

# Pestel analysis

Business



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Women's Shoe Store Marketing Plan Passion Soles Plan Outline • 1. 0 Executive Summary • 2. 0 Situation Analysis • 3. 0 Marketing Strategy • 4. 0 Financials • 5.

0 Controls Executive Summary 1. 0 Executive Summary Passion Soles is a women's only shoe store in Tacoma, WA. Tacoma badly needs an upscale shoe store for women because the current stores have an inadequate selection. Currently, women that need a special pair of shoes often must travel up to Seattle to find the right shoes. Passion Soles will have an unmatched, extensive selection of different shoes. Generally, the size of Passion Soles' selection is cost prohibitive due to all the different sizes that must be stocked per style.

Passion Soles has a unique business model that allows them to have an extensive selection at the cost of only stocking one size per style. This is accomplished through a special relationship with the wholesaler so Passion Soles can receive a customer's needed size within two days. Rush overnight shipping is available at additional cost. While some people might not like a store where shoes cannot be tried out before purchasing/ordering, women's fashionable shoes are different. When it comes to trendy, nice looking shoes, aesthetics are prioritized more than fit. This is evidenced by the fact that women wear high heel shoes with narrow, pointy toes.

Clearly these shoes are not comfortable, but they look so nice and that is what counts. Passion Soles will leverage Holly Heels' extensive knowledge of the women's retail shoe industry to quickly gain market share. Profitability will be reached by month ten and \$284, 000 will be generated in revenue in

year three. Situation Analysis 2. 0 Situation Analysis Passion Soles is entering their first year of operation. A comprehensive marketing plan is required to reach profitability and ensure future success.

Passion Soles offers an unprecedented selection of current women’s fashions. 2. 1 Market Summary Passion Soles has captured good information regarding their market and knows a great deal about the common attributes of the most prized customers. Passion Soles will leverage this information to better understand who should be served, their specific needs, and how Passion Soles can better communicate with them. Target Markets pic] Market

Analysis | Market Analysis | | | 2001 | 2002 | 2003 | 2004 | 2005 | | | Potential Customers | Growth | | | | CAGR | | Professionals | 9% | 12, 457 | 13, 578 | 14, 800 | 16, 132 | 17, 584 | 9.

0% | | Housewives | 8% | 14, 544 | 15, 708 | 16, 965 | 18, 322 | 19, 788 | 8. 00% | | Other | 0% | 0 | 0 | 0 | 0 | 0 | 0. 00% | | Total | 8. 47% | 27, 001 | 29, 286 | 31, 765 | 34, 454 | 37, 372 | 8. 47% | 2. 1.

1 Market Demographics The profile for Passion Soles’ customer consists of the following geographic, demographic, and behavior factors: Geographics • The immediate geographic target is the city of Tacoma with a population of 254, 000. • A 45 mile radius is in need of the products. • The total targeted population is estimated to be 27, 000. Demographics • Age range 23 – 50. • 55% of the customers are housewives.

• The housewives have a household income of \$60, 000-\$150, 000. • 45% of the customers are professionals. • The professionals earn over \$45, 000

themselves. Behavior Factors • Fashion conscious. Tend to eat out at least once a week, typically more.

- Live the motto “ fashion over function. ”
- Are always aware of the different fashion trends.
- Subscribe to, or at least read, several women’s magazines that are fashion orientated.

2. 1. 2 Market Needs Passion Soles is providing the market with a wide range of fashionable shoes with an unprecedented selection.

Currently, women must travel up to Seattle in order to come close to approximating Passion Soles’ selection. Passion Soles seeks to fulfill the following benefits that are important to their customers. Selection: The widest selection of fashionable shoes in the Tacoma area. • Accessibility: The central location and wide range of business hours designed to accommodate all customer’s needs. • Customer service: The patron will be impressed with the degree of care that they receive.

- Competitive pricing: All products will be priced competitive to the Tacoma/Seattle market.

2. 1. 3 Market Trends The market trend for women’s fashionable shoes is toward a wider selection of common design elements. Over the last few years, there has been a proliferation of several design variations from a base design. A base design is released and then there are many different spurs that have common elements but include a few distinctive characteristics.

While this is great for the customer because it allows them to be fashionable but distinctive, it is tough for most retailers because it increases their overhead in the form of inventory. This trend is ideal for Passion Soles which

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has a business model that allows for stocking many different styles. Market Forecast [pic] 2. 1. 4 Market Growth The market for women's shoes is a strong, steady growing market.

It is generally not affected by economic downturns. Women seem to consume shoes regardless of the economic climate. In a popular mini-series, a women's habit of buying shoes was described as a release when they are feeling bad, a way to make them feel better, similar to eating chocolate. While this stereotype might not be entirely accurate, women love their shoes and cannot seem to get enough. Target Market Growth [pic] 2. 2 SWOT Analysis The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Passion Soles.

2. 2. 1 Strengths Extremely strong relationships with distributors. • Excellent staff who are well trained and customer attentive. They also get great discounts, increasing job satisfaction. • An efficient, stylish retail store.

2. 2. 2 Weaknesses • The struggle to build brand equity. • The inability to provide instant gratification by having all sizes in stock. • Forecasting fashion is difficult but necessary to profitability.

2. 2. 3 Opportunities • A growing segment of the market that is increasingly bothered by having to travel to Seattle for nice shoes. • An industry that seems immune to recessions. The ability to operate on lean overhead relative to competitors.

2. 2. 4 Threats • The introduction of a competitor to the Tacoma market with a similar business model. • Completely misjudging where fashion is headed. • Constant delays in the shipment of product or the unavailability of many of the advertised designs. 2.

3 Competition and Buying Patterns Passion Soles has three direct competitors in Tacoma: • (name omitted): This is a women's only clothing and shoe store. They have a nice selection of clothing but a poor selection of shoes. The shoe styles tend not to be cutting edge. The price point for the shoes is \$30-\$120. • (name omitted): This is a large, complete, department store.

The store however, suffers from cluttered displays and a general sense of disorganization. Shoes here are \$30-\$120. • (name omitted): This is a national franchise that only sells shoes, for both men and women. This company will sell knock offs, shoes just like name brands, but with their name on it. While this store has a huge selection, the quality of the shoes leaves a lot to be desired. This is somewhat understandable as the shoes typically sell for \$13-\$50.

While the shoes are often good copies of famous brand, the execution is sometimes off. Many of the shoes that are made out of pleather and look like they were dipped in wax, giving them a tacky appearance. An indirect competitor is a shoe smith that will dye shoes. The shoes are typically dyed to match a specific dress. Not all colors can be dyed, and dying in general is not the ideal situation. Dying shoes creates a new shoe color that is acceptable only 20% of the time.

The two major competitors in Seattle are: • Nordstrom's: Mid- to high-end department store known for their outstanding customer service. The shoe price point is \$60-\$300. • Saks: This department store caters to the high class, older crowd. Shoes range from \$75-\$400.

The buying habits for fashion-conscious women consist of typically buying at least one pair of shoes per month. Women generally purchase a pair of shoes to go with a specific dress. Once the woman purchases the dress she will then begin the long search for the perfect pair of shoes. 2. 4 Product Offering Passion Soles sells upscale women's shoes.

The general categories of shoes that will be sold are: • Sandals. • Stylish work shoes. • Loafers. • Dress shoes. Canvas athletic/stylish shoes.

Passion Soles strives to have the largest selection of shoes in Washington, barring the larger stores in Seattle. Passion Soles will accomplish this by having in stock one size per style as a demonstration model. Passion Soles will then order within two days (rush one day service is available) the style in the needed size. This will be accomplished through a special relationship with the wholesaler who is able to send out on demand the right size in the right style. Often a wholesaler will be unwilling to ship out individual shoes all the time.

Passion Soles was able to secure an exclusive arrangement with a particular wholesaler to meet Passion's needs. Women generally care more about style than fit. This is evidenced by the fact that there are so many high heeled, narrow mid-foot shoes that look incredibly uncomfortable. With this recognized, Passion Soles will meet the customer's needs by providing an <https://assignbuster.com/pestel-analysis/>

unmatched selection of women's fashion shoes. The customers will truly appreciate the selection that will allow them to find the perfect pair of shoes for any outfit.

2. 5 Keys to Success The keys to success is to meet the demand for an upscale women's shoe store with a wide selection and focused customer attention. • Fashionable designs. • Fast customer delivery. • Well-trained employees.

• Selection. 2. 6 Critical Issues Passion Soles is still in the speculative stages as a retail store. Its critical issues are to continue to take a modest fiscal approach; expand at a reasonable rate, not for the sake of expansion in itself, but because it is fiscally prudent to. Marketing Strategy 3. 0 Marketing Strategy Part of Passion Soles' marketing strategy will be based solely on location.

Passion Soles is located in a trendy mall that receives abundant walk-through traffic. This location will cost a premium and will not be directly linked to the marketing budget as rent has been categorized under general overhead. Another form of marketing to be described later in detail will be advertising. The strategy of the marketing campaign is to increase the target customer's awareness of Passion Soles. 3. 1 Mission Passion Soles' mission is to provide Tacoma with an upscale selection of women's shoes and outstanding customer service.

We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations



of our customers. 3. 2 Marketing Objectives • Increase repeat customers by 7% per quarter. • Decrease customer acquisition costs by 8% per year.

• Build an effective pull campaign, bringing in new customers at an increased rate of 9% per quarter. 3. 3 Financial Objectives • Experience a double digit growth rate for the first three years. • Reduce store overhead by 5% each year. • Reach profitability by the end of year two.

3. 4 Target Markets Passion Soles is targeting two population segments within the broad category of the fashion conscious female with disposable income.

• Professionals: these are full time working professional women. They typically earn more than \$45, 000 themselves. They will purchase shoes for the workplace as well as for leisure time. This group is being targeted as they work full time and therefore have the need for many different pairs of shoes for all of their different outfits.

They also have the money to spend on shoes and will take advantage of this reality as women typically love to collect lots of shoes. Housewives: this segment has plenty of disposable income because of their husbands. These women love shoes, and spend fair amounts of time shopping for shoes and clothing. The household income of this group is \$60k-\$150k, generally toward the higher end of this range. This group is attractive because they have the money and the time to shop for shoes.

With both money and time, there is no limit to the number of cool shoes that they would like to own. 3. 5 Positioning Passion Soles will position itself as the premier outlet for women's fashionable shoes, providing Tacoma with the largest selection, rivaling some of the boutiques in Seattle. Passion Soles  
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will leverage their competitive edge to achieve this desired positioning.

Passion Soles' competitive edge is an unmatched selection in Tacoma.

This selection will be achieved in two ways. The first is a very specific effort to carry as many styles of shoes as possible. Passion Soles recognizes that Tacoma currently does not have a single store that offers a wide selection of decent quality shoes for the fashion conscious woman consumer. The competitive edge is the recognition of this unserved niche and the serving of this demand. Passion Soles will be able to offer a large selection through a unique inventory model that stocks a large number of styles with only one size per style. The advantage to this is that for the same amount of money that Passion Soles invests in overhead, they can offer far more styles.

This model is effective because women will buy shoes based on style. The way a shoe fits is of little consequence if it looks good. For this reason women are willing to order a pair of shoes sight seen but not fitted. Passion Soles offers two day delivery with an additional expense rush overnight option. .

6 Strategies Passion Soles' marketing strategy will seek to create customer awareness regarding the products that they offer, develop the customer base, and work toward building customer loyalty and referrals. The message that Passion Soles will seek to communicate is that they offer the largest selection of fashionable women's shoes in Tacoma. Women no longer need to travel to Seattle to find nice shoes. The first method that Passion Soles will use to communicate this is location. Passion Soles has chosen an upscale, trendy mall that receives a lot of walk through traffic.

This generates large amounts of visibility for Passion Soles. Another method of communication is advertisements in Tacoma's daily newspaper. The advertisements will be placed in the weekly fashion section whose readership is primarily women. The last method of communication will be through a strategic relationship Passion Soles will develop with one of the upscale women's clothes stores. The two stores will be co-branding their products as clothes and shoes are intuitively linked. Often times shoes are purchased to go with the new outfit.

The strategic alliances will be used to acquaint customers of the trendy clothes stores with Passion Soles as the customer demographics are quite similar. The alliances will include discounts when both shoes and clothing are purchased as well as display some of each company's products at the other store. These activities are all designed to develop visibility on behalf of the marketing plan. 3. 7 Marketing Mix Passion Soles marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

Pricing: Passion Soles pricing is designed to be competitive to the other fashion shoe retailers. • Distribution: All shoes will be distributed to Passion Soles store front. While this will necessitate a second trip for the customer to come and pick up the shoes, it allows Passion Soles to offer a much wider selection than any of the competition. • Advertising and Promotion: Location, targeted advertising in the newspaper and strategic alliances will serve as the foundation of Passion Soles advertising and promotion effort. • Customer Service: Exceeding customer's expectations is the company's mission. 3.

8 Marketing Research During the initial phases of the marketing plan development, several focus groups were carried out to help gain insight into the most prized customer and some of their decision-making processes as they relate to shoe purchases. The information collected from the focus groups has been extremely helpful to Passion Soles and help justify the business model. An additional source of market research is a comprehensive survey that has been distributed to an upscale women's clothes retailer's customers. A mathematics graduate student was used in the development of the survey ensuring the survey was statistically significant and relevant. The survey was also quite insightful into the mind of a prospective customer.

Financials 4.

0 Financials This section will offer a financial overview of Passion Soles as it relates to the marketing activities. Passion Soles will address break-even analysis, sales forecasts, expense forecasts, and how those link to the market strategy.

4. 1 Break-even Analysis The break-even analysis indicates that \$15, 500 will be needed to reach the break-even point. Break-even Analysis [pic] Break-even Analysis | Break-even Analysis | | | Monthly Revenue Break-even |\$9, 362 | | | Assumptions: | | | Average Percent Variable Cost | 40% | | Estimated Monthly Fixed Cost |\$9, 300 |

4. 2 Sales Forecast The first month will be used to set up the store front.

Employees will be hired and inventory will be purchased. There will be no sales activity during the first month. The second month will begin to see sales activity and it is forecasted that around month four sales will really begin to pick up. The reason for this is that word will get out about Passion Soles and more and more people will be coming in to check out the

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extensive selection. Sales Monthly [pic] Sales Forecast Sales Forecast | | |  
 2001 | 2002 | 2003 | | Sales | | | | Professionals |\$84, 402 |\$158, 745 |\$172,  
 454 | | Housewives |\$54, 861 |\$103, 184 |\$112, 095 | | Total Sales |\$139, 263  
 |\$261, 929 |\$284, 549 | | | | Direct Cost of Sales | 2001 | 2002 | 2003 | |  
 Professionals |\$33, 761 |\$63, 498 |\$68, 982 | | Housewives |\$21, 945 |\$41,  
 274 |\$44, 838 | | Subtotal Direct Cost of Sales |\$55, 705 |\$104, 772 |\$113,  
 820 | 4.

3 Expense Forecast The marketing expenses will be higher relative to other months during the first four months when Passion Soles is trying to generate interest in the new store. The expenses will also spike toward the end of the year during the winter holiday season. Monthly Expense Budget [pic]

Marketing Expense Budget Marketing Expense Budget | | | 2001 | 2002 |  
 2003 | | Advertisements |\$6, 400 |\$7, 500 |\$9, 000 | | Other |\$1, 825 |\$2, 000  
 |\$2, 200 | | Other |\$0 |\$0 |\$0 | | |----- |----- |----- | | Total Sales  
 and Marketing Expenses |\$8, 225 |\$9, 500 |\$11, 200 | | Percent of Sales | 5.  
 91% | 3. 63% | 3. 94% | Controls 5.

0 Controls The purpose of Passion Soles’ marketing plan is to serve as a guide for the organization. The following areas will be monitored to gauge performance: • Revenue: monthly and annual. • Expenses: monthly and annual. • Repeat business. • Customer satisfaction. 5.

1 Implementation The following milestones identify the key marketing programs. It is important to accomplish each one on time and on budget.

Milestones Milestones | | | | | | Advertising | Start Date | End Date | Budget  
 | Manager | | Marketing plan completion | 1/1/2001 | 2/1/2001 |\$0 | Holly | |

Advertising campaign #1	1/1/2001	5/31/2001	\$2, 200	Holly	
Advertising campaign #2	5/1/2001	7/31/2001	\$1, 000	Holly	
Advertising campaign #3	3/1/1999	12/31/2001	\$2, 600	Holly	
Advertising campaign #3	3/1/1999	12/31/2001	\$2, 600	Holly	Total
Advertising Budget			\$8, 400		PR Start Date   End Date   Budget
Manager		Strategic Alliances	1/1/2001	ongoing	\$1, 825   Holly     Other
			\$0		Total PR Budget     \$1, 825     Direct Marketing   Start Date   End
					Date   Budget   Manager     Other     \$0       Other     \$0       Total Direct
					Marketing Budget     \$0       Web Development   Start Date   End Date
					Budget   Manager     Other     \$0       Other     \$0       Total Web
					Development Budget     \$0       Other   Start Date   End Date   Budget
					Manager     Securing space in trendy mall   1/1/2001   1/15/2001   \$700
					Holly     Other     \$0       Total Other Budget     \$700       Totals     \$10, 925

| 5. 2 Marketing Organization Holly Heels is responsible for the marketing effort. Holly will outsource the creative services.

5. 3 Contingency Planning Difficulties and risks:

- Problems reaching the break-even point due to lack-luster sales.
- A break down in the just in time (JIT) business model.
- Consumers who are unwilling to wait a day or two to get their shoes.

Worst cast risks may include:

- Determining that the business cannot support itself on an ongoing basis.
- Having to liquidate equipment/inventory to cover liabilities