

Hugo boss marketing plan



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The task of the project ' retail marketing plan' is, to develop and suggest a retail marketing plan (including expansion and contingency planning) for a fashion company in the wholesale segment which is in this case HUGO BOSS. Moreover a time plan, the budget and finances aspects concerning the proposed strategy plan have been presented.

Background

Hugo Boss Group is one of the market leaders in the premium fashion and luxury goods. It hit the sales of 1. 56 EUR billion in 2009; the company has 9000 people working for it. Hugo Boss covers the key fashion segment like classic tailored and casual fasion , shoes, leather, watches, perfume and kids wear

Situation Analysis

3. 1. Hugo Boss Suppliers

The supply chain strategy is important for a company like Hugo Boss because of its influence on demand levels. In other words, the inventory levels determine the demand for the company's products. The increased availability of these products is likely to determine improved levels of sales.

3. 2Customers

Hugo Boss provides luxury products, from high quality clothes, to sportswear, shoes and accessories, fragrances, cosmetics, and others. These products are designed for men and women. The company addresses customers from 20 to 60 years of age. The most important customer

segment that the company targets is represented by young people, professionals, and individuals in the working class.

3. 3 Competitors

There are numerous companies in the fashion industry that address different market segments. The most important competitors of Hugo Boss are represented by Gianni Versace, Armani, and Gucci. These brands provide luxury clothing items and accessories that target individuals with high incomes, businessmen, and celebrities. Their price range is similar.

3. 4PESTEL Analysis

3. 4. 1Political Environment

The UK is a constitutional monarchy and Commonwealth realm. The most influential political parties are represented by the Conservative Party, the Labor Party, and the Liberal Democrats. The political environment in the UK is a stable one, characterized by certain agreements between the main parties in the country determined by international and national situations (CIA, 2011).

3. 4. 2Economic Environment

The crisis that began in the U. S. has significantly affected countries' economic stability, companies' market situation, and individuals' incomes. This led to reduced purchasing power of most customers, and lower sales and profits in the case of retailers. However, the luxury segment of the fashion industry was not as affected as mass markets.

The UK has one of the strongest economies in the world. The country is a leading trading power and financial center. The country's production capacity allows the UK to sustain its important position on the global market. The country benefits from an intensive agricultural sector that follows European standards. However, the UK's GDP is mostly based on its services sector that strongly relies on banking, insurance, and business services.

Although the country's economy was characterized by sustained growth and expansion, the global crisis combined with the importance of the financial sector led to reduced prices on the real estate market, high consumer debt, and economic slowdown. This situation determined the country's government to develop and implement a strategy intended to stimulate the economy and to improve the stability of financial markets. The government's objective is the reduction of the budgetary deficit.

3. 4. 3Social Environment

The country's population reaches 62, 698, 362 million. The urban population is of 80% of the total population. The ethnic groups in the UK are represented by white - 92. 1%, black - 2%, Indian - 1. 8%, Pakistani - 1. 3%, mixed - 1. 2%, other - 1. 6%.

The UK benefits from a culturally diverse social environment. The country's tradition encourages and supports diversity. Therefore, such an environment is able to provide important opportunities for companies like Hugo Boss.

3. 4. 4Technological Environment

The technological environment in the UK is extremely developed. As one of the leading industrialized countries, the UK benefits from high technological standards. The country's ability to invest in technological developments has increased the requirements of companies that want to do business in the UK. This also leads to increased costs for these companies.

3. 4. 5 Environmental Factors

The regulations in the UK regarding environmental issues must be in accordance with EU laws. Therefore, companies that develop activities in the UK must take these regulations into consideration. In addition to this, there are numerous organizations that deal with environmental actions and that often threaten the activity of companies that do not meet the requirements in this domain.

3. 4. 6 Legal Environment

The legal environment in the UK determines certain problems for companies in this country. This is because the country's legal code is based on the English common law that determines numerous ambiguities. Many of the country's laws are not written, making it difficult for companies to develop activities that meet the requirements of these laws. However, given the fact that the country must implement EU regulations in the business field, some of these problems have been reduced.

3. 5 SWOT Analysis

3. 5. 1 Strengths

The most important strengths of Hugo Boss are represented by the high quality of its products and by its tradition on the market. This allows the company to sustain its position on the market and to attract an important number of loyal customers. The company's marketing strategy that is easily to adapt to characteristics of different markets is another important strength of Hugo Boss.

3. 5. 2Weaknesses

The company's supply chain is probably the most important weakness that Hugo Boss must address. In certain locations, the company has not been able to correctly analyze and estimate the sales for certain items in order to adapt the inventory to the demand in each region. Also, Hugo Boss addresses limited customer segments, which reduces the number of potential customers.

3. 5. 3Opportunities

The expansion of the company's international business represents a great opportunity that Hugo Boss can exploit. The development of Asian markets that provide great customer and production potential has been identified by several companies in the field, and Hugo Boss should also develop strategies intended to address these developing markets. In addition to this, Hugo Boss can benefit from its ability to increase its number of stores.

3. 5. 4Threats

The intense competition in the field is the most important threat that Hugo Boss must take into consideration when developing its strategy. As

mentioned above, companies like Gianni Versace, Armani, and Gucci are able to gain increased market share in comparison with Hugo Boss. In addition to this, the global economic environment determines certain changes in the purchase behavior of the company's customers.

Objectives

The objectives that Hugo Boss intends to focus its strategy on are represented by:

Increasing market share by 5%

Increasing repeat purchase by 10%

Increasing volume of sales in the UK by 6%

4. 1 Increasing market share by 5%: The Company's market share is lower than that of its competitors. In order to increase its market share, it is recommended that Hugo Boss address developing markets in Asia, instead of challenging its competitors on established markets. This is because this strategy presents reduced risks and bigger opportunities. By addressing these markets, Hugo Boss can benefit from a sustained leadership position that its competitors might find difficult to challenge.

4. 2 Increasing repeat purchase by 10%: This is a strategy that allows the company to increase its sales volume with reduced investments, in comparison with strategies based on increasing the number of customers. By aiming for repeated purchase, Hugo Boss can increase the loyalty levels of its customers.

4. 3 Increasing the volume of sales in the UK by 6%: The UK market presents important development potential for Hugo Boss. Therefore, it is recommended that the company invests in the markets where Hugo Boss has a better position.

5. Strategy

The strategy of Hugo Boss is based on addressing the following issues:

Sustained brand management and differentiation

Development of product segments

Retail focused orientation of the company's collections

Internationalization of distribution

Increasing profitability

The company focuses on sustained brand management and differentiation in order to support its international operations. The company's brand philosophy is based on its high quality brand portfolio. The continuous brand development of Hugo Boss is intended to develop a system that allows the company to improve its profit potential.

The company's brands are differentiated by fashion statement and price segment. This means that the company addresses different customer segments targeted selectively with diversified communication strategies (Hugo Boss, 2009). In addition to this, the company's differentiation strategy takes into consideration the fact that its customers associate the Hugo Boss brand with high quality.

The company's growth strategy is also based on the development of different product segments in accordance with the requirements of customers. These developments address the menswear segment, the womenswear and casual fashion segment, and the shoes and leather accessories. In order to reach this objective, Hugo Boss has combined the functional areas of brand and creative management.

Hugo Boss also intends to reduce some of its costs by a retail focused orientation of its collections. In other words, Hugo Boss intends to develop product ranges for flexible retail spaces. The purpose of this strategy consists in increasing the sales productivity.

5. 1 Product Strategy

The product strategy that Hugo Boss develops for its retail lines should be somewhat modified. The company should try to develop clothing items based on trends identified as appealing to its customers, instead of experimenting with trends that might not work for customers in the UK. It is less risky for Hugo Boss to adapt its product lines to the trends that have proven to be successful in the UK.

5. 2 Pricing Strategy

The price range in the UK market is likely to be similar to that in the company's local market. This is because the differences between the customers in these countries are not significant. It is not recommended to lower the prices in comparison to those of competitors because it might affect the image of Hugo Boss.

5. 3 Distribution Strategy

Given the fact that Hugo Boss has its own retail stores, the additional sales margin allows Hugo Boss to focus on retailing rather than on wholesales. In addition to this, the company has developed a successful online retail activity in the UK that is intended to be expanded in other countries also. This allows the company to improve its distribution activity and its sales.

5. 4 Promotional Strategy

The company's promotional strategy should be based on advertising mainly. This type of promotional activity increases brand awareness and informs customers about product developments and price levels. Promotional activities on the Internet provide great potential in attracting customers.

5. 5 Position

The company's current market position on international level is that of a follower. This is because Hugo Boss did not manage at increasing its market share in comparison with its competitors. Companies like Gianni Versace, Armani, and Gucci have a much better position on the market. However, the company's price range does not allow Hugo Boss to compete in other market segments.

The objective of this strategy is to increase the company's market share. This would allow Hugo Boss to become an important challenger to the leadership position in this market. Also, by expanding its activity in developing countries, Hugo Boss can benefit from strong market positions in

these countries that would allow the company to improve its relationship with its competitors.

Implementation

The promotional mix for Hugo Boss will focus on

In the UK using TV advertising to increase the brand awareness considering the following aspects which lead for sufficient ad: Time of the year, time of the day, the channel and the length of the commercial. Hugo Boss can also take an advantage of the TV advertising cost decline because of the wide choice that viewer now have with introduction of satellite.

Internet promotional activities (Muhlbacher et al, 2006). Using the facility of internet to improve their e-commerce and extend the service feature in the UK using the same learning been used in Germany when the relaunched their online shop at the beginning of September.

Hugo boss can provide sponsorship for sports events in order to promote its sportswear line and for other events that the targeted customers are interested in (Chaston, 2009).

6. 1 Pricing strategy

Given the global economic environment that affects companies' activity, Hugo Boss should address the UK market with demand based pricing. The company's position on the market and its objectives do not allow Hugo Boss to practice prices quite as high as its competitors. But the difference between their prices cannot be extremely significant, because this would lead to incorrect assumptions from customers.

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6. 2 Hugo boss BCG MATRIX

In the BCG matrix, Hugo Boss on the UK market can be considered a question mark. This is because the investments made by the company in this market did not produce high levels of profits (NetMBA, 2010).

6. 3Store design

Hugo boss retail store designed from the above marketing plan will target to have the following aspects: architectural style and detail, colors and textures. A store in a Victorian brownstone building, for example, will display images linked with the building's architectural era, such as warm, attractively and comfortable.

As well as focusing on the store sign is an essential element to identify the store by the customers, so by employing new techniques like adding motions, or using three dimensions lettering as well as using unique lighting.

Store entrance: whether outside or inside environment. Such as Mall retail they should create a seamless entry from the mall to the store and try to produce an open storefront , either by removing storefront barriers or by creating an unobstructed view into the store with glass windows.

Control and Monitoring

7. 1 Survey

The investments made by Hugo Boss on the UK marker must be attentively monitored and measured. Customer satisfaction is very important in the retail sector. In order to measure it, the company must identify customer

expectations. On the UK market, Hugo boss must analyze its customers' expectations by conducting a series of surveys. These surveys should be directed to customers and to the sales force.

7. 2Customer satisfaction

Based on the analysis of these expectations, Hugo boss should develop its product and pricing strategy. Furthermore, the company should conduct other surveys each season in order to evaluate whether customers' expectations were met. In addition to these surveys, Hugo Boss should monitor the numerous blogs about fashion that analyze the company's activity.

7. 3Employee motivation and training

The activity of employees must also be evaluated. This is because some of customers' satisfaction relies on the services they receive in Hugo Boss stores. This means that the company should pay great attention to the motivational strategy it develops and implements in the case of salespeople. Although this is reflected in increased costs, the return on investment is expected to improve.

7. 4Budget

Marketing expenses are likely to require significant budget allocations. It is important that Hugo Boss invests in its promotional strategy on the UK market, given the company's position and its objectives. In addition to this, it is recommended that Hugo Boss also monitors the evolution of its competitors' market share. The size of its competitors and their strategies

determines specialists to consider that companies in this market are likely to develop oligopolistic behaviors. This is because the strategy of one of these companies determines similar strategic responses from its competitors.

Contingency plan

Alternative plan has been designed to help Hugo boss avoid any complex problems they might be face during the implementation of the suggested plan.

Technology is growing faster every day so Hugo boss can stress more on online shopping and improve the supply chain and distribution channel, in addition to use unique promotion techniques to inform and persuade new customers and remind the old customers that Hugo Boss has powerful online futures .

Recommendation

If the suggested plan works competently and reach the targets in the next 3 years, then Hugo Boss should enter a new segment, interior design. web site well be designed for the customers to customize their choice of furniture.

Conclusion

This marketing plan has been created to increase the sales, revenue and customers satisfaction of Hugo Boss .