

Essay on various factors are influential when deciding whether or not to extend a...

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Business and the Economy

Introduction

Extending an already flourishing business to a new set of customer can be a very tricky affair. It is even trickier in the world of fashion where image is everything in the business. While one could be lured by the prospects of a bigger and even more profitable market, one can incur significant losses because of mismanagement of the new brand or image thereby impacting negatively on the existing and established brand or image (Moor, 2007, pp. 143). This will result in the unprecedented exodus of clients thereby affecting the sales volumes of the brand. On the other hand, the effective management of the process of extending the brand to new customers could tap into a lucrative segment of the market. All factors held constant, this will spur the business forward because of the huge sales volumes.

This is a risky venture and one should only attempt it when all the factors involved are well thought out and considered. Brioni is an internationally recognized manufacturer and retailer dealing exclusively in men's suits. However, Brioni envision extending its line to include a women's apparel. The opportunity the business would enjoy is an entry into a much larger and lucrative market. However, the dangers involved include comprising the existing image and failing to recognize the different organizational demands that the women's fashion business entails. This paper will critically analyze the prevailing conditions and determine whether Brioni should extend its line to include women's apparel.

Discussion

- Performance of the existing line

An extension to new customers may not be successful if the existing line is not performing well has quality issues. It is also important to explore the market conditions and to ensure that the new launch does not affect the business from its core product activities. Statistics from the case show that the clothes manufacturer was doing very well in terms of value of sales. In the year 2001, the manufacturer made 61, 239, 788 Euros in sales in the men's suits (Bell, 2003, pp. 12). The company has also shown exponential growth in consolidated turnover since inception. Based in this fact alone, Brioni has the rationale to extend its business. However, there are additional factors to consider.

- Brand core values

Introducing similar products helps reduce the risk involved. It also increases the possibility of customer acceptance. The motivation towards a women's apparel was by the sensitivity of customers to the intrinsic characteristics like wearability, quality and elegance of the male designs. The new women's apparel would ride on the already established image of Brioni. While this could potentially water down the image, especially if there were issues with quality, the sourcing of new teams, particularly industry leaders in women clothes design would foolproof the expansion as far as it concerns designs (Dodds, 2003, pp. 26).

- The need for extensive advertising and marketing campaigns.

While some brands would draw from the strengths of the existing brands, other might need extensive marketing campaigns in order to popularize

them. Brioni has been solely identified with men's suits. Introducing a women's apparel would require advertising and marketing even if it is expected that the strength of Brioni will take effect. This would require financial investments in order to popularize the new line (Roll, 2005, pp. 135). As such, it would be important to consider the opportunity cost if the company were to forgo the expansion. Of importance is the new lucrative market that venturing into women's clothing presents.

- The opportunity cost

This is the value of the best opportunity forgone. By forgoing the opportunity to extend the brand to new customers, Brioni would be losing considerable income. In the first year (2001), the company pro forma shows sales of over 5.2 million Euros. This is significant considering the fact that this was the first year the women's apparel was introduced.

Considerations when extending the line to include a women's apparel

- Using a different name

Brioni was synonymous with men's suits. Introducing a women's apparel under the same name might have detrimental effects to the brand. Clothing lines that were purely involved in men's clothing have stumbled after attempting to introduce a women's line. However, other companies, like Zegna have flourished by introducing a women's line, though under a different name. This approach cushions the existing brand from any negative influence that the new line might experience (Kapferer, 2008, pp. 49).

- Sourcing a new team

Using the approach described above would make the new line a subsidiary of

Brioni. Even if they were to use the same manufacturing factories, a new team would be required. This is because the existing workforce is specialized in men's suits and accessories. Having the new team run its affairs almost independently of the men's line is also important (Panda, 2006, pp. 18). This is because the market share of the two lines is not equal. While the men's line is established, the women's line being a newcomer had ground to cover. Running the two lines independently also helps also helps pinpoint areas of concerns easily.

- Creating niche products

Market segmentation is very important when designing products. A niche market refers to a small market sector that is identified by common and special characteristics. The average male suit as sold by Brioni is 3200 dollars. The company's market was men aged between 45 and 50 years. Mostly, the men came into the stores with their significant others. This cradle of women is what the new women's apparel was going to target. Therefore, the products designed by the new line should meet the fashion needs of this particular market sector (Kapferer, 2012, pp. 109).

- Quantity of products to be made

Overproduction could lead into losses especially if the products are not purchased. This is especially important in the fashion industry. It is difficult to know the exact quantity of purchases to be made by the clientele targeted by the new women's line. However, going by early retail experiences, a third of the sales in the men's line seem plausible. Given that the sales from the men's line were in the region of 150 million Euros, 50 million worth of products in the women's line is plausible for a start.

Conclusion

Based on the analysis of the prevailing conditions, the opportunity cost and the different considerations when extending the men's line to include a women's apparel, it is feasible and Brioni should go ahead and extend their line.

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