

footview 3d essay sample

[Business](#), [Customers](#)



1. Industry

The industry is a global footwear measurement industry. Globally, footwear retailing is fairly fragmented and highly competitive, although the market is dominated by large buying groups. Core activities are value-adding services where the foot measuring products enhance the operations and marketing of the compatible footwear size and even procurement with cost savings information. 2. ConQ is a UK based research and development firm which aims to develop new market and product opportunities in footwear industry with their key product (Footview3D) 3. Product segment includes traditional tool, online tool, high tech tool and sophisticated data generating system. 4. The global footwear measurement industry is best described as being in the growth stage. This is demonstrated by the increasing market value forecast in Table 1, whereby the estimated Compound Annual Growth Rate (CAGR) is both 6.4% (US Market) and 8.1% (China Market) respectively.

This phrase sees a surge of new competitors namely traditional tool (Brannock), online tools (vFit app), high tech tool (Aetrex iStep) and sophisticated data generating system (FootView 3D). This indicated that there is room for rivalry based on different consumer needs. Over recent years, there has been consolidation in the industry as companies seek production efficiencies and product differentiation to better fit the strategic shift for tech-savvy customers and resources planning. Accordingly to studies conducted in 2012, 78% of adults had experienced foot issues at some times often due to poorly fitting shoes. In addition, in UK, a 2014 study found more than 30% (men) and nearly 50% (women) admitted buying shoes that didn't fit properly. There are customer service opportunities which need to be

properly addressed for the correct fitting of shoes. This is further evidence of a high-growth environment, wherein the industry is at the growth stage of its life cycle.

Value chain of Footwear measurement industry

Corporate services

R&D

Inputs

Assembly

Distribution

Sales

Product Life cycle support

Finance, HR, I. T, Marketing, Logistics

Materials, Services, Parts

After sales service

PESTEL Analysis

Factors

Issue

Impact on Industry Growth

P

Politics

- In order to conduct biz in China, Guanxi principle of personalised networks of influence are important. Not familiar with China Market Negative

- ConQ has more than 20yrs conducting biz in US, extensive warehousing and production capabilities and has been highly adaptable to market changes, albeit in the defence industry. Positive

E

Economy

- MarketLine (May, 2014) forecast a 6.4% CAGR from 2013-2018 for US Market and 8.1% CAGR for China Market Positive

- Retail price of Footview 3D is considerably more expensive than Brannock foot measuring device Negative

- Significant degree of substitution between key footwear product segment in China Market Negative

S

Society

- College of Podiatry (2014), more than 30% (men) and nearly 50% (women) admitted buying shoes that didn't fit properly. Positive

- More common for Chinese consumers to wear second hand shoes, or to repair a piece of footwear Negative

- Increasing number of consumers purchasing their footwear online Negative

- Consumer in the US return to footwear stores to replace or purchase additional footwear more often than any other consumers in the world.

Positive

T

Technology

- Device is supported by an information system hosted and maintained by ConQ which provide both instantaneous in-store consumer profile data and meaningful aggregated reports useful to manufacturers in particular Positive
- Selling of data generated from Footview 3D will allow potential cost saving through procurement efficiencies attractive to these manufacturers Positive

E

Environment

- Question about the ensuring that retailer realise the value in this innovative product Negative

L

Law

No law factors arising from scenario facts

N/A

Industry profitability analysis

Porter 5 forces

1. Threat of new entrants: Medium and increasing

The threat of new entrants was low/medium as the market is dominated by US Brannock Device Company, which is used extensively around the world which has established a brand loyalty of customer. Hence, unlikely that new major organization will emerge. However, new major companies are responding to increasing number consumers purchasing their footwear online and need of aggregate data planning. With low capital requirements

for processing end of the value chain make the industry relatively easy to enter by multiple smaller operators. However, in order to have the system for aggregate data, high initial investments and fixed costs are required to incur for sophisticated measuring tool. Hence, in order to achieve economies of scale, only major players are able to enter the market for profitable operations. 2. Bargaining power of suppliers: Low-Medium

Shoe retailers have considerable bargaining power over footwear measurement suppliers. It is a value adding component to existing footwear to have measuring tools. It's not a must to have a measuring tool. The existing market is dominated by US Brannock Device Company, and other cheaper alternatives. 3. Bargaining power of Customer/buyer: High

Large footwear retail chains and their buyer power is high as they have the ability to buy in large quantities for all retail outlets and control many access points to the final customers. As the investment in sophisticated foot measurement tool is not viable for small retailers, only major footwear retail chain exists. Also, switching costs to other alternative suppliers is low as there are many substitutes Buyers are price sensitive, especially this is a value added services not their core revenue. 4. Threats of substitute products: High and increasing

- The threat of substitutes is high and increasing, although this technology was developed by ConQ and the device was supported and maintained by ConQ. However, another competitor supplier's technology of similar quality was not far away from being launched, this indicate that there are substitute for the particular input at lower costs. And due to increasing number of

consumers purchasing their footwear online, online applications footwear tool is more readily accessible for this customer segment. 5. Rivalry among existing competitors: High and increasing

Rivalry among existing competitors is high and increasing as there are many players about the same size with similar strategies. There is not much differentiation between players and their products; hence, there is much price competition. Low market growth rates (growth of a ConQ is possible only at the expense of another competitor). Barriers for exit are high (e. g. expensive and highly specialized equipment). Ansoff Classification

Diversification and market development

Market Development

ConQ's approach to the exploring of new products and markets in the civilian (non-military) marketplace using the technology developed in defense could be viewed as a market development strategy as it offers ConQ a new market in which to operate. ConQ is a research and development firm for UK defence industry, hence ConQ was faced with declining revenue and recognize the need to develop new market outside military industry and product opportunities in civilian markets Diversification

ConQ's approach to the exploring of new products and markets in the civilian (non-military) marketplace could also be viewed as a diversification strategy as it offers ConQ new products to offer (FootView 3D) in addition to new markets in which to operate (civilian market). ConQ currently supplies to defence industry and new market includes foot measuring tools, potential revenue for aggregated data for resource planning and also explore related

product offerings based on this technology such as correct head-sizing for motorcycle helmet. Hence, the diversification to civilian market is a strategy to diversify into new products and markets with its existing technology.

Competitors

Value Proposition

Strengths

Weakness

FootView 3D

To use sophisticated 3D technology to produce quick and accurate measurements of the feet at the same time – Sophisticated 3D technology with quick and accurate results – Provide instantaneous in-store consumer profile data and aggregated reports useful to manufacturers – Unit is small and well-styled

- Cost GBP 1, 878 per unit. Too expensive
- Inexperience: First attempt at developing civilian market

Aetrex iStep

Sensitised pad which identifies arch type, foot size and pressure. – Used extensively by sports shoes retailers around the world – Niche market for sport shoes, information not integrated to provide profile data reports vFit app

Apps allow customers to take pictures of their feet and converts all the images into a 3D wireframe model

- Use at the comfort of your own home
- Cater for shift of online shoppers – tech savvy customer

- Measurement accuracy provided by app is doubtful
- Restricted to only small group of online shoppers

Brannock

Simple metal slide ruler

- Highest market share
- Established brand since 1927
- Used extensively around the world
- Cheapest product available
- Restriction of data produced: Measurement accuracy restricted to measurement the foot from heel to toe.