

Giordano marketing plan assignment

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CHAPTER 1 Background Company Giordano is a Hong Kong retailer of men's, women's and children's quality apparel founded in 1981 by Jimmy Lai. Jimmy Lai was born 1948 in an impoverished Guangzhou, Guangdong, with family roots in nearby Shunde, Lai was educated to fifth grade level. Smuggled to Hong Kong aboard a small boat at the age of 12, Lai worked as a child-laborer in a garment factory for a wage of \$8 per month.

Rising to the level of factory manager, Lai speculated his year-end bonus on Hong Kong stocks to raise enough cash to buy out the owners of a bankrupt garment factory, Comitex, in 1975 and began producing sweaters.

Customers included J. C. Penney, Montgomery Ward, and other U. S. retailers. Giordano is one of Asia's most successful fashion retailers. Bringing innovations to Hong Kong such as rewarding sellers with financial incentives, he built the chain into an Asia-wide retailer.

Currently it has operations in 30 countries, claims more than 11, 000 employees in 1, 700 shops across the Asia Pacific region and the Middle East. The company's vision is to be the best and biggest world brand in apparel retailing. Its mission is to make people " feel good" and " look great" (Giordano, 2010). Giordano has been publicly listed since 1991 and since then trades on the Hong Kong stock exchange under the ticker symbol 709. HK. Giordano has its own manufacturing division where many of its own clothing styles are produced. 12] Giordano also makes basic and practical men's, women's, and children's T-shirts and trousers, especially denims. In comparison, Giordano is very similar to the American based retailer The Gap. Giordano makes use of both large shopping malls and smaller town centre shopping precincts. Today the company operates 80 stores in eight markets, <https://assignbuster.com/giordano-marketing-plan-assignment/>

through outright ownership or franchise agreements and is set to surpass its 100-store milestone by the end of 2005. Giordano in 1980's Although presently a successful international retailing company, Giordano's first beginnings were ominous.

From its beginnings as a manufacturer of casual clothing in the 1980's it has developed into a global brand with over 2,158 stores and annual turnover of in excess of HK\$4.2bn (Giordano, 2009). Jimmy Lai originally intended for the company to target the upscale Hong Kong market, it proved unsuccessful, and soon afterwards the company was faced with closing down all over Hong Kong. However, instead of shutting down Lai turned to other successful retailers of the day for inspiration, and proceeded to transform the company. Soon Lai developed a new company formula.

By drawing upon ideas from many already successful international retailing brands such as McDonald's, United Colours of Benetton and Marks and Spencer, Lai created a new Giordano which focused on simple and basic high quality styles, in many colours and sold at reasonable prices. The massive make-over included the company's approach to customer service and consequently Lai had all employees taught to emphasize the importance of the customer. The formula was successful and by the early 1990s Giordano had 200 stores across mainland China and Hong Kong.

Other stores soon followed in the Middle East, Singapore, South Korea, Taiwan, Thailand, Malaysia, Indonesia and Vietnam. Giordano in 1990's Jimmy Lai faced trouble in Giordano's business in the 1990s after he criticized Li Peng, the former Premier of the People's Republic of China, in his

Next Magazine in 1994. He began to experience financial and regulatory setbacks in Mainland China. He was not allowed to open Giordano stores on mainland. He also tried to list Giordano on the Hong Kong Stock Exchange but was thwarted by Beijing-backed rivals. However, he succeeded in winning a backdoor listing for Giordano finally.

It led him to sell Giordano in 1996. Jimmy Lai no longer owns the company and its current Chairman and CEO Peter Lau. Under Peter Lau's Management Peter Lau may describe himself as a man "of limited talents", but Giordano's customers are disagree with that. When Asia faced economic crisis on 1997, Giordano was one of the company that did not back down like all the major retailers in China do and Peter Lau may took credit from that. Peter Lau thinks how the customers suffer from a lot down-market and he decides to target the middle market a little bit more.

Besides redefining the target market, Lau also made an effort to cut the cost effectively on Giordano. Some strategies that he made are:

- * Raised the quality
- * The quality starts with fabric. Giordano change its use in cotton 170 grams into 210 grams. The price may be increase to 5% or 10%, but the fabric feels better for the customers.
- * Renew perception in the customer's mind
- * Giordano change its style every three week, compared to every two months before. The often refreshed merchandise would make customer feel it is worth enough to make a trip to Giordano's store again.
- Find way to reduce waste
- * There are a lot of administrative procedure that cost money and time. A simplify procedure may be a solution. For example, instead using a box for clothes delivery to the store, they used reusable heavy-duty bags.

This way Giordano make a saving on energy, time, and environmental

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friendly. * The use of internet * Giordano replace the use of fax with internet. This is much time saving so the employee could make up their time more on customer-related things. * Using multibrand strategy * The purpose is to target a much wider market.

For example, Giordano Bluestar Exchange is to target the more budget market, people who are not as fashion-oriented, and the price 30% cheaper. * Avoidance of debt * Lau promised himself that Giordano would never have a debt. He did not trust bankers because in his point of view bankers are nice when a company have money, but also the worst when in a broke situation. Over all, Peter Lau made a lot of efforts to upgrade quality, simplify colors, keep up with new styles, and relentlessly cut costs, sales at the casual-wear retailer jumped 20% last year, to \$400 million, while profits quadrupled, to \$46 million. Giordano's Multibrand

Although based in Bermuda the company's principal global operations run out of Hong Kong. The company is Asia-Pacific's most successful retailer and sells its name under 5 brands of Giordano. Such as : 1. Giordano Mainstream Giordano brand focusing on quality apparel for men and women. 2. Giordano Ladies Upscale market women's clothing much on the line with CUE. Operates mainly in the Asia Pacific region. Prominent in mainland China, Hong Kong, Malaysia , Indonesia Singapore, and Taiwan. 3. Giordano Concepts A more upmarket brand of Giordano casual. The brand focuses on the idea that less is more than just more, but that is cool as well.

The brand's said " less is cool" approach involves innovative and modern black, white and grey monochromes in a large variety of styles. The

approach gives the brand a very upmarket casual clothes attitude, very much on par with other international brands Polo Ralph Lauren and Lacoste. The Concepts range is significantly more exclusive than mainstream Giordano, as such Giordano Concepts only extends itself to the Asia Pacific market, in particular Hong Kong, China, Taiwan and only one store in Indonesia, Singapore, Malaysia, Philippines, Saudi Arabia, and Canada. . Giordano Junior Children's clothing stores that sell a variety of stylistic and basic apparels for kids aged 0 to 14. Operates mainly in the Asia Pacific region. Prominent in most Asia Pacific nations and Australia. 5. Giordano Bluestar Exchange A cheap brand of Giordano casual clothes. Prominent in most countries in which Giordano operates. Giordano Bluestar Exchange was rebranded by the company in early April last year. The original aim of the brand was to make Giordano more appealing to the budget-conscious shopper.

However, after nearly 6 months of planning last year the company revealed the new BSX brand with the opening of its first store in Lung Cheung Mall in Hong Kong. The target of the change was to make Bluestar Exchange, now BSX, into a brand more appealing to the young and to those young at heart. The brand's new direction involves simplifying everything and offering new designs and styles to give BSX an edgy and urban attitude. Giordano hired relatively new company ! TH! NK to head the marketing of the new BSX with hopes that a new fresh company could provide an original out of the box approach to promoting the brand. Branding Philosophy Giordano won the first round of competition by being the first mover in the value apparel segment in Asia. The Asian financial crisis gave Giordano an opportunity to

consolidate its positioning. Though these factors helped Giordano to grow, one of the more important reasons for its success has been its relentless drive to build a strong brand based on their corporate values and vision: “ To be the best and biggest world brand in apparel retailing”.

The branding philosophy is based on excellent customer service, quality merchandise, product innovation and a value-for-money positioning. All these values have resonated within the many Asian markets that Giordano operates in. Giordano traditionally has been a heavy advertiser using outdoor media among others to communicate its value proposition.

Customer service: Right from its inception, Giordano has used service as one of its main differentiating factors. Giordano has integrated the front and back end of providing services in a successful manner. To provide excellent service, a company needs to have professionally trained personnel.

Giordano has put in place a structured training program called “ attitude training” which not only trains Giordano’s staff, but also assists in recruiting the right type of people who fit the corporate culture. In recruiting people, Giordano selects those whose attitudes match the company’s corporate culture. This selection criterion ensures that customers are provided with the best service. By having specially designed training rooms equipped with one way mirrors, video cameras, training consultants and full-time training faculty, it spends considerable time and effort in training every employee.

By introducing many training modules on different aspects of service, Giordano also provides flexibility to its employees to choose from those modules to gain expertise in certain specific aspects. One of the main factors

for this enduring service orientation has been the solid support from the corporate management. A case in point is that the entire management and staff at the headquarters in Hong Kong serves at a Giordano outlet during the Christmas and Chinese New Year break to drive home their commitment to customer service. This also ensures a strong feedback loop back to the corporate management.

Quality merchandise: Giordano has been offering apparel that reflects contemporary and easy living lifestyle by combining simplicity in design and quality in its workmanship. By providing appealing designs in vibrant colors for each of the segments through its brand portfolio, Giordano has been able to maximize its revenue generation. Moreover, by managing its inventory and stock levels through just-in-time and quick response inventory systems, Giordano has been able to respond quickly to changes in trends that are crucial in the retail industry.

By communicating the quality aspect of the brand, Giordano has created a sense of security in customers' minds by meeting their expectations consistently. Product innovation: Bringing in new features and materials and making them affordable to its customer segments has been the trademark of Giordano. A case in point here is the DryTech product that Giordano introduced. This fabric with its moisture management property was similar to that being used by Nike in their sportswear products.

By exploiting this nature of the fabric and making multi purpose apparel for different occasions, Giordano created avenues to bring in innovative products into the value-for-money mass market. By consistently coming up

with new products, Giordano has been able to create an image of a brand that is proactive, fresh, and contemporary. Value for money positioning: Giordano positioned itself as a value for money apparel retailer during the late 1980s and reinforced it again during the Asian financial crisis. With the customers becoming more value and price conscious, this was an ideal positioning for Giordano.

Despite being value-for-money apparel, Giordano has been able to maintain its quality perception. While Zara and Mango operate with apparel for a similar segment, the price points differentiate Giordano Ladies. Though Giordano Ladies is priced almost 30% higher than the core Giordano brand, it still provides value-for-money perception in that specific segment by combining quality with affordability. This again has stressed the overall positioning. Giordano in Indonesia To spread its existency, Giordano management develop many outlet in country includes Indonesia. Giordano Indonesia established in 1999.

First Giordano built in mall taman Anggrek Jakarta. Giordano open more stores in Indonesia, bringing its total in that country to 39 stores. All Giordano's multibrands are available in Indonesia, but only in Jakarta. Such as, Giordano, Giordano Junior, Giordano BSX, Giordano ladies, and Giordano Concept. In Bandung, Giordano only open the Giordano brand itself without the other multibrand, because the target market in Bandung are not widely consumed like Jakarta. We can find Giordano in Bandung at the big mall such as IP, BIP, BSM, PVJ, Ciwalk, and Metro Bandung Supermall. Business Issue in Indonesia

Internationally Giordano's competitors are GAP, Esprit, Bosseni, Hang Teen. Although in Indonesia Esprit is the only one who penetrate the same market as Giordano, there are other retailers that could count as the Giordano's competitor like Samuel ; Kelvin and Hammer. These retailers may appears with Giordano in the same building (mall, plaza, etc) which means they are competing each other to the eyes of the customers. Besides the competitor with the same positioning, other retailers with different positioning would be consider a competitor since they offers design which are not covered in Giordano clothes design.

There are also a global issue crisis that could affect costumer buying power and decisions making. Some of this effect already felt in Singapore which results in customer decline in buying clothing product and such. People would much prefer spend their money such as investing on gold or buying share. Indonesia may not yet taking this kind of effect, but Giordano need to anticipate the problem when the time is come. CHAPTER 2 S. W. O. T.

Analysis Strength 1. Products are various and categorized like man, woman, kids, etc so it reaches all ages and unisex. 2.

Providing a proffesional service so customers feel comfortable and concentration on quality at the service core. 3. Many people have known Giordano as quality brand. 4. Giordano was able to consistently sell value-for-money merchandise through careful selection of suppliers (A well chosen supplier to get the finest supplier and keep innovating to create creative products and high quality materials), strict cost control (Prices are reasonable and keeping it normal, not to raise it up), and resisting the temptation to increase retail prices unnecessarily. 5.

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Giordano store's are located in dense population and high traffic areas such as in Bandung (PVJ, Ciwalk, BIP, IP, and ITC) 6. Fast moving items to avoid old items piled at the warehouse or best seller items unavailable. 7. Informations are fast spread to the productions so if there's any slow moving item, Giordano will try to sell it as fast as possible and if it's reaches the minimum number o selling it will be stopped. 8. Giordano maintains a flat organizational structure which makes it easy to make communication with employees within the company thus this leads to quick decision making. . Costumer get member card " World Without Stranger" if the customer buy a product in Giordano with the total price Rp. 1000. 000, 00. The advantage from this member card is the consumer get a discount 10% and 20% at the consumer birthday. 10. In order to maximize use of store space, Giordano use information technology. Information technology was used to facilitate inventory management and demand forecasting. When an item was old, the barcode information-identify size colors, style, and price was recorded by the point of sale, cash register, and transmitted to company main computer.

In the end eof each day, the information was compiled at the store level and sent to the sales department and the distribution center. The compiled sales information became the store's order for the following day. Orders were filled during the night and were ready for delivery by early morning, insuring that before a Giordano store open for business the new inventory was ready on the shelves. Weakness 1. The model of the product is monoton example the simple T-shirt, jacket, etc. 2. Since their stores are everywhere almost everyone wears them this could lead to. 3. Promotionnya Opportunities 1.

Giordano just a have a store in Asia, maybe can expansion to a many country like Europe, America, Africa etc. Create a many models and make a innovation in fashion so people can be loyal in product of Giordano. 2. Giordano needs to continually find new ways to improve and build it's advantage outside and inside the industry. 3. Needs to continue in strengthening its brand image through heavy advertising and excellent customer service. 4. Should constantly upgrade their IT systems to ensure easier communication among their staff and make it more efficient. Threat 1. Giordano has many competitors such as Esprit, Hammer and Samuel & Kelvin.

In Samuel & Kelvin, every time Giordano launch a new product, Samuel & Kelvin launch an new product with the same as Giordano model and price of Samuel & Kelvin is cheaper than Giordano. 2. Competitors and new entrants will successfully compete for good locations. 3. Global crisis issue. STP (Segmentation, targeting, positioning) Giordano Segmentation Giordano create a segmentation based on geographic, demographis, and social grade. For example for geographic they choose country that have tropical weather such as Asia, because they make product that very comfortable to wear in this kind of situation.

For demographic, the clothes that Giordano sell is suitable for both female and male with age around 15 until 30. However for Social grade of Giordano they targeting for middle high customer. Targeting In targeting, Giordano tend to grab the market that for kids, teenager and adult. Male or female. Student or workers. SES A-B, and casual with simple life style. Because they sell clothes such as jeans, t-shirt, hat, men's underwear, socks, stocking, etc <https://assignbuster.com/giordano-marketing-plan-assignment/>

and also the concept of Giordano is suitable for the market or people who like to use casual clothes and there are five brands Giordano. Positioning

Have positioning the high product quality with excellent service and values for money. 7 P's Product Giordano has its own apparel manufacturing division where many of its own clothing styles are produced. Giordano is also renowned for its basic and practical men's, women's, and children's T-shirts and trousers, especially denims, accessories. Price Range price Rp. 29. 000- Rp. 1000. 000 Place Bandung (PVJ, Ciwalk, BIP, BSM IP, and Metro Bandung Supermall) Promotion Different from the other Giordano stores outside Indonesia, Giordano Indonesia never spend a budget for advertisement on television, radio, or media an such.

The Giordano Indonesia management heavily rely on their strong brand thus does not see the importance to make an advertisement beside in their own store. People Besides the willingness to accept employees mistakes, another factor that contributed to the success of Giordano was that it had a dedicated, trained, ever-smiling sales force. It considered front-line workers to be its customer-service heroes. People are the key. Giordano make exceptional service possible. Training is merely a skeleton of a customer service program.

It's the people who deliver that give it form and meaning. Giordano had stringent selection procedures to make sure that only those candidates who matched the profile of what Giordano looked for in its employees were selected. Selection even continued into its training workshops or attitude training. Employees must understand and appreciate every detail of the

operations. Customers will also be greeted by well trained staff who are mannered and care about the customer's needs. Physical Evidence Giordano always make sure that the stocks are always available in the store.

In markets with expensive retail space, retailers would try to maximize every square foot of the store for sales opportunities. Giordano have a strategy to involved not having a back storeroom in each store. Instead, a central distribution center replaced the function of a back storeroom. With information technology (IT), Giordano was able to skillfully manage its inventory and forecast demand. When an item was sold, the barcode information, identifying size, color, style and price was recorded by the point-of-sale cash register and transmitted to the company's main computer.

At the end of each day, the information was compiled at the store level and sent to the sales department and the distribution center. The compiled sales information became the store's order for the following day. Orders were filled during the night and were ready for delivery by early morning, ensuring that before a Giordano store opened for business, new inventory was already on the shelves. There is also a unlimited time guarantee for customers and a three day reservation for goods that the customer would like to purchase.

Process

The process of purchasing Giordano goods begins when we enter the store we are greeted delightly by the Giordano staff then we select the goods that we are intrested in, we then go to the fitting room to try it on. If we like it we then purchase it we can also get buttons sewed on for free by the Giordano staff and there is also a redemption for the goods if we are not satisfied by

then. There is also another method which is purchasing online if we are we WWS member we will receive a 12% discount for purchasing online, becoming a wws member is simply easy simply register online to become a member. Action Program Giordano's key success factors and sources of competitive advantage could include: Excellence in design: fast and market-driven new product development, due to flat organizational structure, excellent organizational communication and dedication to the needs of customers (e. g. , style, fabrics, etc.) * Excellence in management of operations, logistics and information technology systems: this includes effective supply chain management, inventory control, distribution, and integration of purchasing and selling functions. Cost savings from efficient operations are transferred to customers, thus delivering “ value-for money”.

Essentially, the basic criteria of sustainability should be identified, i. e. it must be difficult for competitors to copy and/or it must take time to copy, to allow Giordano to maintain its advantage at least for some time. With continuous investment in human resources and organizational commitment to service orientation; constant improvement in design and in the efficiency of operations; and efforts in increasing marketing muscle by promoting its brand; most of the key success factors, except site selection, are somewhat sustainable in the medium to long term. Excellence in marketing and branding: strong positioning, brand equity for excellent service and ability to deliver “ value-for-money”, consistent execution of advertising and promotion to strengthen brand image. * Excellence in service: continual commitment to providing excellent customer service and response. This is the result of integration of the corporate philosophy and leadership, service

orientation of supporting functions like human resource policies (e. g. , selection, training and remuneration of frontline staff) and information systems, and performance monitoring (e. . , regular evaluations of service standards at store level and mystery shopping). For instance, excellence in design and service comes from the integration of many activities in the value chain; it involves intangible elements such as organizational culture; and it does not reside in any particular individual. Thus, it is more difficult for competitors to “ poach” this source of advantage and overtake Giordano, as compared to simply acquiring superior technology or poaching good managers.

Moreover, even if competitors were to obtain this source of advantage, it might be difficult for them to implement it as successfully, because many factors such as the type of organizational culture and leadership would vary from company to company. Nevertheless, Giordano should never rest on its laurels. Rather, it should look into new ways of improving and strengthening its advantage. One important way of doing so is to continually invest in its human resources; as Fung (former Chief Operation Officer and Executive Director, South-East Asia) rightly said, “ People are the key”. Good site selection: Giordano’s location strategy provides a competitive advantage because of its direct impact on ability to generate high volume customer traffic while keeping low margins. For instance, excellence in design and service comes from the integration of many activities in the value chain; it involves intangible elements such as organizational culture; and it does not reside in any particular individual.

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One important way of doing so is to continually invest in its human resources; as Fung (former Chief Operation Officer and Executive Director, South-East Asia) rightly said, “ People are the key”. In the long term, sustainability depends on the management of Giordano in being able to make Giordano a customer-, logistics- and technology-driven learning organization. As the preceding discussion clearly shows, the main source of Giordano’s success is the integration of its primary functions (e. g. logistics and marketing) and support functions (e. g. , HR and IT) in its value chain. This is largely sustainable in the medium to long term, provided that Giordano continues (1) to invest in its human resources, (2) to commit to its service philosophy and customer orientation, and (3) to monitor the industry and competition for threats and opportunities. CHAPTER 3 Recommendation 1. It is essential to start promotions to increase brand awareness when starting businesses in new market. 2.

The location and site selection for establishing Giordano’s outlet in different country will be critical. The company should carefully select the site to position their stores which will be convenient for the customers. 3. Customer

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is the key and main factor for differentiation is customer care. The company needs to follow customized customer service strategy for each market segment 4. Giordano needs to find out possibility of outsourcing to maintain low costs 5. Extensive market research is needed to investigate designs and fabrics required by the target customers