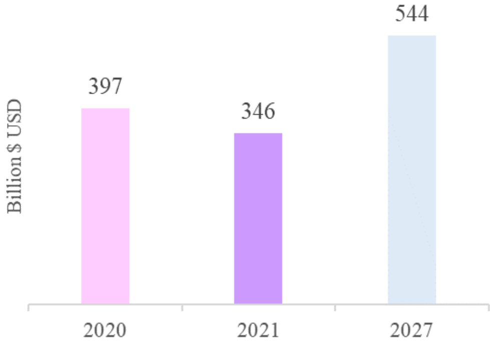


Figure 47: Evolution of Singapore's GDP per capita

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).

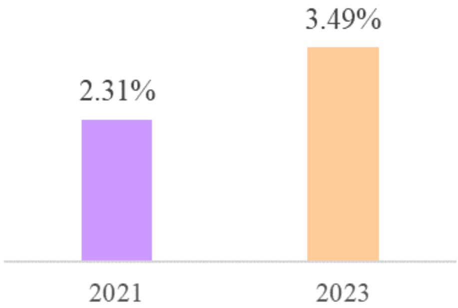


Figure 48: Evolution of Singapore's inflation rate

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.

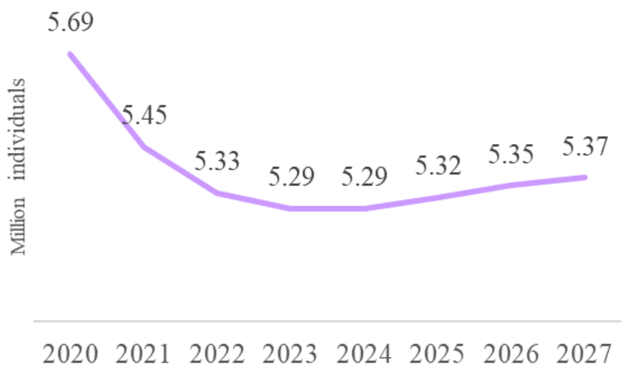


Figure 49: Evolution of Singapore's population

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 number of internet users in 2020 was 88.52% and it is projected to be 93.49% in 2025 (Statista Research Department 2022f).

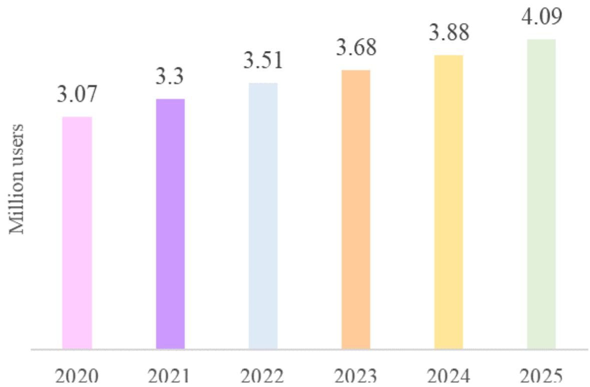


Figure 50: Evolution of e-commerce users in Singapore

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 51: Carbon dioxide emissions in Singapore in 2021

Singapore scored low on 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 the 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 is 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).

In perspective, the trend that affects this market the most is Technology, as this constitutes a big factor, especially for the brand as e-commerce is a growing sector in the region and a valuable one, but also the Social factor, as Singapore has a growing middle class which leads to an increase of purchasing power in the region, which is very attractive for businesses and for the fashion industry in particular, as consumerism increases. Also, the Economic sphere is a trend that plays a huge influence in the market, as due to Covid-19 and the recent Ukraine-Russian war, inflation rates are expected to increase, leading to price increases, which leads to a decrease in purchasing power, even if consumer's disposable income increases.

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 Group n.d.).

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 the 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 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 52: 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 is 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 Vrontris (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.

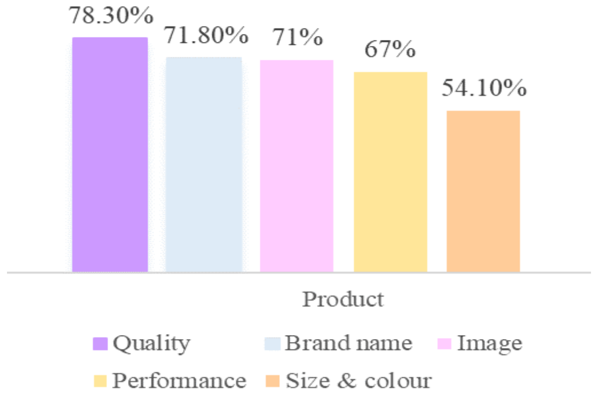


Figure 53: % Standardization in product attributes

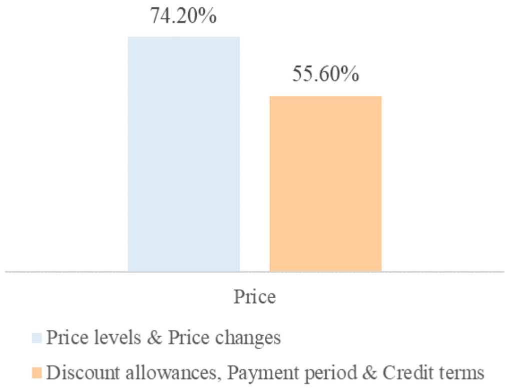


Figure 54: % Adaptation in price elements

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 color varieties. In contrast, price is the most adapted element of the marketing mix, namely price levels, price changes, discount allowances, payment periods, and credit terms.

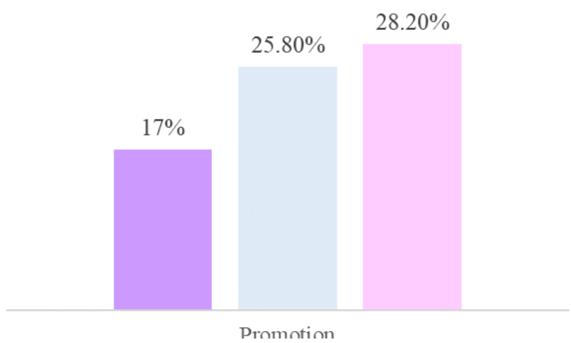


Figure 55: % Standardization in promotion elements

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 towards 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 some 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 succes

6.2.3 Marketing Plan

Marketing is a key activity for the success of a company and a key input in the business plan. This activity creates value for the customer and the company, taking into consideration the resources and external environment. To achieve this, companies create a conceptual marketing plan, where they have a broad overview of key sections that deliver value to both parties and satisfy the customer's needs. Through this, managers develop strategies that they put into practice to achieve their goals. As About You provides a service to its customers, the marketing plan for Singapore will take into consideration the 4 “p” approach.

6.2.3.1 Current Marketing Overview

About You offers a seamless service through an online shop which is the brand's core product (About You 2022b, 6). The brand is always developing new features, anticipating customer needs to adapt its product, and putting efforts into the development of the online shop to deliver the best customer experience with the highest quality possible.

There is a focus of About You in manufacturing having a private label, which designs fashion products in collaboration with celebrities and influencers. This strategy has been very successful as the brand has partnered with local and global key leaders that are in accordance with customer preferences and behavior. Through these collections and partnerships, the brand puts into practice its goal of adapting to the target customer base that they want to reach by choosing local influencers/celebrities and adapting its product sizing and styling to the needs and preferences of the consumer. Usually, when entering new markets, the brand develops a collection with a well-established key leader within the market. For example, for the launch of About You on the Romanian market, they partnered with Alina Eremia, a Romanian singer.

Furthermore, the brand has an initial stage of soft lunch, where they initially focused on understanding how the market reacts to the brand and where they can understand how the market reacts to their brand and then focus on building brand awareness. Only then do they have the “boom” phase which has a lot more marketing efforts and marketing-intensive strategies to increase brand awareness and convert customers. In this stage, promotion plays a key role where social media is used intensely through their own channels and content creator's channels. One of the brand’s main promotion strategies is affiliate marketing, which is becoming a powerful communication tool nowadays that influences consumers' shopping behavior and consumption. Another main strategy is launching events that celebrate and incorporate the culture of the country, celebrating the entrance of the brand in the market with well-established and well-known people from the market.

Regarding the price element, About You is satisfying a large customer base by offering products with a diverse price range starting from €30 to thousands of euros. About You is perceived by consumers as premium due to the quality brands that it offers as a marketplace. The brand focuses on improving its image by providing the best customer experience through free shipping, constant improvements on the website and app, and investing in innovation and technology.

6.2.3.2. Marketing Mix

Product

About You operates as an online shop, but regarding product strategy for the marketing plan, the private label will be adaptable when entering this new market. According to primary research, Singaporean customers notice sizing mismatches when buying from Western brands.

Moreover, the customers also value the quality of the assortment and appreciate when brands collaborate with local influencers/celebrities.

Taking this into consideration, About You should develop a partnership with a local Singaporean influencer for a capsule collection. This capsule collection will feature XIAXUE (Appendix H), a Singaporean influencer associated with fashion, beauty, and lifestyle, as this was one of the most mentioned names when interviewing the consumers in the primary research. This influencer has a well-established follower base segment with an expression within the market, having 589k followers on Instagram. This collaboration will allow the brand to reach consumers and work closely with those who know the consumer needs which can develop the product in the most suitable way possible, and in terms of promotion will be an advantage for the brand. This is a good way to satisfy the necessity that Singaporeans have for brands to adapt to them, as this is a customer that, despite buying a lot of Western brands, value brand's that tailor and adapt their products to their own needs. This Singaporean influencer who knows the market and its consumers will have the chance to participate in the creative process along with About You's designers to develop the apparel, and help with size misfits and quality of the material. The creation of a capsule collection is a strategy already used by the brand that should continue to be implemented to fill the gap that consumers feel and pointed out in our primary research.

The interviews also showed the consumer's interest in having both Western and Eastern models on About You's website, so this should be yet another recommendation for the brand's core product.

Place

Accessibility is a key priority for this online retailer, which develops several strategies to be more accessible to consumers. Firstly, the brand's website should be accessible in the most searched engines of the target consumer. According to Statista, Singaporeans use Google the most as their preferred search engine, with a 95.68% market share (Statista Research Department 2022g). However, Yahoo and Bing also have significant expressions that should not be discarded by the brand. About You should operate in these search engines in order to be more accessible to Singaporean consumers and to reach potential customers who use those search engines.

Price

Price is an important element of the marketing mix, as this is the way that the company extracts value from the consumers. According to the Cross-Cultural Issues for Marketing section, price is the most adapted element of the marketing mix when entering a new market. Thus, since the Singaporean consumer appreciates promotions and discounts, About You should follow a discount strategy. In the beginning, the brand should offer consumers between 20-30% off their next order, or the usual strategy of 15% off when buying for the first time or when registering the app. This also allows the brand to collect valuable data about the target consumer and understand their behavior, which is extremely valuable information to be used in the future to define promotion and advertisement campaigns. The previous recommendation would be attractive for Singaporeans, as 81% (Hirschmann 2021) are willing to receive price promotions and reduced prices because they value a good deal. This should be taken into consideration, and About You should take this adaptation further by defining special reductions in selected products specifically for this market. To compete with others, in the beginning, the brand could offer consumers a discount on the first order to encourage the customers to buy from the marketplace. This would mean that the brand would have to make a monetary effort in the early stages that would nevertheless be crucial to compete with Zalora, which offers a price strategy based on promotions. This would be a way to gain customer attention and try to convert consumers in the beginning. Furthermore, About You’s sale season needs to be aligned with the promotion period of the market. This means that besides being part of international sales seasons like “Cyber Week” and “Black Friday”, the brand should also be part of the “Great Singapore Sale”, an annual shopping event that attracts several foreigners to the country in the one-month period between September and October (Finder 2022), and where every brand participates. This can be a big effort for the brand in the beginning, but it should generate a good return and pay off when it comes to brand perception.

Promotion

About You is an unknown brand in the market, even with some connection due to their global shop “aboutyou.com”. The Singaporean consumer has low brand awareness about the brand. An analysis of About You current marketing campaigns shows that the initial campaigns are focused on generating actions from the customers. The pre-purchase phase is to visit the online shop and to create brand awareness. In the purchasing phase, the brand’s campaigns aim to make the customer order “lock” them in the brand environment. At last, in the post-purchase phase, the customer recommends the brand to others and attracts more consumers through word-of-mouth (WOM).

The brand uses several types of media and has an established integrated marketing communications (IMC) strategy. However, taking into consideration the fact that Singapore is severely different from the markets where About You normally expands, the brand should consider the differences and incorporate them into its IMC strategy. Regarding the media strategy, About You has its own pages on social media platforms that are very accessible to its new target consumers, nurturing also their presence through paid ads on the platform. Social media has a high expression when looking at the About You media strategy, but the brand also has a focus on events like launch events, which helps to increase brand awareness and develop a favorable brand perception among their target audience.

After this analysis, About You should adapt the IMC strategy to Singapore by taking into consideration a new creative briefing. Positioning and communication objectives should be the first thing to establish when developing an advertisement promotion plan. So, the initial campaign will target favorable brand switchers, other brand switchers, and new category users, even though brand awareness is low there is already some activity in the market through "aboutyou.com". With this marketing campaign, the marketing objectives for this market will be to acquire customers, by them making an online purchase and make customers re-purchase the brand and make the customers brand loyal.

When developing a marketing plan, the positioning of the brand regarding the communication should be the following: *To favorable brand switchers, new category users and other brand switchers of online fashion buyers. About You is a different brand of fashion in the premium fashion category, the right choice to buy online as it delivers the best online shopping experience*, the campaign should emphasize the benefits: seamless customer service, free shipping, and collaborations, reinforcing the message, the entry ticket benefit, in this case, the personalized experience and avoid mentioning days of shipping.

To convey this positioning in the best way possible in advertisement, the brand should follow a creative idea. When launching the brand to a new market, the brand already has a "big idea", in this case, "Who the f*** is About You?" (Appendix I). The campaign aligns with the consumer knowledge about the brand, as through the primary research the target customer is not familiar with the brand, meaning that the brand has low awareness. The brand took this into their favor and incorporate this in their creative idea, in the first phase of their launch. In the beginning, when expanding to Singapore, the brand should continue this creative idea, and in the second phase of the launch, they reveal Who is About You. Looking at the impact of the campaign in other markets, such as Portugal and Greece, on the first day of the launch the brand had more than 500,000 visits to the online shop on the first day (Neureiter 2021).

This shows the effectiveness of the campaign and how the creative idea pulled the customer's attention and was communicative effectively and generated a positive effect. For the first phase, the big idea should be provocative, communicating the confusion or lack of knowledge that people have of the brand. For the second phase, the idea should shift to emphasize the concept of personalization, being about him. The third phase, as this phase is focused on building brand awareness, the idea should emphasize boldness, playfulness, personalization, and how disruptive and innovative the brand is of the brand.

Considering the creative idea, the IMC strategy of the brand will have some adaptions. The IMC strategy for the Singaporean market will be focused will be on achieving Brand Recall. To conquer this goal, the IMC strategy should align the connection between the need for online shopping and About You. The next activities were developed for the brand to follow when they start their communication in the market.

Affiliate Marketing is the main activity, as nowadays consumers tend to rely on the opinion of influencers and celebrities for their purchase decisions. The opinion leaders will be able to influence the target audience of About You, favorable brand switchers, other brand switchers, and new category users about their purchase intentions regarding the brand. In consequence, this is already one of the main activities for the brand, but this should be adjusted to the market in question. According to our primary research and the Cross-Cultural Issues for Marketing chapter, the target customer values adaption to the market, and in this case as mentioned in the primary research the usage of local influencers. Taking this into, account, the brand should develop a partnership with Yoyo Cao and Jaylee Woo (Appendix J). These two influencers are very well-established in the fashion and beauty market, as they have a significant follower base. One main strategy for this activity would be naming someone to be a brand ambassador, for example, Jaylee Woo, as she embodies the brand's essence. These partnerships will give content to the brand to publish in their accounts, as the opinion leaders can help the brand to co-create content, for example, “Top favorite brands of the week” post and “Must-have winter clothes from About You” that will help the customer when looking for assortment and brands to shop. The content will be displayed on the social media accounts of the brand, (Facebook and Instagram, and TikTok), video content base will be the main format due to the preferences of the target. The content will be spread out on About You socials and the affiliate account involved, to take the most advantage of this partnership.

Events are an activity that the brand already uses, having different types of events throughout the year with different goals. This activity is very important as the promotion and advertisement that it brings to the brand help to build and increase brand awareness. So, About You should continue with the launch events strategy, using the same concept of choosing iconic locations in the case of Singapore, it could be Clarke Quay or Gardens by the bay, inviting celebrities and influencers. However, the brand shouldn't reduce the event activity to the launch event but should invest also in more events after the launch. So, About You should invest in 2-3 events a year after the launch with different themes such as “About You influencer awards”, including an online format, and live stream of the social media accounts of the brand to engage the consumer in the events. Regarding the promotion of the event, it will be advertised on social media.

The Promotional videos are a key activity in the promotional plan, as this type of content format is the most watched by the target customer and is very appealing. So, the brand when entering the market should create a video to convey the partnership between the brand and the market. The video should incorporate local elements such as locations from the market in question, use Asian models and influencers, and incorporate cultural elements. Concept-wise, the message communicated in the video should reflect the personalized experience that the brand provides and the focus of the brand on customer experience. Also, the video should reflect the brand identity, so to achieve this, simple images and small speeches would help convey the right message. The brand should also use presenters in the videos, for example, Jaylee WOO, as she is the proposed brand ambassador. The brand ambassador is the person who embodies the essence of the partnership between the brand and the market, by using the ambassador on videos will make the video more approachable to the desired target. Taking into account customer preference, the format of the video will be short for its adaptability to social media formats and to be able to capture the customer's attention. One of the videos will have a different length, being a little bit longer to be advertised on YouTube, as longer videos work quite nicely on the platform in form of an ad. The videos will be featured on the socials of the brand, such as Instagram (as we have better results organically on Instagram), TikTok, Telegram, and Facebook.

This IMC strategy needs a fit media selection to achieve the goals proposed. For this, the brand should use promotional videos, social media channels, affiliate marketing, events, and search engine (Google). These channels will be used as they are the ones where our customer target is concentrated and would be easy to activate in this type of format. The social media channels used will be Instagram, TikTok, Facebook, YouTube, Telegram, and Twitter.

To track the success of this campaign, the following metrics were developed to measure the performance of the campaign. So, visits to the online shop, engagement with social media, sales, market share evolution, and increase in brand awareness and brand attitude, will help understand the campaign performance.

Regarding budget and media mix per cycle. Budget-wise, this will change every year due to revenue change, so the budget presented will contain only the percentage of investment that will be made each year, being adaptable each year depending on the performance of each channel. Instagram and TikTok will have a bigger share as the customer target use these channels the most and the content is more suitable for their taste. About the Media Mix per cycle, this will start at the end of 2022 and will last 5 years, being very intensive in some parts of the year due to specific conditions. In the graph, the filled brackets with colors mean that the activity will be active.

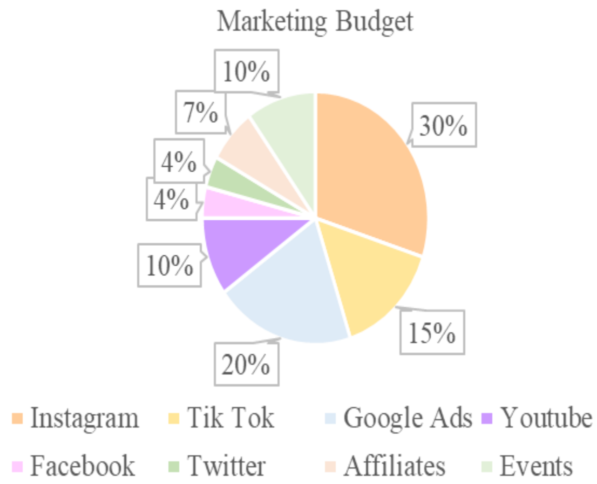


Figure 60: Media Budget

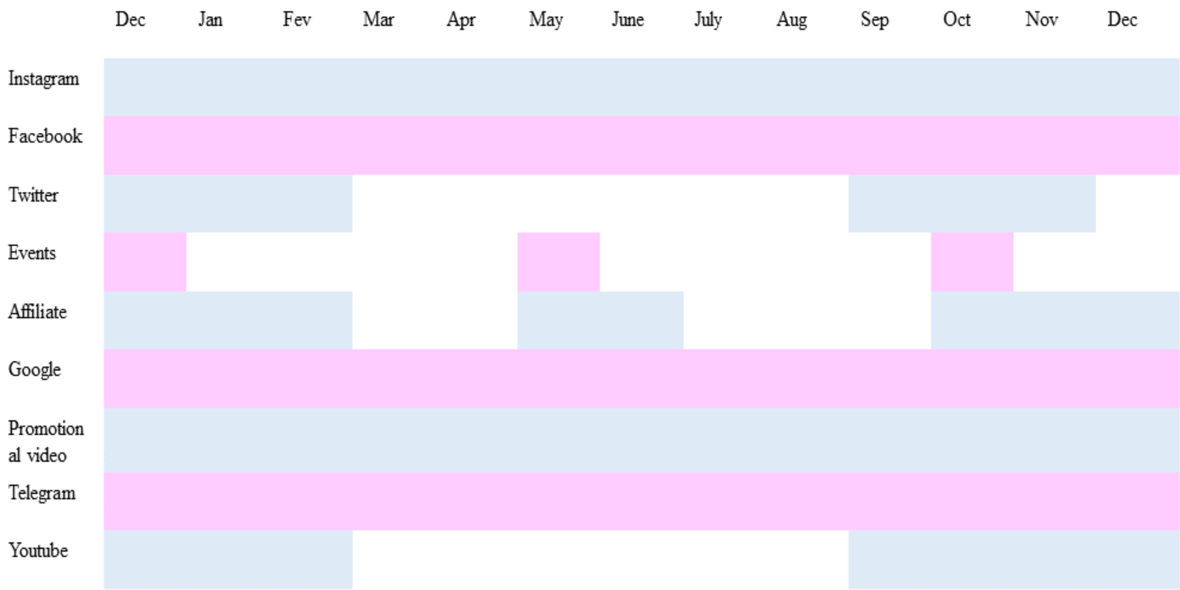


Figure 61: Media Mix per Cycle

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 Weel 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;

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, operational, and marketing perspective? Broadly, About You should enter with an adaption of the current IMC strategy of the company, in order to develop brand awareness towards the consumers. The brand should adapt to local preferences some key elements especially (advertisement, social media) the promotion to reach the target desired group and convert them to consumers.

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 items are back in stock or have price reductions (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/vishaltmishra/

Appendix C - Consumer Interviews

Link for the interviews notes: Click here

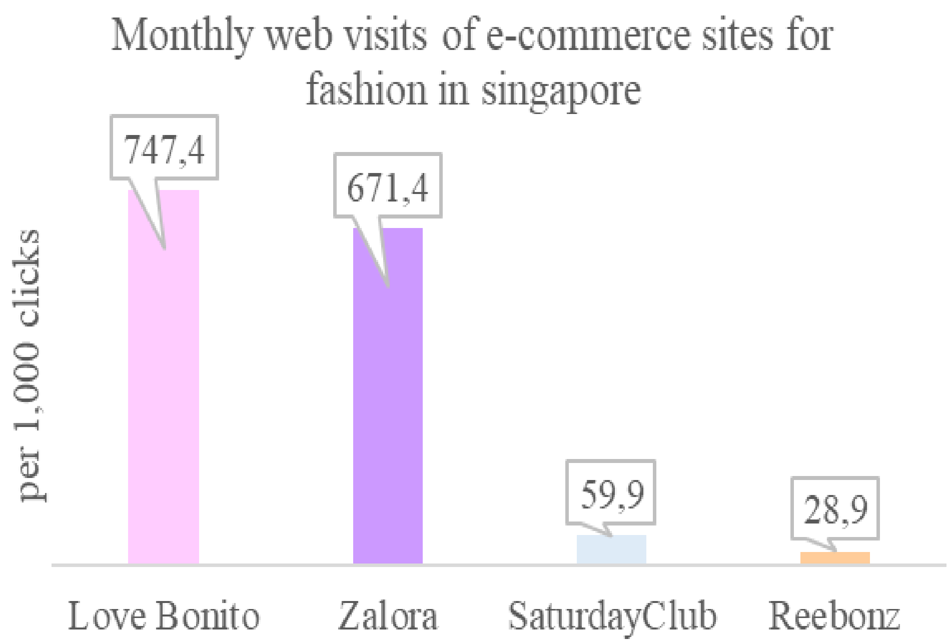
Appendix D - Countries considered in the Value Creation Wheel

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 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 L – Table of Figures

*****All figures are own illustrations based on the stated in-text sources