

Company and market analysis of polo ralph laurent



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Singapore is the home of the global luxury lifestyle brand's first luxury boutique in Southeast Asia as well as shopping paradise with many shopping areas to explore and satisfy every style and needs. It is a country with consumers who have more knowledge about every brand; international tourists prefer to shop at duty-free market. In Singapore, customers can find all the famous brands from around the world. The Polo Ralph Lauren known as a strong brand with considerable awareness among consumers. According to Interbrand, the company's brand is ranked 95 in the world since 2002

General company overview

Polo Ralph Laurent was launched by Ralph Lauren in 1967 when he worked for Beau Brummell Neckwear and they had agreed to sell Ralph Laurent's tie in Empire State Building. In 1968, he established Polo Fashion Company. Polo is the name of one of the popular horse racing. Horse racing is a sport that's usually only for nobles. Therefore, Ralph Lauren had identified target customers who have a relatively higher income and passion for sporting. This is a desire and goal that Ralph Lauren was determined to meet with his Polo brand. By 1969, he had a boutique store within the Manhattan department store Bloomingdale's. In 1971, the first stores of Polo Ralph Lauren fashion appeared in Beverly Hills. In 1981, Lauren became the first American designer to open shop in London. Today, Polo Ralph Laurent has become a well-known brand, not only for tie but also for all fashion items particularly fashion for men.

Polo Brands

Polo by Ralph Lauren: provides a complete menswear wardrobe with distribution through Ralph Lauren stores and Department stores.

Polo Sport: A line of men's active sportswear that distribute through Ralph Lauren stores or department stores. Price points match those of Polo by Ralph Lauren.

RLX Polo Sport: Complete in the sports apparel market by offering clothing for running, skilling, cycling etc.

Polo Golf: This collection of men and women's golf wear is sold primarily at gold clubs and resorts as well as department stores and Ralph Lauren stores.

Blue Label: classic women's weekend wear.

And etc.

Macro Environment Analysis

The external analysis of a company allows the company to get a clearer picture of the threats and opportunities in the external environment of the company. From the results, the company can provide suitable strategies to exploit opportunities and eliminate threats.

Political and Legal environment

The government plays an important factor in any business' success. With the stability of politics, Singapore government has many policies to support business by providing a stable economy; low interest rates banks and competitiveness of the tax system. It is important element for company to

develop their product. Singapore has no restrictions on foreign exchange management and Singapore dollar can convert so it is a positive factor for foreign investors to transfer capital and profits in and out of Singapore. Singapore has applied British legal system. Therefore, the source of Singapore company law is primarily based on legal documents on the company's United Kingdom and Australia. However, the Singapore company law now also contains many different points. Foreign investors are not required to participate in the activities of joint venture or franchise. Singapore government does not restrict foreign investors to protect domestic industry for any reason.

Economy

Singapore is well-known as highly dynamic developed country. The intervention of government in the economy is minimized. Singapore has open business environment, low corruption, high financial transparency, price stability. Excise duties are imposed principally on tobacco, petroleum products and liquors. As of 2002, the average tariff in Singapore was below 1%, as more than 99% of goods entered duty-free. As a result, very few products are subject to import duties.

Figure 3. 2. 1 Singapore GDP Growth Rate Chart

Source: Trading Economics; State Secretariat for Economy

According to the World Bank “ Doing Business 2010 Report” Singapore economy is considered to be the easiest to do business in. In fact, Singapore has been awarded the most competitive country in Asia. The Gross Domestic Product (GDP) in Singapore expanded at an annual rate of 26.00 percent in <https://assignbuster.com/company-and-market-analysis-of-polo-ralph-laurent/>

the last quarter. Singapore Gross Domestic Product is worth 182 billion dollars or 0. 29% of the world economy. A stable economy not affected by inflation and fluctuations in the market is one of important factor for the success of a company. The more development economy, the more amounts of money consumers spending for consumption. This is a favorable condition for development of luxury products.

Social and Cultural

Singapore located in the middle of South East Asia countries, such as Malaysia, Indonesia and Brunei which is central of the trade and economics brings a lot of diversity for their culture and social life. Based on the demographical, Singaporean is famous with the multi- ethics people and culture. Total population in Singapore was about 4. 99 million in Jun 2009 with 77% of Chinese, Malay 14% and 7. 6% of India. Since nationality in Singapore mixed as well as their culture, its immediately effect the culture and habits of the people in Singapore. The traditional family values are still conserved but the younger generation has gradually adapted to the culture and lifestyle of Western Europe.

Technology Factors

Technology has made positive contributions to modern live, help improve productivity and quality of life. With the development of information technology, it can impact on many kinds of things such as distribution strategies, media strategies, etc. According to Infocomm Development Authority of Singapore (IDA), Total Internet Users in Singapore is 3, 370, 000 as of June, 2010, 77. 8% of the population.

Singapore Internet Usage for Transactional Activities by Age Group

15-24 yrs

25-34 yrs

35-49 yrs

50-59yrs

60yrs & up

Government/Organizations/Authorities

2%

11%

10%

10%

9%

Online Banking

7%

23%

21%

24%

20%

Purchasing/Ordering Goods & Services

2%

2%

2%

3%

1%

Source: The Infocomm Development Authority of Singapore (2008)

Internet allows people easy to find many products and services online without leaving their house, to compare the prices as many shops and also to order items. 10% of Singaporean who using Internet for purchasing and ordering goods and services; Internet users tend to use search engines to find product information and find websites through search engines. Company can develop direct sales via the website or use the online advertising methods such as link marketing, banner advertising.

3. 5 Opportunities

The Polo Ralph Lauren company has strong opportunity of development in Singapore because the company can expect to increase sale due to the recovery of global market as well as Singapore economy. As a result, the

quality of living standard will be increase so Singaporean will have extra money to spend on shopping.

Therefore, the economy of Asia, especially for China and India has been developing at an extremely fast pace. The rapid growth of the economy of Asia has lifted the standard of living of many Asians. Singapore attracted a large number of tourists to visit and shopping for many different purposes. Singapore's business travel and MICE (meetings, incentives, conventions and exhibitions) sector is a key tourism driver for Singapore. In 2008, amidst a challenging global economic climate, Singapore's business travel sector set a new record with 3 million business and MICE visitors and nearly \$6 billion in tourism receipts. According to the Singapore Tourism Board, Singapore welcomes 908, 000 visitors in Jan 2010 an increase of about 17. 5 per cent compared to a year ago. Singapore's top five visitor-generating markets in the month were – Indonesia with 173, 000 visitors, China with 99, 000 visitors, Australia with 90, 000 visitors, Malaysia with 68, 000 visitors, and India with 57, 000 visitors. And the opening of the two integrated resorts in Marina Bay and Sentosa, as well as the Gardens by the Bay in Marina South will be a boost for the tourism industry. Singapore is the host of Youth Olympic Game 2010 from 14 August 2010 to 28 August 2010. It is expected to receive about 3, 500 athletes from 170 countries and territories. This is a good business opportunity not only for Polo Ralph Laurent but also for many other service industries.

3. 6 Threats

Polo Ralph Lauren's product toward the target customers are middle and high-class people, there is also the target market of other company like Tommy Hilfiger, Liz Claiborne, Guess, Calvin Klein, etc. Key tools used by competitors are price, quality and design. As a result of Polo Ralph Lauren wide range of brands; it faces competition in every price point from discount to luxury. And the price of Polo Ralph Lauren is quiet expensive than competitors. For example: The new Lauren line will feature jackets from \$230 to \$250 and pants from \$119 to \$139 while Calvin Klein will offer pants and skirts priced at \$125.

Competitive Analysis of the Industry

Michael Porter's " Five forces" was used to analyze the competitive environment. The five forces are rivalry among existing firms, threat of new entrants, threat of substitute products or services, bargaining power of suppliers and bargaining power of buyers. The stronger each of these forces, the more limited companies are in their ability to raise prices and earn greater profits.

Rivalry among existing firms

In most industries, corporations are mutually dependent. A competitive move by one firm can be expected to have a noticeable effect on its competitors and thus may cause retaliation. Growth in the apparel industry will boost competition and help eliminate the weaker competitors. To be able to survive in the market, companies need to continuously improve product quality, diversified models and customer care services. Polo faced with competition from Guess and Tommy Hilfiger. Ralph Lauren has the direct <https://assignbuster.com/company-and-market-analysis-of-polo-ralph-laurent/>

competitor in the luxury range designers like Prada, Gucci and Versace.

However, with the power of Ralph Lauren brands, loyal customers and designed in classic American style that allows it to mitigate the threat. Also, competition is less fierce as Ralph Lauren targets the upper price point range where consumers are less price sensitive. For the Polo Ralph Laurent, the threat of rivalry from competitor is moderate.

Polo Ralph Lauren Competitors

Polo Ralph Lauren Brand

Competitor

Men's Purple and Black Label

Giorgio Armani, Hugo Boss Collection

Ralph Lauren Collection

and Women's Black Label

Giorgio Armani, Calvin Klein, Hermes

Blue Label (Men's and Women's)

DKNY, Calvin Klein

Polo by Ralph Lauren

Lacoste, Armani Exchange, DKNY, Van Heusen

Lauren by Ralph Lauren

Liz Claiborne, DKNY

RLX

Prada Sport

Polo Golf & Polo Tennis

Nike, Reebok, Adidas, etc.

Rugby

Abercrombie & Fitch Company (ANF), Guess(GES)

Club Monaco

Banana Republic, Zara, Armani Exchange

Home Decor, Bath, and Bedding

Hotel Collection, Calvin Klein, Charter Club, DKNY

Threat of new entrants

New entrants to an industry typically bring to it new capacity, a desire to gain market share and substantial resources. They are, therefore, threats to an established corporation. The threat of entry depends on the presence of entry barrier and the reaction that can be expected from existing competitors. An entry barrier is an obstruction that makes it difficult for a company to enter an industry. It requires considerable resources to launch market and distribute products in this industry, not to mention a

recognizable brand. New entrants faced with many difficult factors such as suppliers, distributors channels, product diversification, product differentiation and the ability to negotiate with retailers. They must spend a lot of time and money on building brand and raising customer knowledge. As a brand's reputation, the risk for new entrants of Ralph Laurent is considered to be low.

Threat of substitute products and services

A substitute product is a product that appears to be different but can satisfy the same need as another product. Polo Ralph Laurent has numerous brands at different price points ranging from the low end to the high-end black and purple label so company's products can meet all the needs of customers. And the threat of substitutes can be considered to be low since there are no considerable apparel substitutes that would cause customers to switch to another industry.

Bargaining power of suppliers

Suppliers can affect an industry through their ability to raise prices or reduce the quality of purchased goods and services. When the supplier industry is concentrated and sells to a variety of customers in diverse market, it will be have relative power that can be used to influence price. Supplier's power in some aspects of this industry is high since a large portion of Ralph Lauren revenue comes from licenses. Therefore, the financial viability and operational ability of licensees are depended on by Polo Ralph Laurent. The same applies to many of Ralph Lauren's manufacturers in Asia which are subject to the potential of political instability or workers rights violations. In <https://assignbuster.com/company-and-market-analysis-of-polo-ralph-laurent/>

general, the threat of suppliers is high since major brands compete for manufacturers and it is costly to switch manufacturers

Bargaining power of buyers

The customer is the most important factor in the buying process. They decide where to buy the product and how much they want to pay for it. They can choose what to buy and from what company. Therefore, it is important for the companies to create value and set a price that customer is willing to pay for. Buyers affect an industry through their ability to force down prices, bargain for higher quality or more services and play competitors against each other. Polo Ralph Laurent's revenue was mainly made up from wholesale (about 50.9% of Fiscal Year 2010 sales) that supplies its products through several department stores in the wholesale channel. When the buyers order product's quantity and they could integrate backwards and control this channel of distribution hence the threat of buyers can be considered moderate. The retail segment accounted for 45.5% of Ralph Laurent's total revenue in Fiscal Year 2010 as retail sales grew to \$2.2 billion. Ralph Lauren's retail segment operates through the chain of 326 retail and factory outlet stores as well as online stores. The individual buyer has no impact on the price of the products offered.

Core Competencies of Polo Ralph Laurent

Jay Barney is considered as the father of the modern Resource- Based View. This theory suggests that the company can sustain a competitive advantage through heterogeneity of firm- level differences. So in order to maximize returns, companies must change the mode of management, selection
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strategies with the important task of indentifying, developing and deploying key sources.

- Value: when they enable a firm to conceive or implement strategies that improve its efficiency of effectiveness. It allows the firm to differentiate products or services and create unique value. Polo Ralph Laurent is a strong brand that has been known for many consumers. Companies earned higher profits from their products than other appeal companies because of the loyalty associated with the brand. Customers are not only bought products with good brands but also have products with high quality that are designed based on the classic American style but still very elegant and durable. Besides, it has a portfolio of products at different price points from popular products to the high- level design.

- Rare: valuable firm resources possessed by large number of competing firms cannot be sources of either a competitive advantage or a sustainable competitive advantage. Competitors do not have access to the resource. Good quality has created long-term reputation for Ralph Laurent. Polo Ralph Laurent has a very wide range of products but each one has lasted for years, their craftsman ship is very hard to find. The company also has special product lines such as products designed specifically for the Olympic Games or Ralph Lauren Polo handmade woven design silk tie which cannot find in other companies.

- Imperfectly inimitable: because of a combination of three reasons: unique historical conditions, causally ambiguous, social complex. Competitors cannot easily copy or reproduce the resource. According to Scott Davis, “

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Lauren apparel becomes part of who the customer is by striking a deep emotional chord with that customer. Ralph Lauren customers feel good about themselves". The emotional value helps the brand transcend other brands. Other companies can be able to copy the design of clothes but not the feeling. Until now the product of Polo Ralph Laurent still remains the most powerful design and favors with the general public.

- Non- substitutable: There must not be strategically equivalent valuable resources that are themselves either not rare or imitable. Equivalent resources that may allow similar strategy are not readily available. With the criteria " Fashion is a part of lifestyle", Polo Ralph Laurent's products have created the excitement for consumers through the design and its brand thus these products must reflect the consistency and long-term use. The feelings and experiences are not easily forgotten. The objective of the company is constantly creating a change in style but not losing their special.

6. Conclusion

This assignment conducts a research on Singapore external environment in order to continue to develop Polo Ralph Laurent in Singapore. This is a big favorable environment but high competitive. Ralph Lauren is one of the largest corporations in the world of fashion business that has made every effort to satisfy the target customer in order to reinforce existing market share and market growth in Singapore. Ralph Laurent also has to face many threats from the competition in branded manufacturers and new entrants join into the market but with the advantage of strong brand, it is not a difficult problem to overcome.

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