

School of Fashion & Textiles

Assignment Cover Sheet

For submission of individual and group work

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Lecturer/Teacher's name			Tutor / Marker's name (if applicable)
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TOPSHOP

\\ STRATEGIC MARKETING PLAN



EXECUTIVE SUMMARY

A Strategic Marketing Plan has been completed by RMIT students to research and analyse a Fashion brand that has failed operating in Australia. The plan includes how the brand can open again in Australia, setting up a new online presence, which has been incorporated into the planning. The brand has received a \$1.5 million cash injection to help establish the brand and launch/run the business.

Research of the brand including all of the background information has been undertaken. Topshop is privately owned by the Arcadia Group Limited located in London and currently has around 600 stores. The background includes the history of Topshop, business structure, brand DNA, existing and pre-existing assets (such as stores and warehouses), financial performance and primary fashion goods/services information.

A full Osterwalder Business Model was completed to give insight into Topshop's business model, including value propositions, customers, partners and costing throughout the business. Key findings from the model found that Topshop is lacking in quality of their items and the products are not made sustainably. The core customer of Topshop is aged between 16-30 and wants to purchase sustainable and ethically made products. They are fashion conscious consumers, therefore values feeling confident in their purchases. The brand reaches customers through online and face to face channels. Topshop has begun implementing sustainable strategies to their brand, although are still far from consumer expectations. The primary customer is ethically aware and feels disconnected from the brand, as they don't expose a lot about their operations. Topshop is cost driven and use a fast fashion business model. The brand is known for celebrity partnerships and have a big following within their digital interactions. Included in this section are strengths and weaknesses of Topshop with key strengths being that the brand has a well-developed size range, a wide range of styles (fast fashion brand) and are well known. The weaknesses include lack of transparency and poor quality in comparison to their price range.

A detailed analysis of the macro-environment was undertaken, the factors assessed are political economic, social, technological, environmental and legal factors relating to Topshop. This was conducted to determine the attractiveness of the factors, probability and whether they are threats or opportunities, assessing each factor based on time-sensitivity also. The assessed factors help in understanding the market opportunities and determining the corporate branding strategies that aligns with it. The 3 main drivers that concluded, were how COVID-19 affects countries around the globe, disrupting the economy; the

growing environmental, ethical and equality awareness around the global consumer; and the tendency of consumers to resort to inline safety due to the convenience and safety concerns that apply.

A TOWS analysis was also conducted to match Topshop's internal factors to external factors, helping identify strategic options that they could pursue. The findings of this section lead to the formulation of Topshop's new business direction, starting their new focus on sustainable, High quality and ethical production. This is in order to adapt to the changing consumer sentiment as a result from issues such as COVID-19. Following this, 5 critical success factors were stated which are considered crucial when going into the new strategy as a means of staying present in the market. The 5 factors include, understating the consumer emotion, clear sense of purpose beyond profit, high-quality based model, point of difference and committing to ethical standards and transparency.

A Porters Five Forces model was applied to the womenswear industry after analysis to determine how profitable it is for a new brand entering the market, such as Topshop. Key findings found that the womenswear market can produce high profitability for a new entrant brand, although the brand could create a niche (such as sourcing sustainable materials) in order to achieve high profitability in a competitive market.

A detailed competitive analysis was completed in consideration to Topshop's 5 other industry competitors. The framework is provided through the utilisation of Myk Pono analysis chart. This allowed the determination of strengths and weaknesses of competitors relative to Topshop. The completion of this analysis is necessary to evaluate market opportunities, recognise market trends, analyse threats to the brand and, modify the go-to-market and positioning strategy appropriately. The main competitive advantages from each of the competitors is adapted by the new direction of Topshop in order to drive growth and compete in the market. The five main competitors of Topshop include, H&M, Uniqlo, Asos, The Iconic and Reformation.

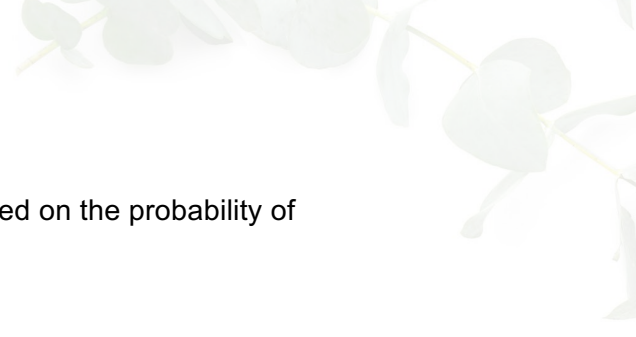
Then the strategic approach for the new business strategy for Topshop was conducted, using the generic strategies model, Bowman's strategic clock, value disciplines model and the blue ocean strategy. The use of these models generated a strategy that focused on consumer intimacy as a way of differentiating Topshop in the market whilst also providing a high quality, sustainable product. The new target market was also identified as to who the primary and secondary customer are, being 20-30 year old young professionals who are

digitally savvy with a value for high quality goods, and are environmentally conscious purchasers. Alongside was a positioning statement and map that encapsulated the target customer and Topshop's competitive advantage in the market.

Following, the marketing mix was established using Lauterborn's 4C's, however only three were used in an objective and strategy approach. These were consumer wants and needs, cost to satisfy and convenience to buy. Also, a people strategy was conducted as to how Topshop can implement activities for HR to use following the new business strategy. Then a physical evidence strategy and process strategy were developed in order to gain interest to the consumer, which is found through the process of the Customer Journey Map.

A digital marketing plan was developed to document the strategies and tactics Topshop uses to obtain its new objectives. The analysis of a new marketplace results in maximizing the virtual shopping experience as the coronavirus outbreak concern grew as well as the presence of shifting preference towards online by consumers. Both offline and online shopping experience then will be integrated to accommodate those that shops offline. The objectives are to increase brand awareness, brand equity, consumer loyalty, brand image, engagement, deliver omni-channel, site conversion rate, and participation level. Topshop will deliver their message as a sustainable brand that practice ethical processes, bringing transparency along its networks and championing in diversity and equality. The strategies for digital communications will cover advertising, personal selling, sponsorship, promotion, and public relation strategies which will cover RACE framework. Then a campaign storyboard was created titled, #FightTogether, emphasizing on standing together for the community, fighting exploitation, while being accompanied by an estimated campaign budget.

An operations pan was created that Topshop will carry out during their first year of business. This includes 2 capsule ranges for 5 items per season; Autumn/Winter and Spring/Summer, where the products are targeted towards the primary customer in different variations. There is also 2x merchandise plans per season which details how the items will perform in the first year and the planned season sales for Topshop. A Gantt chart was also developed which was broken down into 20 tasks that needed to be completed weekly in the first year of operating. This includes weekly tasks such as store operations, collections and marketing that were then integrated through the adoption and diffusion principles by Roger and Moore. Following the Gantt chart was a risk analysis plan that included any risks that Topshop could face during their first year of the new business



strategy in 2021. Mitigation strategies for each risk was rated on the probability of occurrence.

Lastly, a budget and control plan were made for Topshop in their first year of trading. A profit and loss statement were created that showed sales revenue, capital, profit, wages, purchases, rent, depreciation, other costs, utilities, superannuation, insurance, handling and delivery, and research and development. Then a diligence-based strategy was developed alongside evaluation and improvement plans.

In consideration of all aspects that Topshop currently undertake, implementing a new business model in 2021 will be the option considering Topshop went into voluntary administration in Australia.

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INTRODUCTION

Topshop is a global fast fashion retailer offering the latest trend driven fashion items. The company was founded in 1964 and is headquartered in London. When Topshop opened its first store in Melbourne, Australia in 2011, the brand soon expanded opening new stores within Australia, however, in 2017 Topshop began closing half of their stores across Australia (Janshan, 2017). The brand finally closed its last store in 2020 (Brook, 2020). This report was developed to analyze a new Strategic Marketing Plan, conducting an in-depth background analysis and situation analysis to determine the new corporate strategies and marketing objectives to be used. Compared to its peers, Topshop has relatively higher price point with similar quality and a lack sustainable and transparent practices within its business, hence affecting consumer sentiment towards the brand. Analyzing the macro-environment, one of the major factors currently affecting retail companies is the impact of the coronavirus outbreak disrupting business activities around the globe. Using the results from an in-depth analysis, Topshop will establish a new business direction that is appropriate to the new target market. In their new business strategy, Topshop is set to champion sustainability within its products, transparency within its operational system, ethical practices, and equality within its business. This report will be conducted within a one-year time frame, targeting a sales goal of \$1 million to achieve in the first year. The report will explain the detailed description of the new target market, the marketing strategy, the offline and online digital marketing communication plan, operations plan, and budget and control plan. The objective is to create a new business strategy within the host country to maximize sales.

I. BACKGROUND

i. Brand History



1960s: Top shop as described by Graziano (2016), was introduced as an extension of the department store Peter Robinsons, originally selling women's fashion by young British designers



1964: Top shop was "founded as Peter Robinson's Top Shop" Graziano (2016), youth brand with a large department store in Oxford street

1966: Top shop had a branch in the Norwich Peter Robinsons store



1973: The company divided into two chains known as Peter Robinson and Top Shop. "Top Shop was now directed by Ralph Halpbern, focusing on an age range from 13-24" Graziano (2016).



1974: Top Shop began developing as highly profitable and independent. Within 2 years had "55 standalone branches" Graziano (2016).

1978: Burton launched Top Man brand, similar to the women's retail Topshop

1980s: The current Topshop was born, although struggled to maintain its profile as a fashion brand



Late 1990s: The brand began undergoing a revival and launched its first UK online fashion store for Top Shop after Jane Shepherdson was promoted to brand director. Top shop reached high profits (annual profit of 9 million euros) and by 2005 turnover was more than 100 million euros a year



2002: Topshop became a key sponsor of London fashion week

2005: Topshop started collaborating with online retailer Zalando and began selling their merchandise in stores

2007: Top Shop included designer collection with Kate Moss



2011: Topshop expanded into Australia, stores in NSW and VIC

2014: Launch of an activewear brand with Beyoncé in Top shop stores, after "Beyoncé signed a deal" Graziano (2016), First flagship store in New York city



2017: Australian Top Shop operations went into voluntary administration

2019: Filed for bankruptcy in the United States and all 11 stores close

ii. OWNERSHIP

Topshop is privately owned by the Arcadia Group Limited. The Arcadia Group Ltd. is a British multinational retailing company headquartered in London, United Kingdom. Since 2002, the Arcadia group has been majority owned by Taveta Investments (Arcadia, 2020), owned by Tina Green (wife of Phillip Green). Phillip Green is the chairman of Arcadia Group. The company is a leading British apparel leader, operating eight well-known mid-market brands that serve primarily young adults and teenagers.

The brands owned by Arcadia Group trade from around 2,750 stores, including 1,170 internationally across 35 countries. The brand also operates online, with brand specific websites, as well as products being found on third-party e-commerce sites.

iii. BUSINESS STRUCTURE

The business structure of Topshop is held under the Arcadia group, who also owns 8 other brands, that also serve to young adults and teenagers. Topshop is organised under managing, marketing, finance and HRM directors, scaling down to the sales team who run the brick and mortar stores. According to (The retail appointment, 2020), Top shops business in the huge Flagship sites is as follows:



iv. BRAND DNA

Topshop originated from London, “A city famed for fashion experimentation and culturally defining street style movements” (Arcadia, 2020).

The brand is known for its individuality and diversity, including on trend clothing in a range of sizes (petite, tall and maternity), accessories and a versatile denim offering.

The brand is recognised for collaborating with original designers and advocates for emerging talents. The brand has partnered with designers and supermodels such as Kate Moss (gained the brand global acclaim) to create capsule collections.

The brands DNA stems from progressive campaigns that balance creativity with commerce and engages consumer experiences. After all the brand started out with the fashion being sold designed by young British designers, which also had an eye for young talent and The Stirling Cooper brand had its own sections in Topshop stores. The brands individuality

expands to consumer experiences with offerings of personal shopping and styling services in many stores. (W1_RCO2)

The brand also uses digital platform and social media to create a DNA, after the use of mobile phones and technology grew in retail. The brand is known for being on the ball with modern marketing and relates to the individual needs of consumers.

Topshop is about “enjoying the experience of styling and putting together your own look in your own way from head to toe” (Phelan, 2012).

Combined with the affordable Top shop price of their products. (W2_RCO2)



v. EXISTING & PRE-EXISTING ASSETS

Stores:

Currently Topshop has around 600 stores (including franchised) with over 300 of those located in the UK and operating across 40 countries and via online. The brand opened a flagship store in the United States, New York City in November 2014, although in 2019 filed for bankruptcy and closed all 11 freestanding stores that were located in the US. Topshop in Nordstrom locations continues to sell its merchandise.

Topshop expanded into Australia in 2011, with shops in New south wales and Victoria and in 2013 opened a shop in Brisbane. By mid 2019 only the Sydney's market street store remained opened after Topshop's Australian operation went into voluntary administration in mid 2017.

In 2012, Topshop launched its first shop in South Africa and in 2013 opened a concession store at Galleries Lafayette in Paris, the first outlet in France.

The company opened stores in New Zealand in 2015 (Auckland and Wellington) and has operated there since 2010 within a department concession store. Both stores located in New Zealand closed in 2017 after the franchise went into receivership.

The brand is still operating in many countries around the world through physical stores and via online, although in Australia there are no Topshop stores.



Warehouses:

Topshop owners Arcadia group work with around 700 suppliers that “manufacture goods in approximately 1,060 factories. The top 20 supplier provide 44% of goods” (Boffey, 2013). Some of the manufacturing locations include India, Bangladesh, turkey, Pakistan, Cambodia, Romania, china, Portugal, Vietnam and Mauritius.

Headquarters:

Topshop is headquartered in London, United Kingdom and has 1 office across the one country.

Online:

Topshop have always had online operations in a number of markets and still has an online store for most of the countries it operates in and used to operate in. Australia have access to Topshop through The Iconic.

Staffing numbers:

Topshop across all countries has 10,000 plus employees, from head office to physical store fronts.

In 2017 Topshop “had employed 760 staff members annually” (Stein, 2017) before the closure of Australian stores. When the Australian stores closed over 335 staff lost their jobs, those of which were mostly casual employees.

vi. FINANCIAL PERFORMANCE

(see Appendix 1.1. for Arcadia Group and Appendix 1.2 for Topshop)

At the end of the 2018 financial year, the Arcadia groups annual revenue was 1.8 euros, after recording an operating loss of 137.5 million euros (Jahshan, 2019). The Arcadia group sales has gone down year after year, with 2017/18 being the lowest year for results.

vii. PRIMARY FASHION GOODS/SERVICES CATEGORY

Topshop is best known for their merchandise and fashion goods which include clothing and accessories. The denim jeans are what Topshop is most known for and are their best sellers. “Globally they sell a pair every 10 seconds” (Capon, 2017).

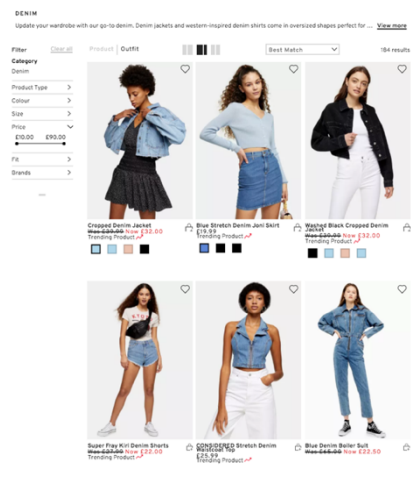
The brand is also well known as a beauty destination for women to buy what is next in style and culture. The fashion is experimental and culturally defines street style movements. It is the “original champion of individuality” (Arcadia, 2020)

They sell merchandise for all sizes including petite to tall and maternity, must have accessories and a versatile denim offering.

A current range at Topshop is the “Topshop considered”, which is all about the brand making a positive difference.

They are recognising sustainability as a pressing concern and are trying to do what they can, creating products that are designed to be more environmentally sustainable, with the use of lower-impact materials, innovative production methods and partnering with certified suppliers across all of their key ranges (W2_RCO3). Their considered products contain at least 50% organic cotton, 50% sustainable viscose (lyocell) or 20% recycled material (polyester or cotton).

new arrivals, denim and accessories



SUSTAINABLE
VISCOSE
(LYOCELL)

(LYOCELL)
Lyocell is a cellulosic fibre, derived from trees grown in sustainably managed forests. Lyocell is manufactured in an environmentally responsible closed-loop system where chemicals are recycled.

II. SITUATION ANALYSIS

i. FULL OBM CANVAS

Research into Topshop was undertaken and put in an extended deconstructed version of the Osterwalder Business Model. The model gives an insight into Topshop's business model. As it is the latest OBM, it combines the original with the Value Proposition Canvas. While the value propositions include gain creators, pain relievers and products and services, the customer segments are looked further into gains, pains and customer jobs. There is a strategic fit between the two, as it gives an idea as to what happened to Topshop in Australia with it going into voluntary administration and the closure of brick-and-mortar stores. Then the customer channels and relationships are stated that Topshop currently have. Along with the social and environmental benefits and disbenefits that includes the revenue streams and the cost structure. To look even deeper in the company, the key resources, activities and partners were discovered to complete the Osterwalder Business Model (see Appendix 2.1).

ii. STRENGTHS AND WEAKNESSES

Strengths and weaknesses have been found throughout the Full Osterwalder Business Model above (see Appendix 2.2)

III. MACRO-ENVIRONMENTAL ANALYSIS IN AUSTRALIA

i. PESTEL ANALYSIS OF AUSTRALIA WITH RESPECT TO TOP SHOP

To better understand the macro-environment, a thorough analysis is conducted including political, economic, social, technological, environmental, and legal factors that is related to fashion retailers specifically Topshop. This macro-environment analysis will help determine what are the threats and opportunities for the business (W4_RCO3), as well as choosing the business strategy that suits the host country (W1_RCO1), that leads to better understanding of the environmental impact of the business strategy (W3_RCO4). The factors analyzed below, combined with analysis of internal factors, will help to understand market opportunities and develop corporate branding strategies that will suit Topshop (W2_RCO5). Political factors includes: political stability within Australia, rank of Australia's business freedom globally, digital adaptability of legal framework, US-China trade dispute, Australia-China relationship, the closing of the border due to coronavirus, and the trans-tasman

bubble plan. Economic factor includes: GDP and purchasing power of Australians, the skilled labour availability, inflow foreign investment, global GDP growth due to coronavirus, lower wages growth, fluctuating of trade weight index, China's slowing growth due to outbreak, and China's lockdown to Australia's tourism. Social factor listed are: The shift to online preference, the shifting consumer sentiment in Australia, growing portion of women in workforce in Australia, Australian quality preference, growing immigrants presence in Australia, and the Black Lives Matter & anti-racism movement. Technological factors such as: the number of internet user in Australia, digital acceptability within Australia, research and development, online shopping, development in retail, GVA of Australia, the closing of physical stores, amazon disruption, and digital economy. Environmental factors are: the energy efficiency rank of Australia, environment treaties rank of Australia, growing awareness of environment, varying climate, fast fashion impact, and the perception of fast fashion. Legal factors consist of: transparency level of Australia, strong judicial system, legal framework efficiency, taxation rate, competition regulation, and labor policy. (refer to appendix 3.1)

ii. ALLOCATION OF FACTORS

To better understand the scale of the impact for each factors, they are allocated into four categories which is Global, Regional, National, and Local. Global factors disrupting at global scale whereas regional only limited to Asia-Pacific region, National affect Australia as a country and Local impact is limited to the certain area only. (refer to appendix 3.2)

iii. IMPACT ATTRACTIVENESS AND PROBABILITY (W4_RCO4) CATEGORISED BY TIME-SENSITIVITY

After categorizing each factor into the scale of the impact, the attractiveness of the factor as well as the probability for it to have effect is assessed. They are then categorized based on the time-sensitivity to understand how Topshop should anticipate each effect, what to plan for long and which plan should be contingent as the factors only affect short-term and could change anytime. (see Appendix 3.3)

iv. STATEMENTS OF PROBLEMS AND OPPORTUNITIES

Understanding whether a factor brings an opportunity or a threat, a statement for each factor is allocated accordingly, based on their ratings and time-sensitivity. A presence of opportunity or threat will help Topshop to anticipate and allocate the right resources. (Refer to appendix 3.4)

v. 3 DRIVERS OF CHANGE

- **Pandemic affecting countries around the globe** – As outbreak pushes countries to bring great safety measure in order to protect its people, borders are closing restricting free travels and disrupting supply and demand. Physical stores especially those selling non-essentials are closing due to safety concerns hence affecting Topshop's offline sales (W4_RCO3). The stopping of economy activity impacts the global GDP of negative growth, increasing consumer sentiment towards spending on non-essentials, Topshop will need to adapt to this situation through providing online platform to shop offering amazing virtual experience and spreading supportive messages to the community to enhance emotional connection amidst the unprecedented situation (W4_RCO2). Topshop should invest more on technology and digital for the 'new normal' (W4_RCO4)
- **Growing environmental, ethical, and equality awareness** – In the age of rapid climate change, the global consumers are becoming increasingly aware of the significant and pertinent environmental issues, as well as being more informed towards ethical practices, and discrimination that happened globally, pushing brands to be more aligned with these values. (W3_RCO4). This is an important driver of change for Topshop, who is required to conduct their business activities in a sustainable and resource efficient manner so as to perform their corporate responsibility towards the local and global community, not forgetting to incorporate ethical practices. Topshop also need to step up their diversity within the company ensuring values are aligned with global consumer. Sustainability, ethical practice, and equality in Topshop's business practices will also ensure a positive brand image and identity of Top Shop among its customers (W3_RCO5).

- **Tendency of customers to resort to online shopping** – The tendency of the customers to online shopping provides an important opportunity for Topshop as expanding their business through digital platforms will help them to increase the scope of their business and expand their target market (W3_RCO5), on top of that, the virus outbreak has significantly decrease physical retail activity for non-essential products, hence stepping up the online shopping experience is needed to be done promptly responding to the current situation. It is important to incorporate convenience and immediacy as part of online shopping development to better accommodate the customers. Furthermore, online presence would create a greater brand awareness among the customer not only on a local but also a global basis (W4_RCO2).

IV. TOWS ANALYSIS

Using the strengths and weaknesses from the OBM canvas and the opportunities and threats from the PESTLE analysis, a TOWS analysis will be conducted to match Topshop's internal factors to external factors, helping identify strategic options that they could pursue. This will enable Topshop to see how it can take advantage of opportunities, reduce threats, overcome weaknesses and exploit strengths (refer to Appendix 4.1)

I. NEW BUSINESS DIRECTION

Considering Topshop's modern consumer is becoming more knowledgeable around the ethics and sustainability of clothing production, their sentiment is changing. Especially from recent issues such as the COVID-19 pandemic. As a result of this pandemic it's expected that customers will change their purchasing habits to support brands that contribute and give back to their community. Therefore, Topshop's new business strategy will focus on investing in sustainable and ethical practices, allowing them to increase transparency with their customer (W1_RCO1). The improved contact and monitoring of manufacturers will allow Topshop to create a much higher quality product to match their price point. Diverting the focus into these areas and addressing the 'new normal' in consumer spending habits as a result of the pandemic will help Topshop gain a competitive advantage to the highly globalized and competitive market of the fashion industry.

Creating and implementing a marketing plan to enhance dialogue and content through a multichannel marketing strategy will be key to increasing transparency, telling the story behind how the products are made, where they're made and who made them (W1_RCO5).

This will aim to create more of a purpose driven product and develop the engagement and trust with the Topshop customer.

Entering into a more environmentally and ethically conscious market will mean that Topshop will have to rethink how they'll sustainably produce their products, what fabrics are going to be used to increase quality and how the consumer will interact with the brand both physically and online that will reflect Topshop as a sustainable, high quality and ethically conscious company.

ii. CRITICAL SUCCESS FACTORS

CSF 1 – Understanding customer emotion

It will be of critical importance for Topshop to develop an understanding of their customers emotional journey when they purchase clothing as it's more than just a transaction. A customer's emotion can impact loyalty, their connection to the product and how they communicate about the brand to other people.

Engaging with customers through a platform on the website or through social media and offering a high level of strong customer service with a reflection at each interaction will be critical in maintaining a good relationship with their customers and will help develop an understanding of their emotional needs. By following their emotional journey, it enables the company to have a consistent focus on the market and keep the company aligned with what the market wants (W1_RCO3) (W4_RCO1).

CSF 2 – Clear sense of purpose beyond profit

Topshop will need to outline their clear sense of purpose to create a cohesive strategy that will help them achieve goals oriented towards that purpose. This clarity will diffuse confusion in the company and at the consumer level, it will instill a strong sense of confidence and optimism among all stakeholders and overall it will facilitate in creating a more authentic brand experience (Lokusdesign 2019) (W2_RCO2).

CSF 3 – High-quality based model

As quality is becoming an increased concern in the Australian retail market it's of critical importance that Topshop carries out in-depth research and experimentation in the functionality, feel, silhouette and texture of their products to maintain a high level of quality. Creating a partnership with innovative fiber manufacturers such as Lenzing (the creator of Tencel) or TORAY could be beneficial in this process as it could offer a point of differentiation (W3_RCO3). Maintaining a close relationship with manufacturers, monitoring working and environmental conditions and making improvements where needed is also vital to maintain this (Fast Retailing 2020).

CSF 4 – Point of difference

It's crucial that Topshop can offer a point of difference that is unique to the market where they're solving an existing problem and adding value to the consumer beyond what already exists. Topshop's point of difference could be seen in the features, durability quality, and style of its products. If Topshop are successful in this, it would provide them with a sustainable competitive advantage in the market (W2_RCO3).

CSF 5 – Committing to ethical standards and transparency

It is critical for Topshop to implement a framework that relies heavily on business ethics and transparency as it will ensure a positive impact on all levels of the company, from stakeholders and investors, to employees and consumers. Establishing a clear code of ethics can be used as a powerful tool for improving brand image by adopting a code that consumers care about (Cerchia & Piccolo 2019).

V. PORTER'S FIVE FORCES ANALYSIS

Industry: Womenswear

Refer to Appendix 5.1 for The Porter's Five Force Analysis model, which has been applied to the Womenswear industry, to determine how profitable the industry is for a new brand entering the market, such as Topshop. The model has been spread across 2 pages to cover in detail each force.

Conclusion drawn from Porter's Five Force Analysis:

The womenswear apparel industry is an attractive industry as the demand will continue at a steady pace and there are no real substitutes for clothing. The market is already a highly sought concentrated market (W4_RCO4). The competition is high due to the accessibility of buyers to the industry and the buyer power, to compare costs and quality across brands. Buyer power is low-medium as they have the ability to leave brands, although there are some loyal customers. Brands can offer on trend ranges to create brand loyalty with consumers. There is a diverse range of suppliers, therefore is rated low. The threat of new entrants is rated low – medium due to the economies of scale and high costs to invest in marketing and technologies to compete with already established major retailers. (W4_RCO5) Overall, the womenswear market can produce high profitability, as a new entrant brand, although creating a niche (such as sustainable materials) for the brand would be in favour for high profitability.

Refer to Appendix 5.2 where a RADAR Diagram, has been included to visually show how profitable the Womenswear industry is to enter. The diagram shows the ratings of each force in Porter's Five Forces Analysis.

VI. COMPETITIVE ANALYSIS

I. MYK PONO COMPETITIVE ANALYSIS

A fully detailed competitive analysis framework is provided through the utilization of Myk Pono analysis chart which includes identifying five relevant competitors of Topshop (see Appendix 6.1 & 6.2). This is significant in determining their strengths and weaknesses relative to Topshop and assist in developing a go-to-market strategy. In order to orient Topshop in the marketplace and a new business direction, analyzing relevant competitors is necessary to evaluate market opportunities, recognize market trends, analyze threats to brand, and modify go-to-market and positioning strategy appropriately. The main competitive advantages of each of the competitors has to be adapted by the new business direction of Topshop in order to drive growth and compete in the market amidst the ever-changing conditions of the industry, particularly with the global humanitarian COVID-19 pandemic crisis.

The five main competitors of Topshop along with its competitive advantage include:

- *Transparency*



H&M is ranked as the most transparent fashion brand out of 250 other brands in the latest Fashion Transparency Index 2020 by Fashion Revolution (Fashion Revolution 2020). With an aim to progress towards a more sustainable fashion future, H&M Group commits to provide a depth of information about their suppliers, supply chain policies and practices and their impacts socially and environmentally. Amidst the COVID19 pandemic, the brand stands by its responsible purchasing practices (H&M Group 2020). They allow consumer to make informed decisions and drive a positive impact in the multifaceted fashion industry through the brands' immeasurable work to attain circularity and climate positive whilst being fair and equal organization through developing higher and good working conditions (H&M Group 2020). Topshop can essentially learn from this area in order to contribute and provide a more purpose-driven organization as H&M Group held accountable and responsible for all the actors, from bottom to top of its supply and/or value chain. This can assist Topshop to have an ability to quickly penetrate and adapt to local Australian market as the growing demand for brand transparency is evident in Australia even before the pandemic crisis (Business of Fashion 2020).

- *Exceptional quality*



Uniqlo has successfully emerged to build a brand reputation for durability amongst Australian and international market. In an era of disposable fashion, Uniqlo's value proposition presents the notion of delivering basic staple pieces for various demographic groups at affordable retail price points with exceptional quality. Their point of differentiation is through investing highly in technology and innovation which results to a comfortable and practical clothing delivered to consumers. This is significant for Topshop new business direction of Topshop as its aim is mainly to provide quality on their products in order to meet their current high price points and especially with the shifting consumer attitudes towards a durable and long-lasting products.

- *Wide product assortment*



ASOS is a UK-based online retailer giant, with its evident growth in the Australian market as the brand has launched its own Australian website in 2011. ASOS is widely viewed as an attractive and highly convenient retailer to young students and professionals in Australia due to its wide product assortment and e-commerce efficiency and convenience (Smith 2015). It is reported by Smith (2015) that Australia accounts for

50 percent of sales revenue outside UK, US and Europe. It has introduced a free-returns for Australian consumers within 28 days of receiving the order. ASOS is regarded to be one of the main competitors for the new business direction of Topshop as it has placed itself as one of the first and biggest online retailer globally (Cribbin 2019).

- *Online & technology innovation*

THE ICONIC

An Australian online retailer brand, The Iconic, is established in 2011 which has an extensive selection of Australian brands and high-end Australian designers. In similarity with ASOS, The Iconic also offers free returns on eligible items with an option of full cash refund or store credit of 110% (. One of its competitive advantage in the market is its high investment in technology innovation. For instance, The Iconic is the first retailer in Asia-Pacific region to provide augmented reality shopping to Australian and New Zealand consumers which helps bridge the online and offline gap for shoppers who prefers to try fashion items in a distance (Ragtrader 2019). This is significant particularly in the global pandemic crisis as consumers are increasingly shift towards online shopping and highly expect business companies to have consistent presence both online and offline (Buck et al. 2020). Thus, The Iconic is seen to be a huge competitor for Topshop as it brings the most seamless customer experiences.

- *Sustainable & Ethical*

Reformation

A report from one of the world's largest asset manager, BlackRock, indicates that sustainable practices are significantly growing part of every successful brands moving forward with the humanitarian COVID-19 pandemic crisis being an accelerator of this essential industry factor (Ceransky 2020). As a result of the pandemic crisis, BlackRock found that clients are more focused on investing in sustainability values (Ceransky 2020). Thus, the brand, Reformation, is included in this competitor analysis to gain understanding on their sustainable and ethical practices which can be adapted to the new business direction of Topshop having a new core strategy and goals towards sustainability. Part of their sustainable and ethical approaches include: aligning their brand values with United Nations Global Sustainable Development Goals (SDGs); identifying their environmental footprint; being transparent; traceability through mapping progress of their supply chain; utilizing sustainable materials; and providing a decent living wage and proper health and safety work environment (Reformation 2020).

ii. INDUSTRY COMPETITOR ANALYSIS



In order to further gain understanding about strengths and weaknesses of Topshop's five main industry competitors, a competitor index calculator is utilized to develop a successful marketing strategy for a new business direction (see Appendix 6.3). This allows rating of different and significant industry factors against five main competitors, from 1 to 10, with 1 as extremely weak performer, 5 as average performer and 10 as a best performer. Along with Topshop include its five main competitor brands such as H&M, Uniqlo, ASOS, The

Iconic and Reformation which are all rated based on the most significant factors in consumers purchasing decision prior to, during and after the global humanitarian COVID-19 pandemic crisis, including:



QUALITY

One of the most significant industry factors for Topshop as the new business direction is the aim to invest more in producing quality clothing. Modern consumers increasingly commit to purchase with brands who focus on delivering exceptional quality to long-term needs and create lasting impact to broader society and environment (Krentcil 2020).



ONLINE ACCESSIBILITY

An increasing demand for online shopping is evident prior to and during the pandemic crisis as consumers find efficiency and convenience in the idea of purchasing whilst at home and/or in a distance (Keller 2020). Providing an accessible online platform is particularly significant in terms of the current social distancing parameters as consumers prefer to shop at the comforts of their home rather than be in physical bricks and mortar retail stores (Buck et al. 2020).



CUSTOMER SERVICE

As reported by Australian Retail Outlook (2020), customer service is deemed critical and key area in terms of the increasing consumer expectations. Brands are to adapt best practices of customer service to deliver consistency, convenience and quality in both offline and online (Pogmore 2020). Pogmore (2020) of KPMG also includes shaping conversation, establishing emotional connection and avoiding reputational and negative impact are the keys to provide best customer service in retailing practice.



SUSTAINABILITY

There has been a growing consumer sentiment around the idea of sustainability before and during the COVID-19 pandemic and is anticipated to increase even after the humanitarian crisis subsides (Buck et al. 2020). Thus, this is an essential factor for the industry and particularly for Topshop to drive growth and invest more in humane and secure way for both the society and environment.



PRICE

According to Monitor research, Gen Z and Millennials encompasses the largest percentage (59%) of population who perceived higher-priced fashion clothing last the longest (Salfino 2018). This constitutes the primary and secondary customer of Topshop, thus pricing is an important factor of a marketing mix as it represents value of the service or product to customers. An increased level of price sensitivity for consumers are also expected due to less financial uncertainty caused by the pandemic crisis (Buck et al. 2020).



PRODUCT RANGE

The depth of a product in a fashion brand helps attract customers as it allows for a broader selection and options to choose from (Tardi 2019). However, brands should be mindful about having too much or too less as this can discourage customers' engagement, e.g. if assortment is too vast then customers may have difficulty finding the item they are after (Tardi 2019) Thus product ranging is essential for fashion brands as this impacts consumers' purchasing decisions.

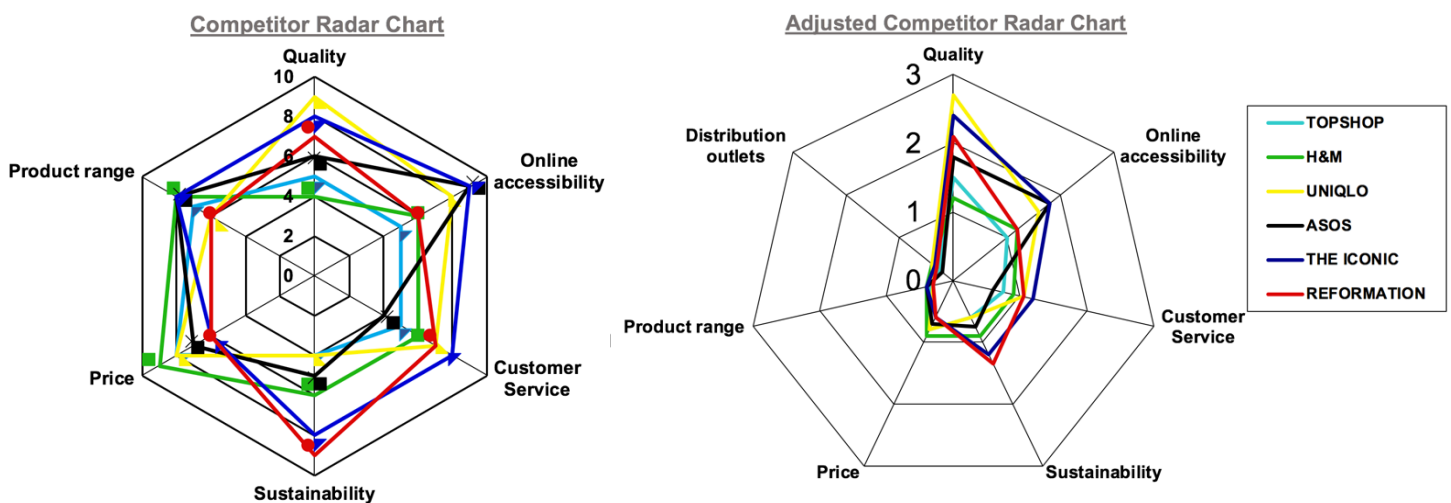


DISTRIBUTION OUTLETS

A multi-channel distribution outlets assist in connecting a link between the brands and consumers. This is significant as it provides opportunities to current and new customers, build brand recognition and increase revenue of the brand (Batista 2019). Brands that are investing in strong offline and online channels have a wider reach and are considered to be more accessible and efficient in delivering products to consumers especially in this time of pandemic (Keller 2020). Consumers tend to shift to e-commerce channels thus brands need to adapt to the ever-changing consumer behaviours during and post pandemic crisis (Buck et. al 2020).

iii. RADAR MAP ANALYSIS

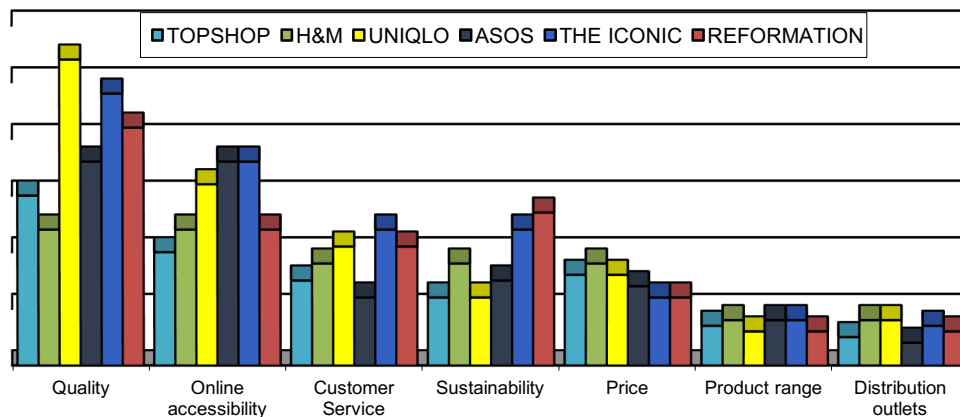
The radar chart is utilized for comprehensive evaluation of five relevant industry competitor factors through vivid visualization which provides holistic and overall assessment (see Figure). This assist in analyzing the performance of five main competitors across different industry factors.



The graphs demonstrate that the smaller the shape of the axis, the weaker the competitor performs. Based on the competitor radar chart, the performance of Topshop is currently low in terms of its product quality. This is in comparison to four other fashion retail competitors such as Uniqlo, ASOS, The Iconic and Reformation, whilst other fast-fashion retail brands such as H&M is positioned just about the same quality as Topshop which both offer lowest product quality compared to other competitors. Quality is listed as the most significant factor in retail as it is critical to maintain customer satisfaction and loyalty. Quain (2019) stated that customers tend to purchase more for a well-made product or service. This is also important

in the rapid growth of social media as customers are giving more constructive feedback in terms of product quality thus this is also vital in building strong brand reputation (Quain, 2019). The retail price points of Topshop is currently higher than other fast-fashion retailers. Thus, Topshop is strongly recommended to produce more quality products in order to meet the high retail price points. This can be catered towards an older age demographic who has a higher disposable income.

Adjusted Competitor Bar Chart



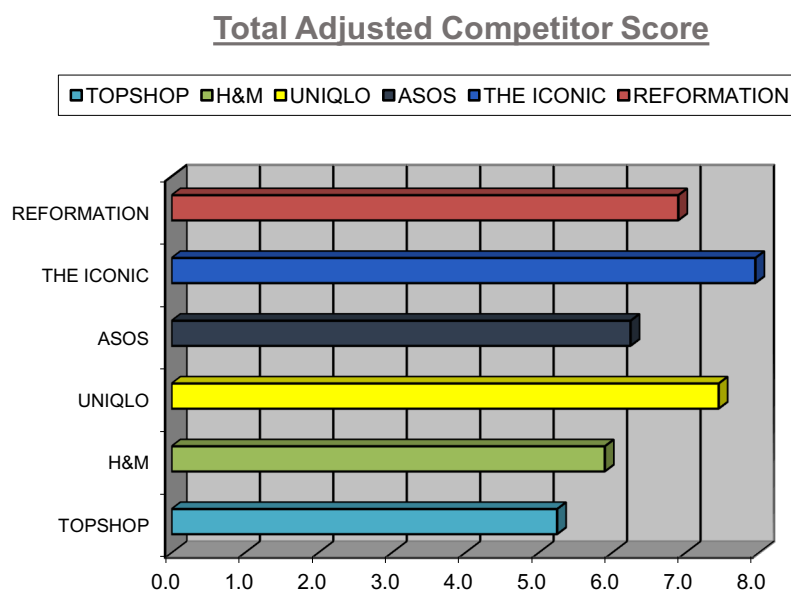
The adjusted competitor bar chart clearly identifies the leader on each of the most significant competitor factors in the retail environment. H&M is leading in terms of price as its generic competitive strategy lies within being a cost focus fashion company (W3_RCO3). The brand currently offers a fashionable and trendy clothing at an affordable retail price points which gives them a sustainable advantage (W2_RCO3). They are also performing well in factors such as having a wide product range and immense distribution outlets.

Whereas, Reformation is providing a more sustainable approach across their supply chain while being a fashion-forward company. The current overall rating of Reformation at Good On You is 'Good' as they utilized eco-friendly materials and equipped an ethical labour conditions (McMillan, 2019).

One of the macro-environmental factors in the Australian retail industry is the technological advancement in which Topshop needs to adapt in their corporate strategy (Miller, 2019) (W4_RCO3). The global online-only retailers, ASOS & The Iconic, are positioned to have the most accessible online platforms. They are committed to providing an online website and mobile application that is accessible to widest possible audience (ASOS, 2020). As evident in prior to and during the pandemic crisis, Topshop can potentially benefit in the increasing growth of online shoppers through investing more in technological advancements within their business strategy (W1_RCO1). This will allow them to improve their online platforms and be

more engaging to consumers. This would also create an increasing brand awareness among consumers in a global perspective (W4_RCO2).

As evident on the total adjusted competitor score graph, The Iconic is leading in comparison to the other retail industry competitors (see Figure). This is in terms of wide product range assortment, exceptional online accessibility, social and environmental sustainability approaches and high quality product offering. In order for Topshop to remain competitive in the market, the brand can learn from each of the strengths of its five main competitors and apply them on their strategic marketing process (W1_RCO4). This will extensively assist the



brand to strategize the components of their marketing process such as resources, sustainable competitive advantage, and goals and objectives (W1_RCO4). The improvements in their business strategy influences their marketing plan in terms of its market analysis, marketing mix and customer acquisition (W3_RCO5).

One of the strategies in which Topshop can further invest on is their online platforms, creating more content and dialogue to engage the growing online consumers. This will extensively assist the company to increase their scope of operations and reach a wider target audience (W4_RCO4). Online-only retail fashion brands such as ASOS and The Iconic is currently enjoying the benefits of the growing online market particularly in this time of COVID-19 global pandemic crisis.

iv. VRIO ANALYSIS & SUSTAINABLE COMPETITIVE ADVANTAGE (SCA)

Topshop's resources and capabilities valuable for both the organization and its consumers are identified in order to test its Sustainable Competitive Advantage (SCA) in the marketplace (W2_RCO3) (see Table).

TOPSHOP

Resources/Capabilities	Valuable	Rare	Imitate	Exploited
Wide range of product assortment	✓ YES	✓ YES	✓ YES	✓ YES
Interactive in-store installations	✓ YES	✓ YES	✓ YES	✓ YES
Strong online presence	✓ YES	✗ NO	✓ YES	✓ YES
Social and environmental sustainability	✓ YES	✓ YES	✓ YES	✗ NO
Brand transparency	✓ YES	✗ NO	✓ YES	✓ YES
High quality product offering	✓ YES	✓ YES	✓ YES	✗ NO

SCA Statement: Topshop currently enjoys a Sustainable Competitive Advantage in the mid-market fast-fashion retail sector that is based upon a combination of well-chosen and executed resources and competencies. This combination is comprised of:

Wide range of product assortment and Interactive in-store installations

Business with competitive advantage

- Wide range of product assortment

Topshop currently offers a wide product range beneficial to the marketplace as it attracts consumers from different age groups, may it be younger or older age demographic who are looking for a variety of choices/styles.

- Interactive in-store installations

This increases the customer experience in-store and allows customer to engage more with the brand and their products.

Long term profitable business model

- Strong online presence

One of the macro-environmental factors identified in Australian industry is the growing demand from online shopping particularly due to global pandemic crisis (W3_RCO3) (Feller, 2020). Topshop can further engage online consumers through increasing dialogue and content in their online channels, whilst incorporating transparency as they disclosed list of suppliers and tell stories behind its production. This then creates a more purpose-driven brand and product.

- Social & Environmental sustainability

The circular economy movement is increasingly growing as brands realize that sustainable practices is vital in retail environment (Bentley, 2020). Topshop can increase their investment in social and environmental aspects in their business strategy through promoting a future orientation in the thinking of management and staff (W3_RCO4).

- Brand Transparency

In relation to the PESTEL analysis, transparency is one of the legal macro-environmental factors in which Topshop can further improve on in order to achieve a good corporate strategy (W2_RCO1). Topshop is included as one of the brands who published supplier list. This is specifically significant for modern consumers as they are now more skeptical and prefer to purchase products under ethical conditions (McKinsey & Company, 2019).

- High quality product offering


Quality preference is one of the significant social factors in Australian retail environment. Modern consumers are expecting more high standards of quality products in which Topshop re-align their business strategy in order to remain relevant and profitable (Miller, 2019) (W3_RCO1). The corporate mission and objectives of the brand needs to explicitly identify what are valuable for customers (W2_RCO2).

VII. TARGET MARKET

i. PRIMARY PERSONA

The primary marketing persona below identifies and represents the psychographic and behavioral features of Topshop's chosen market segment (W5_RCO2). 'Olivia' is a great representation of the chosen market segment which is measurable, accessible, substantial, differentiable, and actionable, filling out all of the necessary criteria when assessing market attractiveness (W5_RCO3).

Olivia

	HOBBIES <ul style="list-style-type: none"> • Olivia loves to hang out with her friends on the weekends, catching up over a coffee or dinner. • Paints in her spare time • shopping • exercising 	VALUES <ul style="list-style-type: none"> • High quality material goods • Meaningful work • Opportunities to collaborate • Time with Family and friends 	ONLINE BEHAVIOURS <ul style="list-style-type: none"> • Olivia shops mainly through online websites but has been directed to them through social media platforms like Instagram and Pinterest. • Her trail to a purchase usually begins from seeing an outfit on an influencer or someone that she admires, and then shops their Instagram page taking her to an online website where the purchase is made (W10_RCO3) • She will usually use PayPal, but likes the option of AfterPay when money is tight. • Olivia will spend on average around 3-4 hours a day on her phone.
AGE 24	HABBITs <ul style="list-style-type: none"> • Olivia tends to think on a purchase for quite a while before buying, making sure she really likes the piece and it will fit well into her wardrobe. • procrastinates 	FINANCES <ul style="list-style-type: none"> • Still at the beginning of her career but is on her highest salary yet. • As she's renting a house in Fitzroy with two of her friends so she has to keep her finances organised but let's herself splurge when she can. 	WHERE SHE SHOPS <ul style="list-style-type: none"> • Asos • Uniqlo • The Iconic • COS • Reformation
GENDER Female	CHALLENGES <ul style="list-style-type: none"> • She loves fashion but sometimes finds it quite difficult to be a step ahead. • Finding good quality basics with a unique edge • Social Media • Cost of living • Student Debt • Unstable economy due to COVID-19 	<ul style="list-style-type: none"> • She loves spending on clothes due to the nature of her job and having to remain current. 	
RELATIONSHIP STATUS In a relationship	MOTIVATIONS <ul style="list-style-type: none"> • getting compliments on her outfits • Selling a piece of artwork • getting rewarded at work • exercising 	OLIVIA'S NEEDS <ul style="list-style-type: none"> • She's looking for a personalised experience where her needs of high quality cost effective clothing is readily available. • she doesn't want what everybody has, she wants something that is suited to her own personality and can be fit into her life seamlessly. • She wants to have a next best thing that others don't know about yet. 	
NATIONALITY Australian			
OCCUPATION Public Relations social media manager & freelance painter			
PRIORITIES family, friends and work			

ii. SECONDARY PERSONA

Sam



AGE
26

GENDER
Male

RELATIONSHIP STATUS
In a relationship

NATIONALITY
Australian

OCCUPATION
Freelance Graphic designer

PRIORITIES
family, friends and work

HOBBIES

- hanging out with friends
- loves making things
- bike riding
- getting outdoors
- travelling

VALUES

- High quality material goods
- Accomplishment in work over the time logged
- meaningful work
- Opportunities to collaborate
- Spending time with family and friends

CHALLENGES

- shopping conveniently
- slow customer service
- Work life balance
- Student debt
- Climate change
- Unstable economy due to COVID-19

HABBITs

- Leaves things until the last minute
- he shops wherever his girlfriend shops if they have a mens department to save time.
- He eats out regularly throughout the week

MOTIVATIONS

- getting a new job
- rewarded for his work
- getting compliments

FINANCES

- quite well recognised in his career, has a bit of money to spend but it isn't very consistent so he saves well.
- Rents a three bedroom house with two of his friends in Collingwood costing him around \$1100 a month.

ONLINE BEHAVIOURS

- tends to just use social media to keep up to date with friends, and work related content for inspiration
- top platforms used: instagram, facebook, Pinterest.
- only online shops when he really needs something. Doesn't do much research just gets it straight from the source
- Sam will spend 2-3 hours a day on his phone

SAM'S NEEDS

- He's looking for a fast, convenient and reliable experience when paying for goods and services.
- He wants his purchases to last.
- Lots of communication
- choices
- Experiences

WHERE HE SHOPS

- Uniqlo
- The Iconic
- Carhartt
- North Face
- To save time he'll shop in the mens department of a store that his girlfriend likes visit for her own shopping such as:
- Co's

iii. POSITIONING TOPSHOP

In order to position Topshop effectively in the market, competitive products were identified and assessed, where the customer perception of existing products was found through reviews left online, positioning maps were created exploring both sustainability vs price and quality vs price, following this a positioning statement was developed (W6_RCO4).

Quality vs. Price

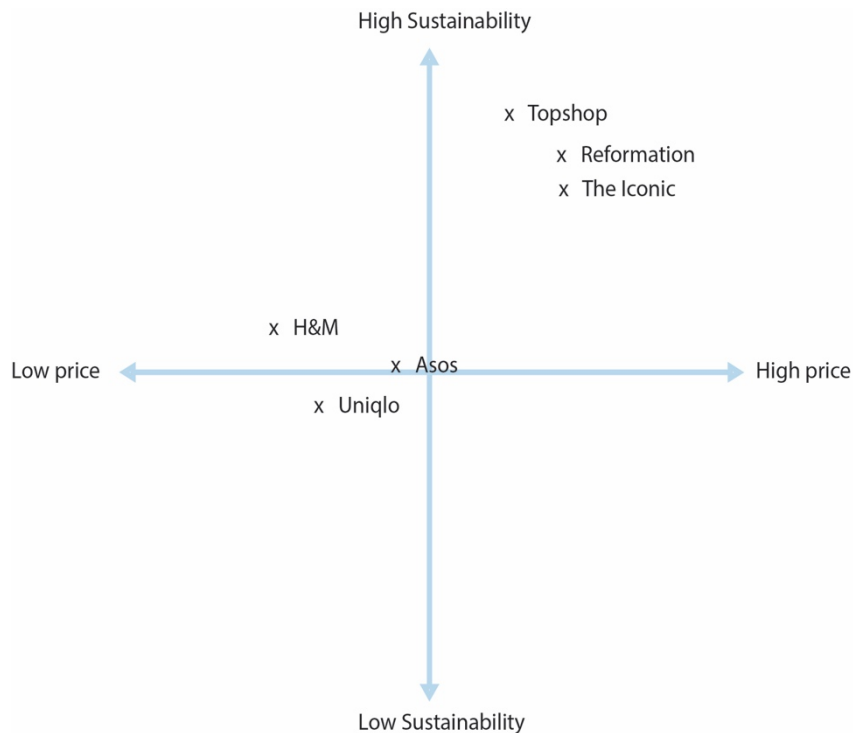
The following positioning map represents a visual depiction of how each company's product is perceived by the target market. This particular map is placing brands on the axis of price point and quality in order to better understand where Topshop's product sits in relation to competitors and develop a market positioning strategy. The data used to map out these points was gained from the competitive index calculator in Part 1.



Topshop hold the highest quality position in the market with a relatively low price point compared to their most direct competitor, Reformation. Uniqlo are also considered direct competition as their product is cost competitive in the market, however Topshop's quality overrules all competition and the product is placed in the most appealing section for the target customer. H&M is an anomaly in the market as their product is of a lower quality and low price which is not necessarily what our target customer is wanting. However secondary customers might prefer a lower cost and lower value product, which still makes them a contender.

Sustainability Vs. Price

In order to gain a better understanding of Topshop's competitive landscape in relation to sustainability and price, another positioning map was created to visualize where Topshop's product sits in the market. Data from the competitive index calculator was used to map out these points as well.



The map shows two separate clusters, Topshop, Reformation and The Iconic all offer a relatively high level of sustainability at a higher price point than H&M, Uniqlo and Asos. The three companies lacking in sustainable practices all work by economies of scale, allowing them to have a lower priced product however, producing so much has negative impacts on the environment and majority of the fabrics used by the three companies aren't environmentally friendly therefore, their sustainability rating is quite low. Reformation and The Iconic are quite advanced in their sustainable practices. The Iconic employ strict practices around ethical sourcing and sustainability outlined in their Inaugural progress report (2019) while Reformation have built their whole business with sustainable production at their core. Therefore, the Iconic and Reformation are the two largest contenders in relation to sustainable practices. However, Topshop's point of difference in the market is that they offer a slightly lower price point for a more sustainable product, giving them a competitive edge.

iv. POSITIONING STATEMENT

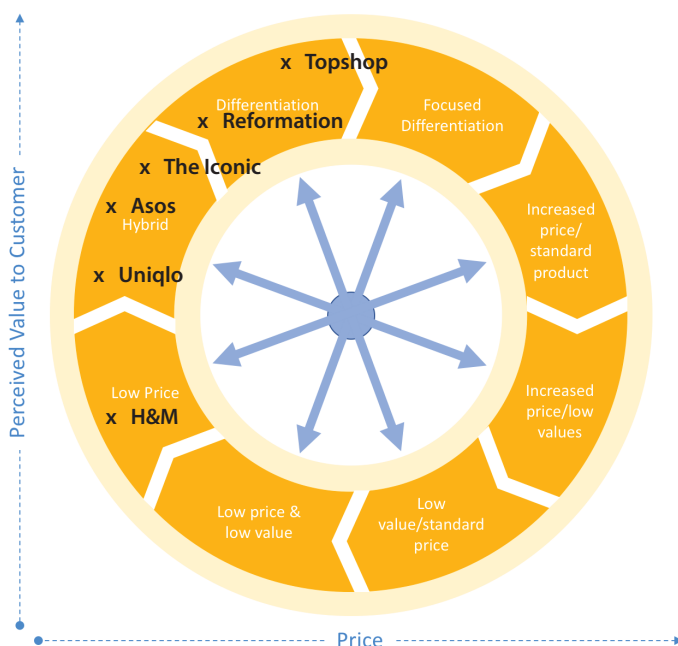
The following statement aims to capture a focused identification of the primary customer, the benefits gained and points of competitive differentiation (W6_RCO5).

For the modern-day and environmentally conscious consumer, Topshop believes that choosing what you want to wear has a significant impact on every aspect of your life. That's why we base our products on a foundation of sustainability, ethical manufacturing, and transparency. Ensuring our products are of exceptional quality through selecting the best and most sustainable fibers, promising survival beyond the lifespan of one season. Our contribution to creating a more circular approach to fashion is done through free lifetime repairs on all garments and complementary alterations to get the fit that's right for you.

v. STRATEGIC APPROACH

Bowerman's Strategic Clock

The following model is used to explore options for the strategic positioning of Topshop's product in order to place them in the most competitive position in the market. Each of the competitors outlined in the positioning map have been placed around the clock to illustrate the price and perceived value of their product, allowing Topshop to discover their most strategic position in the market.



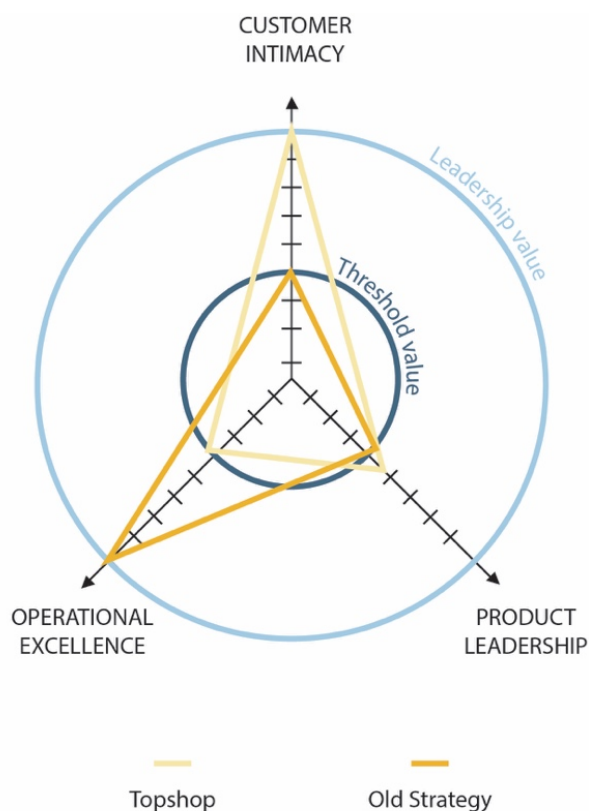
Topshop has been placed in the differentiation section in the clock due to the high perceived quality and price point for the new strategy over the course of 2020 to 2021. The higher perceived value will be attained through creating a high-quality product range that is made from sustainable fabrics such as organic and recycled cotton, wool and innovative fabrics made by Lenzing which includes Eco Vero. These products will be placed at premium price range from \$109.95 to \$169.95. Their main competitor

Reformation is also placed in this section as they offer a specified sustainable product that is

unique in the market largely due to the formal style of their range at a relatively high price point. The Iconic, Asos and Uniqlo have been placed in the Hybrid section as they sell a wide variety of goods and can offer low prices with high perceived value due to the width and breadth of their product range. H&M has been placed in the 'Low Price' section as their product range is heavily stylized while their product prices are very low, however considering their collections are heavily trend driven, customers may perceive that they're of a higher value due to the complexity of some garments.

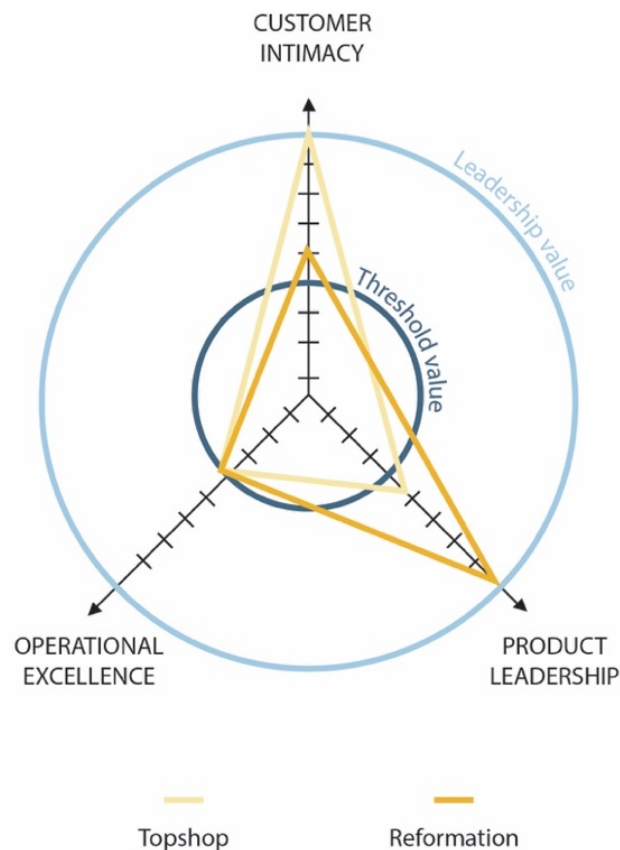
Value Disciplines Model

The Value Disciplines model has been used below to explore the areas in which Topshop can excel to become a market leader. This is done by mapping out Topshop's previous value discipline in comparison with the new strategy. Another model was mapped out to explore the where Topshop compares to their top competitor Reformation.



New Topshop VS Old Topshop

Topshop's new strategy has a primary focus on customer intimacy, diverting away from operational excellence. This is because in order to create trust with the new market it's vital that Topshop put majority of their focus on communicating and creating a conversation with the customer about their ethical and sustainable production of high-quality goods. Considering this is quite a big change for Topshop and their history of production hasn't been perfect, changing the consumers attitude towards the brand is vital to its success, therefore customer intimacy is of primary importance, with a slight focus on product leadership as their product must contend well in the market.

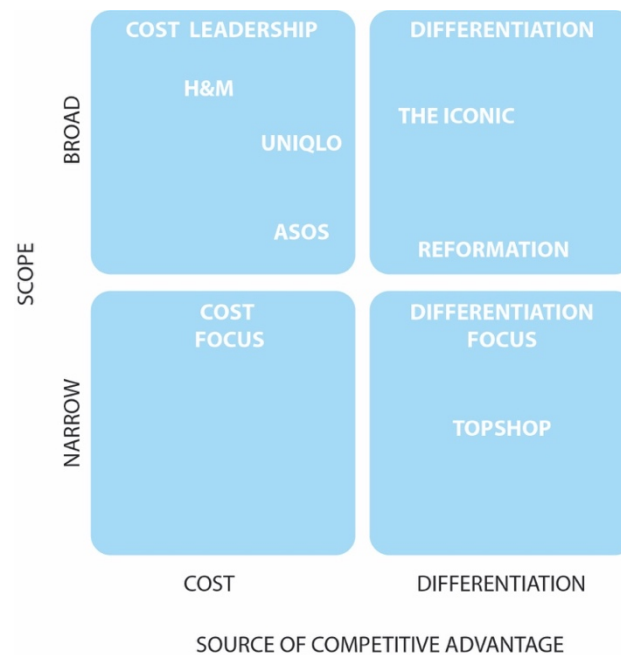


Topshop VS. Reformation

As seen in model 2, Topshop and Reformation's value disciplines have been compared as they are the most direct competitor. Reformation's focus is in sustainable production, excelling in product leadership as they put primary attention towards creating innovative products that are predominantly made of high quality and environmentally friendly fibers. Due to Reformation's attention on this area, there is more of a gap to focus on customer intimacy for Topshop, giving them a competitive edge over Reformation. By diverting Topshop's focus to this area, they can aim to offer a personalized and more interconnected experience with their target customer. Some methods to achieve customer intimacy include increased communication and posting on social media platforms, loyalty and incentive programs, increased transparency through video content explaining who, where and how each product was made, as well as instore events that can contribute to the community creating a stronger bond with customers.

Porters Generic Strategies Model

The Porters Generic Strategies model was created below after gathering information from the SWOT analysis and Porters 5 forces completed earlier in this report. Considering Topshop's competencies and strengths, it will be placed in the most realistic area of the model as it underpins every other strategic decision made in the company.

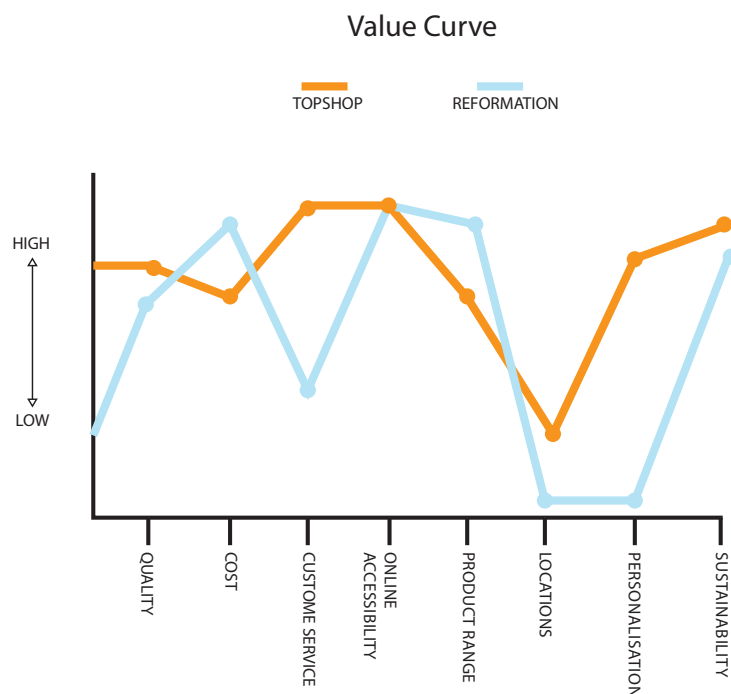


Considering Topshop is introducing a higher-quality product to a narrow market they have been placed in the differentiation focus section of the Generic strategies model (W7_RCO2). H&M, Uniqlo and Asos all offer a cost competitive product to a broad market, placing them in the cost leadership section. The Iconic and Reformation offer both a high-quality product to a relatively large market, placing them in the differentiation section. This allows Topshop to be independent in the differentiation focus category where the narrow markets specific needs will be served by delivering innovative sustainable designs through a talented design team (W6_RCO2). Successful brand management will also be essential to create awareness and engagement with the customer throughout the change into the new strategy.

Blue Ocean Strategy

The following Blue Ocean strategy was used to explore the areas of the market that have remained untouched by Topshop's competition. This is valuable as it will allow Topshop to realise their point of difference and deliver their product in an uncontested market that isn't inundated with other retailers doing the same thing. The following consists of a Value curve

where Topshop and Reformation are compared, the Four Actions Framework and the ERRC Grid to create a new strategic profile.



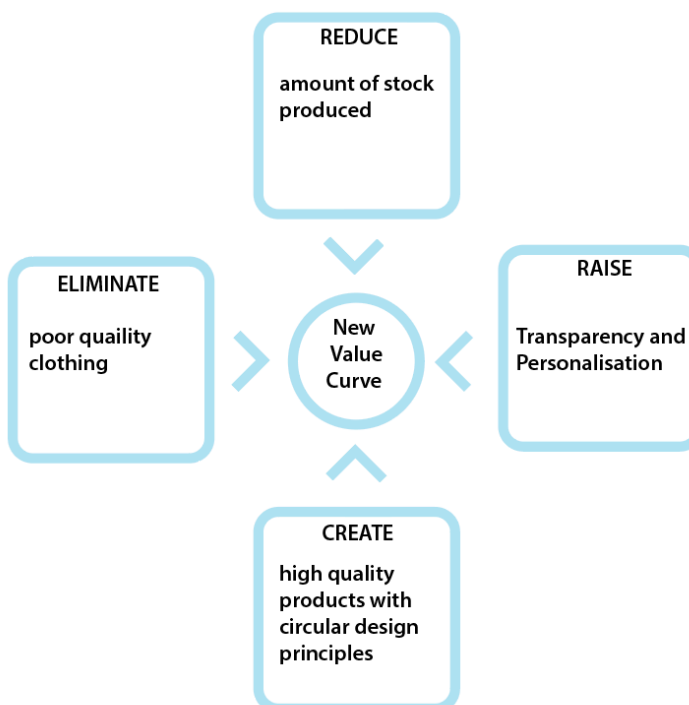
As seen in the value curve Topshop and Reformations perceived value on a range of competitive aspects has been compared. There are a lot of similarities between both companies such as quality, online accessibility, and sustainability, however, large gaps between the two occur in personalization, locations, customer service and cost. These are the areas in which Topshop will

offer a point of differentiation and enter the 'blue ocean'. As mentioned previously in the Value disciplines model where customer intimacy is considered most important, Topshop has the potential to create a highly personalized and thoughtful experience for their customer that isn't apparent in other companies in the market. This is increasingly important due to societal issues such as COVID19 where customers need some stability and confidence that their purchasing decisions will have positive impacts beyond the purchase and somewhat contribute back into their community. The constant conversation between Topshop and their customers around this topic is of critical importance to succeed.

As seen in the Four Actions Framework and ERRC Grid below, the actions necessary for this change to occur are outlined. This includes reducing the amount of production and heavy markdowns while also eliminating poorly made garments and trend driven pieces that don't survive beyond the lifespan of one season. This will provide a foundation for Topshop to become a market leader, raising the conversation around how they're changing their approach to fashion by increasing transparency, innovation, enforcing stricter quality testing regimes to ensure that the product is of a high quality, while creating a highly personalised and digitized experience to keep the customer engaged and cater for their needs

(W8_RCO2). As mentioned in the positioning statement, adding customer incentives such as lifetime repairs and complementary alterations, significantly extends the lifecycle of Topshop's product, resulting in a higher perceived value from the target customer (W7_RCO1). These efforts to incorporate circular design principles will also benefit Topshop in becoming more progressive and unique in the local market segment (W5_RCO4). By incorporating the incentives mentioned above in local stores, it will provide a sense of locality with consumers and establish the community engagement needed to shift the perception of Topshop into a higher quality, sustainable and ethical company that wants to contribute and give back to the community.

Four Actions Framework



ERRC Grid

REDUCE	ELIMINATE
<ul style="list-style-type: none"> • production • heavy markdowns and sales • overcrowded stores • use of conventional and synthetic fibres that are harmful to the environment 	<ul style="list-style-type: none"> • poorly made garments • single season trends
RAISE	CREATE
<ul style="list-style-type: none"> • customer recognition • communication with customer • transparency • communication with suppliers • stricter quality testing regimes\ • use of recycled and environmentally friendly fibres • design innovation 	<ul style="list-style-type: none"> • personalised experience • digitised experience • conversation around sustainability direct with consumers • Circular design principles (reduce, re-use, recycle) • customer incentives • Collaborations with likeminded influencers /companies

VIII. MARKETING MIX

i. LAUTERBORN'S 4C'S

For Topshop to achieve the new business approach, Bob Lauterborn's (1990) 4C's are investigated, using an objective and strategic approach (WK8_RCO2, WK8_RCO3). However, only 3 aspects will be covered. These are consumer wants and needs, cost to satisfy and convenience to buy. 'Consumer wants and needs' are what Topshop should only sell as it is about the consumer demand, rather than focusing on the product. 'Cost to satisfy' refers to cost of conscience or opportunity cost, which is also part of the cost of product ownership. 'Convenience to buy' means that the product/s are readily available to the consumers.

1.1 CONSUMER WANTS AND NEEDS

1.1.1 OBJECTIVE (1): To bring in more sustainable practices

1.1.1 STRATEGY (1): Topshop will be required to invest in sustainable practices, which will create a competitive advantage between national and global brands. Although Topshop already has a sustainable range called 'CONSIDERED', its consumers will want to have more sustainable clothing. Topshop will have to research into the most current sustainable models. Once this has been completed, management will have to notify and teach employees ways to show a sustainable routine. To start off small, Topshop can change their packaging to sustainable materials, so instead of plastic, it is replaced with recycled materials. Many businesses have implemented corporate social responsibility (CSR) to decrease the environmental impact (Nicasio, 2019) (WK3_RCO3). se eco-friendly packaging instead of plastic as 88% of consumers would prefer sustainable packaging then plastic (Coleman parks research 2018) as it is essential to implement this into the business. If Topshop think it's best to keep plastic as their packaging, they can incorporate small by using reusable/recycled plastic. This will show consumers that the company is sustainably aware besides their line 'CONSIDERED'. It would help to make sustainability part of the brand story, which will entice consumers as they are sustainably and ethically aware (WK2_RCO3).

1.1.2 OBJECTIVE (2): To make Topshop adapt to a transparency model

1.1.2 STRATEGY (2): doing this will increase environmental awareness. As the company have a lack of transparency online it will be ideal for them to allow some intel of how and where they produce their products. It will take some time; however, it is easy to apply as Topshop already know where their products are made. To make consumers come back to purchase from them again and to feel comfortable purchasing from the brand, they will need to change the way their business is run in regard from the raw material stage to how it gets to the consumer. Consumers want Topshop to be more transparent as they have been confidential as to what is going 'behind-the-scenes'. This means being open and honest. Although it is a risk for Topshop especially if it means losing loyal consumers due to the unethical procedures that are happening in the company. Kappel (2019) says in order for the

company to start becoming transparent everyone needs to be onboard. Some brands such as H&M and Patagonia are transparent through listing all of their manufacturers, process facilities and fabric mills (fashion revolution 2020). It will give consumers and the company disclosure? '35% of professions said they look for new jobs if they could not trust their managers', (Donahue 2019).

1.1.3 OBJECTIVE (3): to have less crowded spaces in store

1.1.3 STRATEGY (3): it is known that Topshop is a fast fashion store, so therefore they have a large range of products, making their brick-and-mortar stores congested. A way to minimise this is to replan their store layouts, and make sure there is enough space to allow multiple consumers to enter and view products. As COVID-19 took out half the year for retail stores in 2020, the virus may still be around lurking, making it a wise decision to allow enough space between isles and departments. Especially the sale and promotion sections will need to be revisited and changed. By implementing a new floorplan for all stores whether they are big or small, consumers will feel comfortable and at ease as they will not have to stress as much for the physical contact and congestion when shopping at Topshop. It also requires visually pleasing displays instore, in order welcome more consumers due to the tidiness of the stores.

1.1.4 OBJECTIVE (4): To be an ethical brand supporting the multifaceted Topshop's fashion value/supply chain

1.1.4 STRATEGY (4): This can be achieved by supporting all employees at Topshop from casual workers to head office management by giving them proper health support. Including safety measures from the workplace of manufacturers to the retail floor to customers. This is especially critical due to the global pandemic as safety measures such as hand sanitising stations, stickers on the floor of brick-and-mortar stores to guide how much 1.5m distance there is between one consumer to the other while waiting in line. Many companies have implemented employees to wear face masks and gloves to be extra cautious, as well as keeping data of who has come into the store by grabbing their details. If consumers already have a Topshop membership (what is it) then the details will automatically be registered in the system. This will help just in case if anyone in the store including consumers will be diagnosed with COVID-19 then they have to contact the Topshop store

they were at the time. Once Topshop changes their business strategy by using ethical supporting values, they can apply it to their brand name and story, which will entice the consumer and the employees working for the company.

1.2 COST TO SATISFY

1.2.2 OBJECTIVE (1): Increase the quality of the products to resonate with the cost to the quality of the products

1.2.2 STRATEGY (1): there are two ways that Topshop can strategise this to work. If the company is able to lower cost than that would be ideal as the quality isn't accurate to the price points that have been provided. However, if Topshop chooses not to lower their price points then they will have to increase the quality of their products. Either option will be valid and true to its nature. Topshop will need to re-think their product strategy, which means figure out how they are going to increase the quality. The company will need to identify the issues, then research ways that the quality can be increased. This may take a while, but the end outcome will have a pleasing result. Once research and sourcing of the materials have been implemented, then fabric testing will need to be conducted, while also utilising a comparison test between the lower and high-quality fabric as it is important to see if there are any errors or concerns in the quality. If Topshop implements this strategy it will bring in the primary target consumer who is strong minded about quality products, especially as it will now be accurate to the price point that Topshop releases.

1.3 CONVENIENCE TO BUY

1.3.1 OBJECTIVE (1): to have products delivered on schedule that are released the same day as they are online

1.3.2 STRATEGY (1): in order for this to work, a structure will need to be considered as well as a merchandise plan, so the set times will be as stated. But in order for this to happen, Topshop will need to make sure that they have a strong, trusted relationship. This is so the delivery dates won't be late. So they need to keep on task and check-up constantly for the shipment of the products from the factory.

1.3.3 **OBJECTIVE (2):** to sell sustainable add-ons at the POS stations and well as online.

1.3.2 **STRATEGY (2):** To achieve a higher KPI, allowing the consumer to purchase add-ons will lift it. While Topshop stores do have bins near the counter for the consumer to purchase, they aren't visually pleasing where they are placed. Refer to image a in appendix? They should follow H&M's strategy. The line-up for the registers is closed in with bins that are full of accessories and add-ons that are relatively affordable for the consumer. Topshop will need to see from their statistics of what lower priced accessories sell best, instead of placing promotional items near the counters. (where is this from). Allowing the employee at POS to ask if they would like to add anything with their purchase may quickly change the consumers mind, if they have been asked in a friendly manner. In other words, no matter how the customer is acting the employee must show a positive attitude at all times. For online purposes, Cotton On is a great example of how they place them add-ons. When you place the product in your basket, add-ons pop up on the screen to ask you whether you would like these, and these will suit what you are buying.

ii. PEOPLE STRATEGY

This people strategy for Topshop lays out how they intend to utilise certain aspects of employment to provide a well-executed strategy plan.

2.1 RECRUITMENT AND SELECTION

Have an online processing tool, such as a test for people who want to be recruited for Topshop. The test will indicate whether they will fit the critical selection criteria. What will this include? Then to hire the best of the best, an evaluation of the number of appliers will be assessed and analysed with the information that what given. Which means analysing the resumes and references, and also going through their social media and whether they are an appropriate fit to the brand and for what it speaks for. Then the selected few will go through interviews. What do Topshop do now? This will be in both group and one-on-one interviews. By conducting a group interview, the Topshop management team will be able to see if the recruiters are able to work in a team positively, especially when under pressure. Topshop should ask questions about what they believe is a best option for a difficult scenario and well as asking about why they want to be part of the Topshop team. In the group interviews, a

styling session should be included, as in store you would need to know how to help customers especially when they haven't got a clue about styling and what will suit best for their skin tone and body shape. The one-on-one interviews will be more intimate in saying that there will be questions asked about why they think they will be a great asset to the company and availability, especially since our stores tend to hire younger employees. You will need to see whether they go to university or school and see if its full or part time. This can be a major factor. While also asking if they have any holidays coming up. As when they will be hired will most likely be when the store is at its peak, school holidays.

Key issues as of late in the fashion industry include discrimination, equal employment opportunity and sexual harassment. Make sure you select a diverse group, to represent a well cultured brand that caters for all nationalities, gender and colour.

2.2 ORIENTATION AND INDUCTION

For Topshop to achieve an effective employee induction and orientation, they must ensure that the workplace, equipment and information regarding the job is ready for when the employees arrive. Once they arrive, allow them to introduce themselves and give a brief statement on what they are doing (such as studying), and why they decided to apply to be part of the Topshop team. The managers and current employees will also introduce themselves to make those feel more comfortable in the workplace. Then like any induction and orientation, they will need to read through the Topshop handbook that will have information on all things from store policies to what happens if the employee will ever have to report anything suspicious or dangerous. After the handbook has been read through, future employees must sign providing they have read and understood the content and policies. Followed by a tour of the store/ head-office is given from the managers of the area and they will have to emphasise on the sustainable and ethical model that has been looked into and applied to the company. Also, there will be practises of how to use POS stations, and how to style certain products in store. At the end of the orientation/induction managers will allow some time to answer any concerns or questions that the employee may have.

2.3 TRAINING AND DEVELOPMENT

Treat them to the very best skills, for them to not want to leave their job in the next 2 years. As a safety precaution of COVID-19, Topshop is going to have to train future employees how to stay hygienic and safe 2021, will still have the ruminants of the global pandemic virus. This means they are going to have to go into depth of how to

react when there are too many people then the restricted amount, what to do if an outbreak occurs in the store or anywhere in the business, even their head office. Employees will need to learn OHS/WHS acts, regulations and codes of practice in order to offer a safer environment especially as it is critical due to COVID-19. Employees will develop hard skills

2.4 COMPENSATION, REWARD AND WELLNESS

Take care of their employees. How are Topshop treating their staff during isolation? Have a look on Instagram or on Facebook. Have a well high-performance work environment. Incorporate wellness sessions for Human Resources team when they are in stress. Richard Branson, founder of the Virgin Group said that if businesses take care of their employees, then the employees will take care of the clients/consumers, meaning that employees come first before consumers. As health is one of the critical components, precautions need to be made. Companies like the Cotton On Group have excellent utilities at their headquarters located in Geelong, Victoria. They have a gym to allow employees to exercise and destress when they need/want to. Referring back to Richard Branson, it is a must to look after your employees, and getting Topshop to implement in this strategy will be rewarding to the employee and the business (WK11_RCO1).

2.5 PERFORMANCE, REVIEW AND PROMOTION

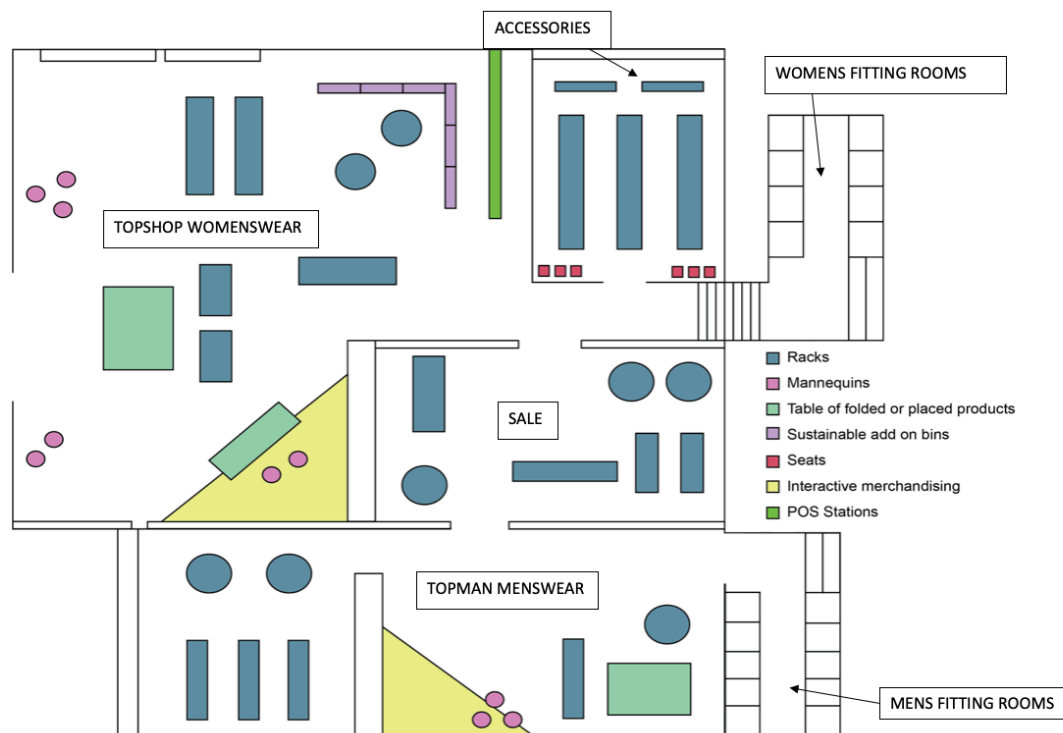
To achieve a high-performance work environment. Following from wellness, it impacts the performance of the employees, which Topshop will see the difference once all the work from staff will show a sustainable performance (WK11_RCO1). For employees to get to that stage, health, fitness and well-being will need to occur. However, as a result of sustainable performance, Topshop will end up with great teams, leadership etc. For reviews, they should be taken place 1 month since the employer started working, then 3 months, 12 months, and so on making the review on a yearly basis. The review will be with the manager, whom they will ask questions about how the employee has work, and what they believe their performance has been since they started, or since the last review. The feedback given back to the employee will most likely be critical, but it be beneficial as it will make them become a better employee at Topshop. In regard to promotion, if the employees are exceeding expectations and are gaining lots of positive feedback whether it be about their attitude or their commitment to the Topshop team, then they will gain a promotion. As a reward for the promotion, the employee will receive a hamper of food and drinks in sustainable packaging.

iii. PHYSICAL EVIDENCE STRATEGY

Physical evidence is the environment in which shows how the consumer will interact with certain physical touchpoints whether it is online or instore.

3.1 MANAGEMENT OF PHYSICAL TOUCHPOINTS

In regard to online activity, to manage physical touchpoints, Topshop can manage their packaging. As they are known to use a lot of unnecessary plastic for the packaging, they can use sustainable materials instead that will be better for the environment. For instore inquiries, a way to reach the customer will be with catalogues, look books and ways where it will entice the customer to want to revisit the store due to the physical touchpoints available. A way to manage these touchpoints is by getting employees to hand out catalogues/look books when a customer enters the store when they are greeting them. Topshop is known to have a congested floorspace in their brick-and-mortar stores. So, by recreating a floorplan it will allow the customer to feel at ease and comfortable. Especially as restrictions ease from COVID-19, the stores will need to allow space for their customers. To be exact it is 1.5m, however by the time it comes to 2021 it may be less. However, the space in the store still needs to be required to a more satisfying space. Physical touchpoints can also include the product layout and how it is perceived from the consumer. It is there to tell a story behind the brand name and the season drop. If there is no story, then what will consumers be looking at? They will be confused. More touchpoints instore is interactive areas, to engage the consumer to try and make themselves involved in the brand and have insight of the new collection that the interactive section is showcasing. In this case it will most likely be advanced technology in the instalments such as Artificial Intelligence. Using big data in mirrors will also improve online platforms and be more engaging to consumers, allowing to increase Topshop's brand awareness in a global perspective. A floorplan has been created (see appendix), if Topshop were to open a store again in Australia in 2021. It is all on one floor, although the women's fitting rooms are upstairs. Topman has been included in the floorplan, as they are the secondary customer, generally speaking the partner of the primary customer whom they are shopping with (WK11_RCO5). All together in the stores there is Topshop womenswear, accessories, sale, and topman menswear. The store layout also includes fitting rooms in different areas for the different genders, as well as interactive merchandising that will entice the customer to touch and test products from the new collections.



iv. PROCESS STRATEGY

The customer journey map (WK10_RCO3) for Topshop to plan for brick-and-mortar stores in Australia indicate what the primary consumer would do starting from the motivation to purchase a product from Topshop to giving feedback of the product once the item has been worn/used (see to Appendix 8.1). In the customer journey map, the stages of the journey have been indicated; motivation, research, entering Topshop, try products on, purchase and post-purchase (WK10_RCO4). In the stages of the journey an explanation of what the primary consumer, Olivia, will do as an activity. Then the expectations of the customer are predicted for the key activities in the journey of the customer. Then, the experience goes into what Topshop's primary customer actually receives and witnesses, which is applied to the feelings. The feelings are 'very happy', 'overall satisfied', and 'unhappy', dependent of the experience when the purchase was made.

Reference Journey map

IX. MARKETING PLAN COMMUNICATION

To attract, convince, and convert consumer into buying Topshop products, marketing plan is needed to document the strategies and tactics when obtaining Topshop's strategic objectives, noting that consumer serves as the starting point. The marketing plan will entail strategies to achieve at both offline and online digital level, the relevant channels for the targeted consumer that will be utilized, the action and development plans (W11_RCO4). Integrating both online and offline marketing objectives is important to ensure consistency of message is delivered. To better understand what needs to be done, new marketplace and target market persona is analysed to decide what is the relevant issue, values, and channels to be used.

i. NEW MARKETPLACE & TARGET MARKET PERSONA

Due to the impact of COVID-19, the new marketplace will prioritise online platform as the main channel. Australia Post reported an 80% increase in online shopping over the eight weeks to 15th of May compared to last year (Australia Post 2020). This is due to the new government policy that set rules of staying home and minimizing public contact. The decreasing foot traffic, getting down as high as 93.6 percent in April 2020 compared to last week (Chalmers 2020) has push retailers to save on rent and invest elsewhere (Chalmers 2020) hence maximizing digital platform for Topshop is needed to stay in businesses by integrating online shopping into their system (W3_RCO5). Furthermore, as lockdown rules get more restricted in May, online shopping has become the safer option to shop, as well as spending time when being at home persuade people to shop around virtually. For Topshop's operational strategy, as other retailers move towards online, Topshop will need to stand out among its peers, offering personalized virtual shopping experience while also providing immediacy through instant delivery and instant chatbot reply (W1_RCO2). In this tough time, Topshop also needs to be extra supportive towards their consumer to create emotional connection as a brand with their consumer, understanding what they want and following their emotional journey to be the first brand that accommodates their demands. Balancing the market orientation and product orientation, Topshop will offer sustainable and ethically made products that lasts through the seasons, matching its higher price point (W1_RCO3). Topshop offers transparency within its supply chain network for consumer to see where each of their product came from, ensuring trust is earned. Aligning with these values are diversity and equality within the brand, Topshop uses models from varying background and body sizes to create more realistic image instead of the typical model fast fashion retailers usually opt for, creating stronger bond with its consumer through relatable contents (W11_RCO2).

To better understand the target market, Topshop differentiate its market (W5_RCO4). The market persona Topshop is targeting is the modern consumer, aging between 20-30 years old fashion-conscious people, they are young professionals wanting to purchase sustainable and ethically made products matching the price they are paying for. They have stable income and not yet married hence the more buying power and being more fashion conscious. They are tech-savvy and heavy social media user; they like to be presentable both in real-life and digitally. This consumer has a social media influencer that influence some of their aspect in their life. However it needs to be underlined that due to COVID-19's impact, consumer are becoming more conscious about their shopping choices, and the factors driving the purchases also shifted (Colling et al. 2020) Hence consumer being more value driven than ever; they do not mind paying higher amount of money – as long as they know where it came from (brands providing transparency); it is sustainably made (environmental & social responsibility); the item is in high quality, durable, and long lasting; and the shopping experience is personalized for them (W9_RCO2). The impact of the pandemic on social habit has also shifted, hence consumers are deprioritizing status symbol and focus more on home comfort so these consumers, while still wanting to look presentable through the digital platform, will choose trendy comfort items with great product story to buy. To further understand the objectives, action, and resource allocation of the marketing plan, detailed plan will be explained in the next sections (W1_RCO5).

ii. OBJECTIVES FOR OFFLINE & DIGITAL STRATEGY

Despite the growth in digital marketing, the offline marketing channels is still very strong as it gives more 'real' experience than most online marketing channels (Cariappa 2016). New channels by digital only means new way to reach consumer. Ensuring marketing objectives are met, both online and offline objectives should meet. Integration will improve ROI as consumers do not make purchase decision solely on a single ad or message. Topshop will deliver message as a sustainable brand that practice ethical processes, bringing transparency along its networks and championing in diversity and equality (W8_RCO2). Consumer gather bits and information from varying channels, combine them together, then make their decision after. Consistency across channels of impactful messages will increase the potential conversion. It is important for Topshop to develop brand manual to avoid risk of brand distortion due to the various marketing channels. The tone of voice, images, and messaging for marketing activities should stay within the guidelines to ensure that campaign themes are carried across both online and offline channels.

2.1 The Objectives for Offline Strategy

- Brand Awareness: Maximizing attraction to the large number of target market
- Customer Support: The media to provide maximum customer support when needed
- Omni Channel: Ensuring consistency achieved when delivering both offline and digital marketing strategy through streamlining and integrating them both.
- Brand Image: Maintaining desired impression of the brand to the market through delivering consistent values and consistent brand identity.
- Brand Equity: Maintaining positive brand's value to the customer through positive experiences with Topshop.
- Consumer Loyalty: Maximizing consumer return to Topshop through positive experiences, consumer satisfaction, and satisfying value of goods and services offered by Topshop.

2.2 The Objectives for Online Strategy

- Brand Awareness: Maximizing attraction to the large number of target market
- Customer Engagement: Maximising engagement to gain market share through meaningful personalized content, transparency of the system, sharing mutual values and reference.
- Site Conversion Rate: Maximize conversion of website visits to purchases through personalized virtual shopping experience
- Activity/Participation Level: Maximize number of comments, shared post, and activity participation through social media to be emotionally connected with consumer leading to loyalty
- Loyalty: Minimize the churn rate for consumer through activity, participation, and rewards/incentives

2.3 Pair Offline Objectives with Strategies

Advertising: Advertising's objectives are to inform, persuade, and remind consumer of Topshop (Lumen, n.d.). The idea of inform is to create awareness of the brand, its products, services, and values, educating people about the attributes and benefits of the released products as well as the brand's value; to persuade is to convince that Topshop's products are the best while altering perception to enhance the brand's image in the eyes of the consumer; to remind is by reminding consumer about the need for this product, the feature and benefit they bring when purchased promptly, and the company's value. Advertising draws attention to

the source itself directed towards the targeted market. For Topshop, advertising will be delivered through relevant channels such as radio, tram & bus stop advertising, and posters as well as through online aiming to get as much impressions as possible. The advertisement will contain the campaign image that emphasizes on sustainability and/or a story about the origin of the product offering transparency, informing the value of the brand that will also be delivered through the items they purchased.

Personal selling: It is the two-way communication method which helps in engaging the targeted customers. Personal selling is utilized to make a long-lasting relationship with the customers through brand reinforcement (Dunlop, et al., 2016). The objective is to: build product awareness through controlled word-of-mouth as mechanism to introduce consumers to product; creating interest as it involves person-to-person communication making it natural method to get customers experience the product for the first time; providing information through direct conversation with consumer; stimulating demand and a through convincing consumer to make a purchase subtly; and reinforcing through regular communication with consumers to build long-term relationship with them. Personal selling will be delivered through direct email, through chat box in website, and messaging apps. The subtle personal selling does not only sell a product but also the intrinsic value Topshop will offer such as transparency, ethical, and sustainability.

Sponsorship: To set its foot in Australia, Topshop utilizes sponsorship to seize large number of targeted audiences through supporting external events or activities where Topshop supports them by providing necessary resources to gain rights or association that may be used for commercial advantage. The idea is to develop strong relationship between the brand and its customer through their common ties with the sponsored individual, event, or organization. The objectives are to: maximize brand exposure through the audience of the sponsorship activity/people; fostering favourable brand and company association through meaningful sponsorship activities relating to current social/environmental issues; improving community relation through providing benefits from the sponsored events; as a media to create promotional expenditure such as flags, banner, bags, etc. with the Topshop's logo. Topshop will sponsor charity event relating to environmental & sustainability events, and collaborate with movement that emphasizes on diversity and body positivity through Butterfly Foundation that support people with eating disorder and body image distortion, and Pretty Foundation that focuses on empowering girls with 'the perspective, skills, and support to develop and nurture a positive body image for themselves and others'.

Promotion: Aiming to attract potential customer as well as encouraging current customer to spend more on Topshop's items, promotion is used for pre-determined time to increase consumer demand, stimulate market demand through discounts, incentives, vouchers, contests, rewards and freebies. The objective is to increase sales by encouraging them to increase their spending and attract consumer through promotional activities. Topshop will deliver incentives and rewards to maintain customer loyalty and organize sales promotion discounting products to attract customers spending more on Topshop's products. Topshop will also provide reusable masks for every purchase to help minimizing the use of disposable masks that harms the environments.

Public Relation: Public relation strategize communication process of a company (Topshop) to build beneficial relationship with the public (Pahwa, 2020). The objective of PR is maintaining pleasing reputation of Topshop as well as "maintaining strategic relationship with the public, prospective customers, partners, investors, employees, and other stakeholders which leads to a positive image of the brand" (Pahwa, 2020). This objective is done through editorial content that appears on magazines, newspapers, website, blogs, TV program, and other information sources available. PR uses free or 'earned' media for promotion, having third party validation thus eliminating scepticism by the public. The new value-added products that Topshop brings such as transparency, sustainability, ethically made, the positive workplace and the personalized service and shopping experience are great sources to use for PR hence will be used.

iii. CHAFFEY DIGITAL COMMUNICATIONS

As per Dave Chaffey, social media is the best digital communication channel as it helps in attracting a large number of audiences and also requires lower cost (Chaffey and Ellis-Chadwick, 2019). With the help of social media, the company can display its products and helps in integrating with the market. The framework of RACE has explained below which helps in determine the communication strategy of the company (W10_RCO4).

3.1 Reach: A large number of customers can be reached when the brand awareness of the product of Topshop is enhanced in the offline and in digital marketing. It helps in driving the web presence (W7_RCO2). Topshop already has strong brand presence on Instagram, Facebook, and Youtube. Their Instagram page has the highest follower and most active, followed by Facebook, and then Youtube. Topshop's Youtube channel is underdeveloped despite the benefit that the platform could bring. Topshop website is easy to navigate hence accomodating for consumer, Topshop has a blog that has the same content as its facebook page, which talks more about lifestyle and none about the current social issue or transparency.

Topshop has Twitter with more than 1M follower but they are heavily product oriented which can be boring for audience. For their offline channels, radio advertising is effective to engage consumer and deliver detailed message, Veem stated that radio station can reach 93% of 18+ population (2019). Bus & Tram Stop ad is also a great medium to deliver and enforce a message for Topshop as locals will see the ad routinely hence will be utilized to reach broader market (Reynolds 2016).

Activities:

- PR activities: #FightTogetherMovement, supporting foundation for body positivity, donation for the COVID-19 impacted communities
- Advertising through Bus & Tram stop with Topshop's newest collection content
- Advertising thorough radio by telling story about the process of how Topshop make their sustainable clothes and how it helps the environment by lessening the impact.
- Blog post about the #FightTogether movement and what Topshop do for the community, shown on the website main page
- Advertising through facebook, Instagram, and twitter about both the story of behind Topshop and its new sustainable collections, enforcing the use of #FightTogether hashtag
- Create campaign video "Fight Together" and share it through online channels especially youtube & facebook
- Create video about sustainability and ethical responsibility within Topshop
- Posters put on walls in designated suburbs for #FightTogether campaign
- Display advertising on other websites and apps that is used by the majority of Topshop's targeted market
- Promotion of reusable #FightTogether mask for every purchase with minimum spend
- Gaining marketshare though collaboration with a mix of influencers within targeted market age group. The list of possible influencers:
 - o Florence Given (Macro – 424K followers on Instagram) : body positivity movement advocate and ally to LGBTQI+ community and minorities (Grant 2019) (refer to appendix 9.1)
 - o Chrissy King (Micro - 41K followers on Instagram): A fitness coach advocating women to love themselves and cultivate healthy relationship with their own body (Grant 2019) (refer to appendix 9.2)
 - o Clare Press (Micro – 38.7K followers on Instagram): advocating conscious fashion, presenter of 'Wardrobe Crisis' Podcast, Topshop can utilize the podcast as one of the medium to gain marketshare (Williams 2018) (refer to appendix 9.3)

- Tsutsumi Hoang (Macro – 220K followers on Instagram): fashion and lifestyle influencer in Instagram, youtube, and wordpress. The varying platform can be utilized to deliver more detailed message, reinforcing Topshop's brand values through repetition and gain marketshare. (refer to appendix 9.4)
- Laura Jade Stone (Macro – 929K followers): fashion and lifestyle influencer with youtube account providing styling and wardrobe tips (refer to appendix 9.5)
- Ella Victoria (43.1K followers – Micro): beauty and lifestyle content producer that speaks openly about her mental health journey (refer to appendix 9.6)
- Petra (Macro – 1M): fashion influencer that inspires their followers through her OOTD photos (refer to appendix 9.7)

The major KPIs are:

- increased the brand search
- increased revenue of the company per visit
- increased the audience share
- increased unique visitors
- increased brand search volume and share of conversion

3.2 Act: The Company Topshop will use the social media sites that is relevant to their target market such as Facebook, Instagram, Twitter, Instagram, Youtube, Website, and Blog to gather more audience on their website and create the online presence through engaging the audiences with the brand. The action focuses to encourage audiences to interact with Topshop through their channels both online and offline.

Activities:

- Utilizing Instagram stories features like 'question and answer', 'poll', 'countdown', 'quiz', 'DM Me', and 'swipe up' for specific link to interact with consumer, scheduled weekly talking about current relevant issues such as Black Lives Matter Movement, mental health during COVID-19 quarantine, women empowerment, how to love ourselves, and other future issues
- Utilizes twitter to interact with consumer by facilitating open discussion about current issue and Topshop's product
- Topshop styling guide to be updated twice a week delivered through facebook, youtube, and Instagram TV allows replies, likes, and share
- Topshop virtual flat lay through twitter that allows replies, likes, and shares
- Sponsoring events and online event that talks about sustainability
- Topshop blog with comment section for each article updated

- Influencers reviewing Topshop's product through their platforms (Instagram & Youtube)
- Utilizing DM (direct mail) in Instagram and Twitter, Facebook messenger, website chatbox,
- Featuring consumer using hashtag #FightTogether in their platforms, and shown through the website as well to build a bond with consumers

The major KPIs are:

- the conversion of product conversion
- the pages per visit and bounce rates
- increased time spent on site both online and offline
- increased share, comment, like on online platforms

3.3 Convert: The marketing goals of the company to reach a large number of audiences are done by achieving the conversion. To increase conversion, improving platforms utilization is important to improve brand experience by consumer, particularly for virtual experience during this time of pandemic. The goal is to achieve conversion thus maximizing sales and average order value (Chaffey 2010)

Activities:

- Development of website personalization experience such as
 - o Fashion biography: consumer's personal style including size, favorite prints and colours, material and silhouette preference, and use of selected keywords like 'relax', 'bold', and 'experimental'. The website filters down recommendation options based on the consumer's preference.
 - o My Closet: customized digital wardrobe that serves as private consumer account with services like order tracking, wishlist notifying sales and updating product's status, but upgraded with a concept of personalization.
- Utilizing business account on Facebook, Instagram, Twitter, and Youtube for immediate and convenience purchases when consumer wants to
- Publication of promotions of reusable masks, vouchers, and giftcard through radio
- Product review through influencers and brand ambassadors
- Enforcing the Topshop's brand through posters and bus & tram stop advertising using the latest product photo
- In-store promotions activity
- Facilitate three-way communication: allow consumer to give feedback for items purchased using 5 star rating system for important factors such as materials, style, value for money, and comfort aspect. The most popular item is to be displayed on the

website homepage as 'the week's favorite'. To further incorporate transparency, comment section is to be put along with the feedback rating system so consumers can provide suggestions.

The major KPIs are:

- conversion rate of the audience share to sales
- increased the revenue value per unit
- increased average order value
- increased sales thorough online and offline
- increased revenue and margin

3.4 Engage: To achieve the retainable goals it is essential to build a good relationship with the customers (Valos, et al., 2016). Engaging with the customers is essential to keep consumer loyalty. Consistency of message should be kept through both offline and online digital marketing channels, this include the tone of voice, the colour and font, and other attributes that define the Topshop's brand identity. Consumer should be well looked after and feel that they are part of the community within the brand, hence interaction should be maximized. The interactions are best done through Facebook, Twitter, and Instagram. Contents that are delivered through this channels should be a an open communication to ignite a conversation.

Activities:

- Direct marketing: emailing consumer for promotion special on their birthday to wish them happy birthday as well as special discount
- Loyalty program: loyalty points for each purchasep consumer made
- Youtube and Instagram TV series of #FightTogether movement updating each positive impact of the movement
- Staying consistent with brand's values & identity
- Giving incentives such as: giveaways, birthday discounts, free same-day delivery service, creating a free event about sustainability featuring relevant influencers
- Responsive service to maximize consumer experience through all marketing channels

The KPIs are:

- Brand mention
- Consumer loyalty
- Consumer satisfaction
- Consumer advocacy
- Repeat purchase

iv. Campaign Idea

The title of the Topshop's campaign will be #FightTogether, emphasizing about standing together during tough times. Topshop will donate essential items to help the impacted community (W1_RCO5). In this campaign, Topshop will incorporate diversity featuring models from varying background. Topshop offers donation for the impacted community and reusable masks for consumer with purchases that meet minimum spend. The messages to deliver are that Topshop cares and supports the community, supporting diversity and equality, and bringing sustainability and transparency along their operational system. These messages will be delivered through the offline channels such as radio, tram and bus stop advertising display, PR through events and sponsorship, and posters; and online digital channels such as website, blog, youtube, facebook, Instagram, twitter, and display advertising (see appendix 9.1 for details).

Storyboard & Visualisation

Story board 1: Transparency of ethical & sustainable practice;

- Wear mask on ad later. (Fighting exploitation together)
- Detailed link of each supply chain included to show transparency & sustainability is within Topshop's operation chains



Storyboard 2: Charity of

- #FIGHTTOGETHER movement



Campaign illustration 1: Topshop takes a stand against racism and supporting diversity and body positivity (more diverse body type should be incorporated) (Pinterest 2020)



v. ESTIMATE CAMPAIGN BUDGET

To ensure marketing plans are executed effectively, campaign plans will be created to plan ahead on how to execute the promotional mix. Campaign plan ensures common vision are shared through each marketing team member. Campaign plan ensures each piece will be in place when it is needed, and different touch points are there to build and support one another. They are there to “coordinate a set of related activities focused on a common goal – the campaign objectives” (Lumen, n.d.)

This estimated budget campaign will work as a constraint to keep Tophop’s plans aligned with the available resources. Gotter, 2018 stated that newer companies or those wanting to aggressively scale quickly would be 12-20% of gross revenue whereas for more established companies spend between 5-12% as they already have base of loyal clients hence the marketing is to keep them engaged and connecting to newer audience rather than starting from the bottom (2018). Using this as a guide, Topshop will allocate 12% of its projected revenue of \$1M for campaign budget, this is due to Topshop being an established company yet they are introducing a ‘new face’, educating the consumer on the new added-value products they offer through unique shopping experience. The objective is to gain surplus on ROI for each marketing channel used. The budget will be allocated differently for each drop adjusting to their position in the market later. Earlier months will have higher budget allocated as Topshop needs to establish its foothold within Australia and introducing their new products as well as values they bring, whereas in the later months, as Topshop has already gained momentum from the previous ‘reach’ action, fewer budget will be allocated accordingly, ensuring consumer engagement, loyalty, and satisfaction is achieved. The first 2 months of the season will be heavily about advertising, whereas the following month will be more about interacting with the consumer and user experience optimization, and then finally keeping consumer loyalty by giving incentives. To maximize the peak-season in Spring/Summer season, more budget will be allocated to maximize ROI and sales.

5.2 Total Marketing Budget table:

Total Marketing Budget	\$ 120,000.00	100%
Digital Marketing Budget	\$ 80,000.00	
Detail		
Search Advertising	\$ 17,600.00	22%
Display Advertising	\$ 8,800.00	11%
Social Media Advertising	\$ 11,200.00	14%
Online Advertising in Total	\$ 37,600.00	
Email	\$ 14,400.00	18%
SEO/Content	\$ 12,800.00	16%
Brand Ambassador and Influencer	\$ 7,200.00	9%
Management, Consulting, Training	\$ 8,000.00	10%
Marketing Technology	\$ 6,400.00	8%
Total Digital Marketing Budget	\$ 80,000.00	100%
Offline Advertising	\$ 18,000.00	45%
Public Relation	\$ 14,000.00	35%
Sponsorship & Event Collaboration	\$ 8,000.00	20%
Total Offline Advertising	\$ 40,000.00	100%

5.2 Breakdown Marketing Budget Table:

Breakdown Marketing Budget:				
S/S 2020/2021	Online	Offline	Total	
Aug	\$ 8,666.67	\$ 4,333.33	\$ 13,000.00	20%
Sep	\$ 8,666.67	\$ 4,333.33	\$ 13,000.00	20%
Oct	\$ 8,666.67	\$ 4,333.33	\$ 13,000.00	20%
Nov	\$ 6,500.00	\$ 3,250.00	\$ 9,750.00	15%
Dec	\$ 6,500.00	\$ 3,250.00	\$ 9,750.00	15%
Jan	\$ 4,333.33	\$ 2,166.67	\$ 6,500.00	10%
Total	\$ 43,333.33	\$ 21,666.67	\$ 65,000.00	
A/W 2021				
Feb	\$ 7,333.33	\$ 3,666.67	\$ 11,000.00	20%
Mar	\$ 7,333.33	\$ 3,666.67	\$ 11,000.00	20%
Apr	\$ 7,333.33	\$ 3,666.67	\$ 11,000.00	20%
May	\$ 5,500.00	\$ 2,750.00	\$ 8,250.00	15%
Jun	\$ 5,500.00	\$ 2,750.00	\$ 8,250.00	15%
Jul	\$ 3,666.67	\$ 1,833.33	\$ 5,500.00	10%
	\$ 36,666.67	\$ 18,333.33	\$ 55,000.00	
TOTAL	\$ 123,333.33	\$ 61,666.67	\$ 185,000.00	

X. OPERATIONS PLAN






The marketing plan will include an operations plan that Top shop will carry out during their first year of business. This includes 2 capsule ranges for 5 items, per each season. The items are targeted towards the target customer in different variations. There is also 2 x Merchandise (1 per season) plans, which details how the items will perform in the first year and the planned season sales for Top shop. There is a Gantt chart which has broken down the tasks that need to be completed by the business weekly, with integration of the Adoption and Diffusion principles. Lastly, there is a risk analysis plan, including any risks that Top shop could face during the first year of business, mitigation strategies for each risk and each risk is rated on the probability of occurrence.

i. RANGE PLAN

Range Plan (Autumn/Winter 2021)

In the table below a capsule range has been placed for the 6-month season of Autumn/Winter 2021. Within the capsule range there are 5 items that reach Top shops personal of a 23-year-old female who is spending time working and going out with friends. The range includes basic, fashion and directional items that can be worn by the target personal for a variety of different occasions, including work, out for dinner with friends and casually to go shopping (W5_RCO2). Considering that the target personal is looking for good quality basics, the fabrics for each item includes an aspect of sustainable material and reflects a high quality, ethically conscious company (W6_RCO1). There are some shorter sleeved, lightweight items dropping at the beginning of the season as the weather hasn't gotten too cold yet and then longer pants and a warmer woolen jumper drops, perfect for the middle of winter. The pieces can be worn together, as well as separately. The price range varies from \$109.95 - \$169.95 as the materials have been ethically sourced and are of high quality (W6_RCO2). The highlight colour of the season is green, in a variety of lighter shades that can be paired perfectly with black or white.

Range Plan (Spring/Summer 2021)

(Topshop 2020)	(Topshop 2020)	(Topshop 2020)	(Topshop 2020)	(Topshop 2020)
				
Arden Jumpsuit: Drop – February Colour- White & Black Fabric – 100% Organic Cotton Sizes – 4-18 Price – \$169.95 Units - 125 Expected sales- \$21,000	Stella Blouse: Drop – March Colour- Green, White & Black (W7_RCO2) Fabric – 100% Lenzing EcoVero Sizes – 4-18 Price – \$109.95 Units - 102 Expected sales- \$11,000	Pippa Jeans: Drop – April Colour- Bleach stone blue Fabric – 99% Organic Cotton, 1% Elastane Sizes – 6-14 Price – \$119.95 Units - 123 Expected sales- \$14,000	Harper Jumper: Drop – May Colour- Pastel green & white Fabric – 86% Organic Cotton, 14% Wool Sizes – 6-14 Price – \$129.95 Units - 135 Expected sales – \$17,000	Elle Jacket: Drop – June Colour- Black Fabric – 75% Cotton, 25% Recycled Cotton Sizes – 4-18 Price – \$119.95 Units - 80 Expected sales - \$10,000

Similarly, below is a capsule range for the 6-month season of Spring/summer 2021, that is targeted towards the Top shop personal, a 23-year- old female. The items included within the range are casual and stylish, yet comfortable, which is what the customer is searching for (W4_RCO1) (see Appendix 10.1). Dresses have been included for those warmer days in summer, and when there is a warmer day in Spring. There are 2 top options and a pair of denim shorts to mix and match within the range or to wear separately. The items are also made using fabrics that are ethically sourced (W2_RCO3) and light weight for the hotter days. The price range varies from \$89.95 - \$169.95 as the items are high quality, that will be able to be worn more than a few times. The shorts have a higher order quantity as they can be worn with both tops (W8_RCO3). It is expected that the Lola dress will generate a higher amount of sales for the season as it can be worn for a variety of occasions. The highlight

colour of the season is yellow, that is bright, vibrant and perfectly suited for the season.

(See appendix 10.1 for Range Plan)

ii. MERCHANIDSE PLAN

Included within the operations plan for Top shop is 2 Merchandise plans (Autumn/Winter 2021 and Spring/Summer 2021). The plans were produced from figures such as reduction percentages, the planned sales target for each season and the percentage of sales and reductions for each month.

(The Iconic 2020)	(The Iconic 2020)	(The Iconic 2020)	(The Iconic 2020)	(The Iconic 2020)
				
Gypsy dress: Drop – August Colour- Champagne floral & Blue floral Fabric – Lightweight cheesecloth Sizes – 8-12 Price – \$149.95 Units - 130 Expected sales- \$19,000	Millie Shorts: Drop – September Colour- Light blue wash Fabric – Rigid cotton denim Sizes – 6-14 Price – \$109.95 Units - 150 Expected sales- \$16,000	Hollie Shirt: Drop – October Colour- Mustard & White Fabric – 100% organic cotton Sizes – 6-14 Price – \$89.95 Units - 140 Expected sales- \$12,000	Rizzo Top: Drop – November Colour- White & Mustard Fabric – Organic cotton-blend Sizes – 6-18 Price – \$99.95 Units - 105 Expected sales - \$10,000	Lola dress: Drop – December Colour- Champagne floral & Blue floral Fabric – Lightweight cheesecloth Sizes – 8-12 Price – \$169.95 Units - 120 Expected sales - \$20,000

Merchandise Plan (Autumn/Winter 2021)

For the season of Autumn/Winter 2021, the Merchandise Plan has been completed with attention to specifics such as markdown, expenses, profit percentages, etc. The markdowns, staff discount and cash discount have all been estimated as a lower percentage as they will not necessarily affect the sales too much, although are still reductions that will occur. The reductions in total for this season have been estimated to be a quarter of sales. There are estimated expenses, which include controllable expenses, total expenses and profit percentage. These percentages have been estimated a bit higher as there are things the company will need to spend money on such as rent, bills, employee wages, etc. The initial mark-up percentage has been calculated as 95.20% from the expenses, reductions and net sales. The total planned sales for this season is \$75,000 which is 15% of the sales target (\$1 million). This has been planned like this because it is the first year of business for Top shop and planning a higher sales for the season would require more quantities of the items which may not all sell in the first year, causing more markdown's for the season (W7_RCO5) .

Each month, percentage of season sales and reductions have also been calculated. For the month of February, the season is only at the very beginning therefore the planned sales are lower, and reductions are slightly higher than sales, as the company could introduce the season with deals/offers. For March the planned sales have again been placed as lower, as the weather is still quite warm in this month, although the reductions are also lower.

Throughout April and May the season has well and truly begun; therefore, the sales are much higher, and the reductions are also higher, with the sales still fairly high. Throughout June and July, the season begins to come to an end therefore, sales are decreasing again, although the reductions are increasing, higher than sales, as there is left over stock from the season, that needs to go before the new season is launched. The months of April and May have been planned to generate the most sales (see appendix 10.2).

Merchandise Plan (Spring/Summer 2021)

For the season of Spring/Summer 2021, the Merchandise Plan has also been completed to specifics such as markdowns and those mentioned above. For this season the total planned sales have been planned slightly higher as \$80,000 as the items within this season can be worn easily by the target customer and will most likely sell more during the months of November and December where there are promotions such as Black Friday and Boxing Day Sales. Again, for this season the expenses and profit are similar to Autumn/Winter as the company will still be paying for rent, bills, employee wages, etc. The initial mark-up

percentage has also been calculated based off of the mentioned figures and has been calculated as 98.46%.

For the months of August and September the percentage of sales have been planned at an average, as the season is just being introduced. The reductions for August are higher than the month of September as the season has just launched. Throughout the months October, November and December the planned sales are higher as the season is in the middle and it has been adopted by most people. During December the sales are still a bit high as Christmas sales and Boxing Day sales can have an effect on how much people are buying. The reductions for December are also higher due to the planned promotions and heading towards the end of the season. For January the sales drop right off as the season is coming to an end and reductions are higher to sell the left-over stock that may not have been purchased (see appendix 10.3).

iii. GANTT CHART

Included in the operations plan is a work breakdown (Gantt Chart), that has included 20 tasks scheduled for implementation in the first year of business (refer to appendix 10.4). The tasks have been scheduled over a weekly timeframe broken down into each month and include operations such as store operations, collections, marketing, etc. The tasks and timeframe per task have been planned with an integration of Roger's & Moore's Adoption and Diffusion principles.

iv. ADOPTION AND DIFFUSION PRINCIPLES

According to Geoffrey Moore's adoption principle, Moore suggests that the curve in the product life cycle when introducing a new brand into the market, is not so smooth (W7_RCO1). In the early adopters of the product life cycle there is a chasm, at which point the product may fail and drop out of the market and the brand can drop out of the market all together. Once the chasm is crossed Moore states that the brand will start to generate sales within a competitive market. (Jijabhattacharya, 2019) states that to get out of the chasm is more about the way the brand does things and not competing so much with other products or ideas.

Therefore, it is crucial within the first year of business to plan a month in advance, before launching anything as shown in the Gantt chart. A performance review after the first month is critical to determine whether the brand may have crossed the chasm yet and begin to make

sales. Following 6-month performance reviews are also helpful. Fortnightly meetings will also be helpful in evaluating how the brand is performing and what staff can do, to reach higher sales and again cross the chasm early on. Once crossing the chasm and the brand begins to generate sales, more than likely the brand has become somewhat known and the rest of the years weekly tasks can continue. There will also be visits from head office, especially at the beginning of the brand opening in order to determine any problems and to track how the store is performing in order to hopefully cross the chasm.

According to Rogers diffusion principle, if the brand can't convince the innovators at the beginning of the product life cycle to try your product the sales are going to already drop at the start of the business opening (W8_RCO1). The early majority and late majority are potentially 2/3rds of the market share creating sales for the business. It is important to know the characteristics of these categories and market accordingly towards them. According to (LaMorte, 2019) the "Diffusion of innovation explains how over time an idea or product gains momentum and diffuses through a specific population or social system".

Within the Gantt chart, there is planning and implementation of marketing strategies weekly – twice weekly, in order to continue generating sales from this category of adopters in the product life cycle. There is also opportunity for the business to change the messaging in the marketing in order to accelerate through the chasm. New product is launched weekly throughout all seasons in order to create sales from innovators and have them building brand perception for other categories. Also as planned there will be product replenishment weekly in order to continue selling the most popular items that the early adopters through to the late majority continue to buy even though they are not new to the market anymore. The late majority often adopt new ideas just after the average member of a system; therefore, product replenishment will allow them to purchase what everyone else already has.

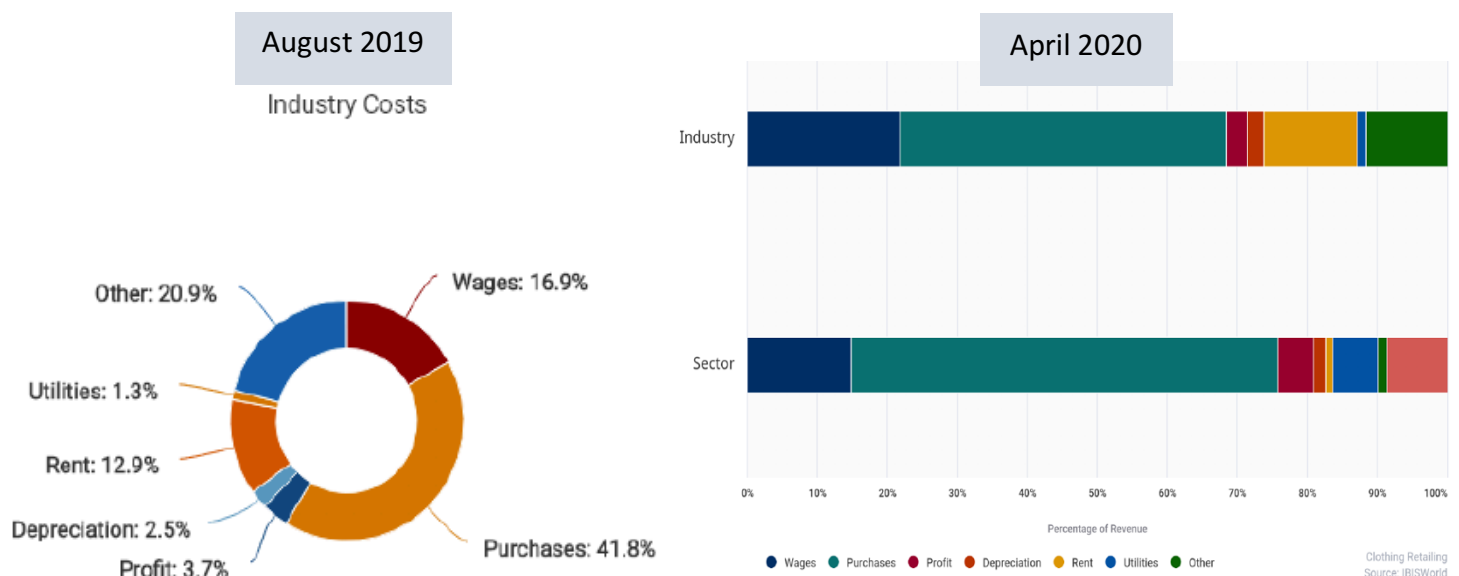
v. RISK ANALYSIS PLAN

A risk analysis plan has been completed, where 8 risks were identified and rated by the level of impact the risk has to the company and the probability of the risk occurring. From this, risk mitigation strategies were determined. The risks identified are what can happen to the company in terms of theft/emergency and what can happen as a result of the company's operations, such as financial risk (see Appendix 10.5)

XI. BUDGET AND CONTROL

i. PROFIT AND LOSS STATEMENT

The Profit & Loss statement for financial year 2021 is mainly in accordance to the industry cost benchmarks produced by IBIS World in August 2019 and April 2020 (see Appendix 11.1). The cost structure benchmarks are based on the annual revenue of the industry including elements of profit, wages, purchases, rent, depreciation, utilities and other costs. These industry elements provide a significance in producing as list of suggested profit items and expenses.



The purpose of profit and loss statement is to measure, summarize and report sales revenue, costs and expenses sustained during a particular period of time. Preparing and reviewing this statement regularly is necessary for Topshop as it provides insight into which area of the brand and business is losing or generating income. It also shows the amount of spending on a particular area of business which helps Topshop determine and control where they may be able to cut costs. This further assess whether Topshop can generate profit as it determines that sales revenues that are greater than its expenses equates to a net profit, otherwise a net loss is indicated.

ANALYZATION

- **Sales revenue**

The profit and loss statement begins with pre-determined annual sales revenue of \$1million. From the annual revenue sales, monthly sales revenues are allocated depending on peaks and troughs of each month and seasons (see Appendix 11.1). A 100% annual sales of \$1million is projected for financial year 2021 of Topshop's new business direction. These percentages are allocated monthly in which the smallest percentage is provided from beginning of Winter as this is considered as an off-peak season for retail businesses. The end of season sale for Autumn/Winter begins around June and running through the end of August in order to clear out as many of the stock as possible, so it won't be carried away for the next season (Henry 2020). Price reductions are higher in this period of clearance sales as to make sure inventory levels are managed and more room are provided for new summer stock. However, sales revenue to be lower at this time thus maintaining cash flow is extremely difficult and can negatively affect profitability. Topshop can implement various marketing strategies or cut relevant costs to assist generate sales in these times through promotions, new sales channels or product extensions.

The sales revenue starting from September is anticipated to peak for Topshop as Christmas holiday season is approaching for retail businesses (Squareup 2020) (see Appendix 11.2). Turnover for Topshop is anticipated to increase significantly in the last three months of the year compared to average monthly trade as this is considered the busiest time of the year for retail businesses. It is found that Australians are spending more during holiday shopping months with the most spending happens at the end of November up to Christmas Day (Squareup 2020). Thus, it is forecasted to culminate the highest sales revenue at this time of the year for Topshop. End of summer sales starts at the end of January and last through to the end of February to give way to Autumn/Winter stock and make room for Topshop's new winter collection, resulting to sales revenue to slow at this time as price reductions are boosting again.

- **Capital (Cash Injection)**

A cash injection of \$1.5million is received by Topshop to initially launch a new business direction for Topshop. 64% of this start-up capital is expected to be utilize by Topshop with an annual total of \$960,000 which is allocated across each months depending on the peaks and troughs (see Appendix). As it is anticipated to increase sales revenue at the start of September up to December, the allocation of capital is higher at this time compared to average monthly trade. Purchases are expected to increase as holiday season is

approaching and turnover is higher, thus it is necessary for Topshop to allocate a higher budget to meet the increasing demand of consumer at this period.

Through this cash injection, it is evident in Topshop's Profit and Loss Statement 2021 (see Appendix 11.1) that start-up capital helps in surviving the first year of trading as it provides a safety net for Topshop. As the brand is taking a trial and error basis for the new business direction, some process may be beneficial whilst others are destructive. Thus, it is necessary to have an extra capital to cover these costs as this assists in overcoming any short-term financial difficulties during the first year trading and to ensure Topshop retain day-to-day cash flow and remain profitable.

- **Profit**

As stated by Feller (2020) in recent Clothing Retailing in Australia report, the industry profit has declined over the past five years. The profit margin for 2020 as of August 2019 is anticipated to be 3.1% (see Figure), which accounts to an annual growth of 1.8% over the five years through 2019-20. However, due to the the negative consumer sentiments and decreased shopping activity caused by global COVID-19 pandemic crisis, the profit has been adjusted to decline an annualized 0.2% from 2015-20 (Feller 2020). A strong industry growth is anticipated in 2021-22, as the industry is expected to recover from the negative impacts of the pandemic crisis (Feller 2020) with forecasted annual growth of 1.4% from 2020-25 (Feller 2020).

The net profit of Topshop in its first year of trading (2021) has created a loss as new business is unusual to register a net profit or be profitable. A cash injection impacts the overall financial performance as it helps in sustaining net profit during the first year of trading. It is evident that the profit is increasingly growing from September through the end of December as this is considered the peak season of the year compared to average monthly trading (see Appendix 11.1).

- **Wages**

The cost benchmark for industry wages is anticipated to increase in the current year as some business organizations retain their employees regardless of suspending operations caused by global COVID-19 pandemic crisis (Feller 2020). This is also caused by the intensifying competition from online stores in which retailers focus on delivering an exception customer service and assistance to differentiate their products and brand (Feller 2020) (W9_RCO2). Thereby employee cost is an increasing trend as brands spend more on training and incentive programs. This accounts for an approximately 17% of the annual percentage of industry revenue (see Figure 11.1 & 11.2). Through this basis, the annual

wages for Topshop is estimated to be at \$170,000 (see Appendix 11.1) which is the 17% of the annual sales revenue of \$1million. The monthly allocation of wages highly depends on the when the slowest and busiest time of the year is projected. For instance, more employees are needed from September to December as this is the peak season of the year due to Christmas holidays. Retail businesses tend to hire Christmas casuals which equates to an increased cost in wages during the specified season.

- **Purchases**

The largest expense for clothing retailers encompasses purchases from suppliers and manufacturers (Miller 2019). One of the business strategies of Topshop include reducing intermediary costs by sourcing directly from manufacturers and from countries with lower wage and operating costs like Bangladesh and Vietnam (W3_RCO1). However, the COVID-19 pandemic has represented various macro-environmental factors including a fluctuation in industry's purchase costs, resulting to unsteady profit margins (W4_RCO3). It is anticipated for purchases cost to increase as weakened manufacturing activity in developing economies such as China has made it difficult for product sourcing (Feller 2020). Furthermore, as an aim for approaching the new business sustainably and ethically, the purchases of goods will introduce eco-friendly and ethically sourced materials and fully comply with transparency (W7_RCO2). This is to ensure that the new business strategy of Topshop will extensively generate a positive impact to the broader society and environment (W3_RCO4).

- **Rent**

Over the past five years, brand operators faced several challenges due to rising rental cost (Feller 2020). As per the industry cost benchmarks, rental rates account for 13% of the annual industry revenue (see Figure. This can possibly impact Topshop's profitability to decrease as this constitutes a massive percentage in expenses (see Appendix 11.1). According to Allianz (2020), retail rent rates in Melbourne CBD pays for an amount between \$4,500-\$5,100 per sqm. Location is an important factor of industry demand and market segmentation, thus competition for premium locations is high in order reach a wider audience for Topshop (W5_RCO2).

- **Depreciation**

Brands as increasingly investing in maintaining and establishing strong online channels which have made an increased in depreciation expenses over the past five years (Feller 2020). As many industry processes have become automated, industry depreciation costs are usually due to long-term assets including computer software and systems, cash registers

and store fixtures and fittings (Feller 2020) (W10_RCO2). For Topshop, this will assist in managing inventory more efficiently and effectively, resulting to reduce storage costs. Feller (2020) states that online platforms need to be updated and refreshed with new products to improve customer navigation and contribute positively to customer experience (W10_RCO3).

- **Other costs**

- Advertising, Marketing & Public Relations

The total budget for both offline and online marketing strategies constitute a cost percentage of 12% of annual sales revenue (see Appendix 11.1). This budget allocation is significant in producing a marketing plan for the new business direction of Topshop as this will include strategies for both offline and online digital level with a consistent brand messaging (W1_RCO5). As the peak season is beginning at the month of September, the marketing budget is increasing through the end of December in order to maximize profit growth. The sale revenues will cover this marketing cost as consumers tend to purchase more during the holiday season.

- Utilities

Based on industry cost benchmark provided by Feller (2020) in April, the cost for utilities accounts for 1.8% of annual sales revenue which is an annual total of \$18,000 allocated accordingly across first 12 months of trading (see Appendix 11.1). Topshop is required to pay variable outgoings such as utilities expenses (water, electricity and security) apart from the rental costs.

- Superannuation

According to Australian Tax Office (2020), the current super guarantee (SG) accounts for 9.5% of employees' ordinary time earnings. The annual total of Superannuation is calculated on the basis of monthly wages with an estimated 1.7% of annual sales revenue and an approximate total of \$17,000 in dollars (see Appendix 11.1). This applies to all employees from full-time, part-time to casual workers in order to provide for their retirements.

- Insurance

Retail is considered as one of the industry with the highest base monthly premium for public liability insurance due to its internal and external strategic challenges (see Appendix 11.)

(BizCover 2020) (W11_RCO1). This is mainly caused by the industry to be potentially liable for the possible risks of manufactured or sold products, under the liability provisions of the Australian Consumer Law (BizCover 2020). Thus, insurance is a mandatory requirement in budgeting and producing a Profit and Loss Statement for Topshop.

- Handling & Delivery

A budget for handling and delivery of products is specified in the Profit and Loss Statement as modern consumer expectations for quick delivery times are growing rapidly. This increases customer loyalty as they find convenience and efficiency in the shopping online. One of the factors of the growth market of online shopping is the shipping speed which is found that 87% of online shoppers identified this as a significant factor to purchase with an e-commerce brand again (MH&L 2020) (W8_RCO1). This is particularly important for Topshop to consider in budget allocation as it plays a huge role in implementing a successful marketing plan and an efficient online business strategy (W3_RCO5).

- Research & Development

As the new business direction of Topshop aims to comply with sustainable and ethical approaches and invest in technology innovation, a budget for further research and development is allocated in the Profit and Loss Statement for the first year of trading (see Appendix 11.1). Through this investment, new business direction can be successfully implemented as Topshop aims to adapt and improve with regards to the increasing demand and growth for sustainable practices and innovative online and offline strategies (Buck et al. 2020) (W11_RCO2).

ii. DILIGENCE-BASED STRATEGY

The purpose of Tom Powell's model of diligence-based strategy is to extensively assist managers in delivering and developing effective strategies (Powell 2017). It suggest how execution is more difficult than planning as Powell (2020) states that focusing on business fundamentals or small number of core business activities which determine success or failure of business allow brands to discover and perform massively which is traditionally linked with competitive strategy.

- Activities

These activities are measured and monitored outcomes through the utilization of diligence-based strategy. The six selected generic business activities for diligence-based plan of Topshop are as follows:

- ✓ Provide sustainable and quality products
- ✓ Develop brand culture
- ✓ Build customer relationships
- ✓ Efficient online & offline channels
- ✓ Managing ethical supply chains

These fundamental activities satisfy the significant contribution to organizational performance and the ability to allocate resources to the said activities. A set of 5 is considered as good balance of breadth and depth, which includes internal (provide sustainable and quality products, efficient online offline channels, managing ethical supply chains) and external orientations (building customer relationships, develop brand culture).

Capabilities and Priorities			
Fundamental activity	Capability	Priority	TSC
Provide sustainable and quality products	4	0.30	1.20
Develop brand culture	5	0.10	0.40
Build customer relationships	7	0.15	0.60
Efficient online & offline channels	9	0.20	0.80
Managing ethical supply chains	3	0.25	1.00
Sum	28	1.00	4.00



- Strategic capital

Strategic capital assess how business activities work collaboratively together in order to drive business growth as it constitutes the performance function of the business (Powell 2020). To provide company's total capability in its fundamental activities or total strategic capital (TSC), it needs determine whether two activities are additive, strongest, multiplicative or weakest. However it is suggested that multiplicative function is the most relevant as it aims to work together in a more collaborative way. For an instance, a poor ethics in supply chain cannot compensated by an being extensively good at developing brand culture. This shows how multiplicative function rewards balanced capabilities in brand's fundamental activities. This also behavioural norm biases and contributes to overall resource allocation judgement (Powell 2020).

iii. EVALUATION PLAN

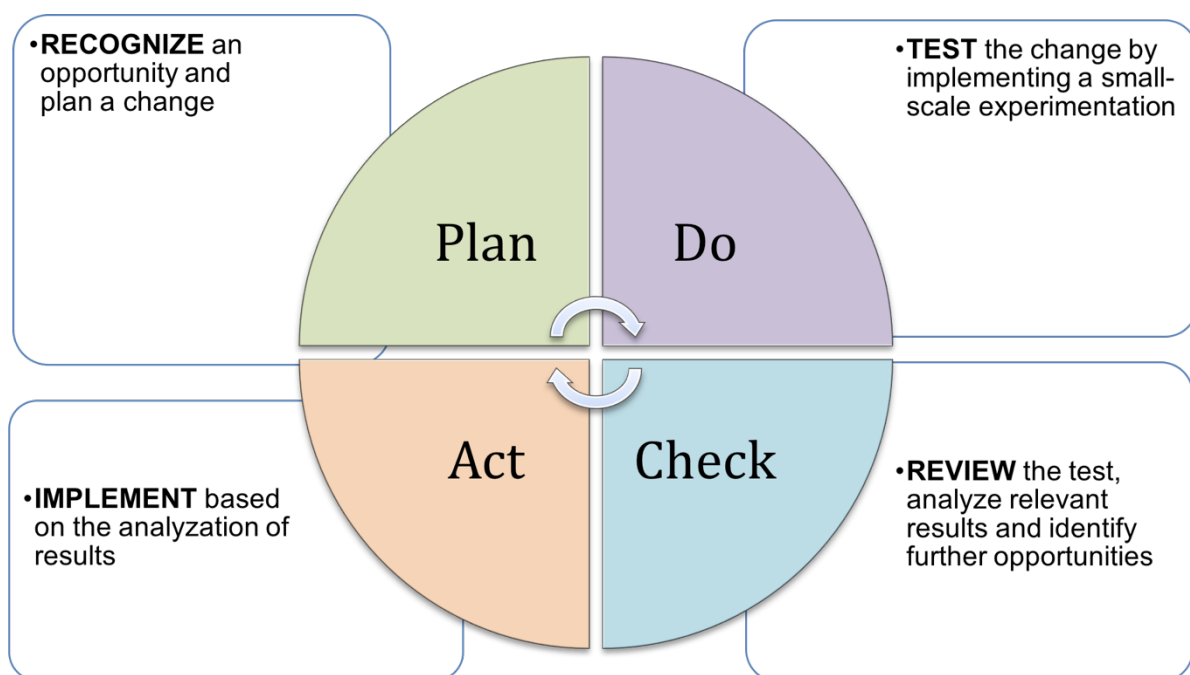
In order to monitor health and compliance of the business across its value chain, an evaluation plan is included with various factors which are significant to the first-year operation of Topshop in Australia (see Appendix 11.4). From the bottom of its supply chain, manufacturers to retail floor to consumers, evaluation factors are presented to maximize brand performance, ensure corporate strategies are implemented (W2_RCO2). This also helps in maintaining sustainable competitive advantage in the ever-changing conditions of the industry (W2_RCO3).

The evaluation factors of Topshop in its first year of trading includes a concern with product, consumer and employees (see Appendix). One of the most important aspect of marketing function is the product and its quality (Feller 2020). For the new business direction of Topshop, it mainly focuses on the product features toward the aspect of delivering quality. A budget is allocated for research and development to greatly assist in investing the most sustainable and ethical materials for the new target market of the brand (see Appendix 11.4). This is significant to the ever-changing and increasing consumer demands in terms of long-lasting products, especially with the current economic situation caused by the pandemic crisis. This can also be determined by calculating the amount of sell-through which defines the number and speed of turnover in a particular product. Through developing a strong customer engagement and identifying marketing effectiveness, Topshop will be able to assess market attractiveness and its competitive position (W5_RCO3). Furthermore, health

& safety plays a huge role in monitoring compliance of the business across its value chain, thus a program for this aspect is necessary in the workplace (Business of Fashion 2020).

iii. IMPROVEMENT PLAN

The continuous improvement plan indicates how Topshop plans to improve various business activities and processes over time and apply them to the new business direction. This is based on the Kaizen strategy in which all levels of employees should work collaboratively and proactively to achieve an incremental and regular business improvements to manufacturing processes. It's a cycle of continuous improvement which requires identifying areas for improvement, providing solutions and plans and cycling through the process repeatedly to address other inadequate issues (see Appendix 11.5).





CONCLUSION

Throughout this report it is seen that the shift from a fast fashion perspective to a more ethical, sustainable and transparent company will be incredibly beneficial for Topshop's entrance into the market. Through providing a high-quality based product made out of sustainable fibers that survives beyond the lifespan of a singular season, the amount of value added for Topshop's modern customer increases immensely. This is especially important as COVID-19 is causing a significant shift in consumer sentiment, indicating the need for companies to give back to their community and employ practices that align with customer values. To Facilitate this, the plans outlined over the development of this report successfully place Topshop in the best position to execute this strategy over the course of the next year.