

Analysis of exact! stores assignment

[Business](#), [Marketing](#)



Introduction This case analyses the market strategy behind the introduction of Exact! Universal Apparel. In the past, the Foschini Group owned a chain store called Pages. Pages had been a successful chain in the past, but it targeted a different market to the target market identified by Exact!. Pages target market was focused on the LSM 2 – 4 market. , whereas Exact! Target market focused on LSM 4 – 8. In this assignment, I have identified the problems and challenges facing Exact! the various marketing strategies that can be identified in analyzing the case as well as proposed solutions in order to grow the company from strength to strength. 2Identification of the problems I have identified several problems / challenges facing Exact! :

- Customers are spending disposable income elsewhere. It is mentioned in the case that consumers are spending more money in casinos, lottery tickets and cell phones.
- The granting of credit is also going to become increasingly difficult with all Retail outlets and in this particular case, with Exact! In addition, the petrol price is at an all time high in South Africa.

Inflation is reaching double digits and customers can no longer afford to service their debts. Food and other essentials are far more important in terms of priorities consequently, consumers will not be able to afford to pay back their debts.

- Another issue that I believe could lead to bigger issues is the fact that the Foschini Group outsource a large proportion of the expertise required by Exact!. Often these expertise is outsourced to a company that is based abroad which leads to additional problems.
- The biggest risk that I believe Exact! is facing is the fact that they are copying the Gap Model used in the United States of America.

Whilst it may work for a period of time, it is important to note that what is successful in what country / place is not necessarily successful in another. The Gap Chain store has been around for many years whereas Exact! is not as well established and has targeted a totally different market to the Gap Chain store in the United States of America. 3Analysis of the marketing strategy 3. 1STP 3. 1. 1Segmentation Exact! targeted several market segments with a different offering for each, this is commonly recognized as a differentiated segmentation strategy.

The reason firms choose this segmentation is because it helps them obtain a bigger share of the market and increases the market for their products overall (Grewal and Levy, 2008). Exact! identified the “ Gap” model because this particular clothing store based in America has a focused product range that appeals to almost the whole population. Exact! did not want to take away the market that Foschini and Markhams appealed to. Therefore, from a financial perspective it made sense to target a broad range of consumers with a small product range. 3. 1. 2Targeting Exact! targeted its segmentation on LSM’s 4 – 8.

They are men, women and children from all ethnic groups. The people in this target group are price conscious and looking for value for money. They include young, modern, aspiring individuals who are fashion conscious who want to be recognised for their taste in clothing. 3. 1. 3Positioning Markhams and Foschini focus on a tight consumer group, but offer a complete wardrobe for that lifestyle. The Foschini Group positioned Exact! as a brand that

provides more than just “ functional relevance”. The Group wanted the brand to be more aspirational, more accessible and cheaper than expected.

This led to the positioning of Exact! as “ Accessible, affordable and aspirational”. Exact! also wanted to create a smart / casual product offering by the worldwide trend of casualisation in the work place. The challenge is to ensure that casual or basic wear was given an identity and not seen as boring. 3. 23 C’s 3. 2. 1Customer In the past, Pages had targeted LSM’s 2 – 4. Exact! targeted a much broader target market, that is LSM’s 4 – 8.

Accordingly, this broader target market, resulted in items that may be perceived as inexpensive but great quality to LSM 8. It also enabled the LSM 4 Exact! target market to be exposed to excellent value items, which are more expensive . In order to curb the pricing issue, Exact! offered credit to their customers. This resulted in the building of an effective database that was targeted by various marketing activities and special offers. 3. 2.

2Competition Competition in the retail sector in South Africa is rife. Exact! therefore targeted a very broad target profile. The company adopted The Best Total Cost competitive strategy for the company. This proposition would differentiate it from other retailers. The strategy encompassed a variety of aspects:- •Tight control; Process driven mindsets; and •Simplicity, cost cutting The offering of credit also added to their competitive advantage.

Customers were able to obtain credit without any extra cost to them. At the time of Exact! ‘ s entry to the market, retailers and competition such as Mr Price were not offering credit which meant they had a competitive advantage compared to other retailers. 3. 2. 3Company The Foschini Group includes the following retailers:- Exact! , Foschini, Markham, American Swiss, Sterns,

Totalsports, Sport Scene, Fashion Express, Donna-Claire, RJL, @Home and Due South.