Nguyen Thi Thuy Duong

BUSINESS PLAN FOR STARTING UP A FASHION BUSINESS IN VIETNAM

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Satakunnan ammattikorkeakoulu
Satakunta University of Applied Sciences

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Nguyen, Thi Thuy Duong
Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences
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The purpose of this thesis was to discuss the importance of textile – garment industry in Vietnam and the case company: Be U Girls

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RESEARCH OBJECTIVE

This thesis aims to update the readers with the current situation of Vietnamese textile and apparel market to highlight the significant characteristics and competitive advantages of the nation. Based on the collected research data, a business plan for starting up a fashion business is come up with to quickly match the demands of Vietnamese consumers.

Research questions

What are main characteristics and competitive advantages of the textile - apparel - clothing and fashion industry in Vietnam for establishing a new fashion brand?

Sub-questions:

1. Based on the business plan, which customer segments does the case company plan to create value for?
2. What are key activities and distribution channels does the case company plan to communicate and reach its customer segments?
3. How much financing is required to start up a new fashion company?

METHODOLOGY

Research philosophies:

Different research philosophies are applied to enhance the persuasiveness of the research. Pragmatism – the type of research philosophy which is a combination of both objective and subjective points of view, based on ontology.

"It is external, multiple, view chosen to best enable answering of research question"

(Phillip, 2009)

In order to clarify the philosophy, an adoption of an objective perspective using the tools of statistical data analysis, which is collected from multiple sources such as articles, reliable public reports and etc. This gives readers the comprehensive picture regarding Apparel and Textiles market in Vietnam.

On the other hand, the author formed a picture of details toward the behavior of Vietnamese consumer for Apparel and Textiles products. The formation is through the subjective point of view.

To create the best appropriate plan for one start-up company, which is also the purpose of this research, exploring details, multiple dimensions and potentials of the mentioned market must be investigated. However, the downside is that the input of author's personal perceptions which may not be completely relevant to the plan.

This philosophy enables the flexibility of the research due to the fact that the author is able to switch between objective and subjective analyzing tools in order to answer the research questions suitably, credibly and convincingly.

The approach of this research is inductive suggesting the future plans will be made based on the analysis of the data collected.

Research design and data collection

"Exploratory and Descriptive" are the main voices of this research

An exploratory study was conducted by searching of the literature and collecting secondary data from previous reports and articles about the Vietnamese Apparel and Textiles market. This kind of research helps to gain a clear insight into the market, and also build a foundation for the developing plan of the company.

A descriptive research was also applied to the research by carrying out a quantitative research. The primary data was collected through an online survey. This strategy is to gain accurate and statistical data to figure out current fashion trends and shopping behaviors of Vietnamese consumers.

Research implementation

The survey includes 16 questions. The first 2 questions are demographic questions asking about informants' age and gender. The rest are to investigate their habits, favors and behavior towards fashion shopping.

An online survey was conducted in the period between October 5, 2015 and October 9, 2015. Google applications were enhanced to design, control and store responses of the survey. 125 responses were the result gained after the survey thanks to the strong impacts of Facebook and other social media tools that the author used during the survey time. The respondents include most friends and acquaintances within the author's network.

> *"The probability of each case being selected from the total population is not known and it is impossible to answer research questions or to address objectives that require you to make statistical inferences about the characteristics of the population. You may still be able to generalise from nonprobability samples about the population, but not on statistical grounds"*
>
> *(Phillip, 2009)*

The survey comprises of 16 questions. The first 2 demographic questions focus on informants' age and gender. The rest are to investigate participants' habits, favors and behavior toward fashion.

Research limitations

Some limitations are considered in this thesis:

First is the limit of the research's sample. Non probability sample – convenience sample was used in this thesis: the online survey was sent to more than 100 people who relate to the author through social networking and majority of them are friends, acquaintances of the author. Eventhough age of people who joint in the survey was varied from 16 – 50 years old but in fact, more than 100 people's shopping behavior cannot represent for the whole target customers (population of Vietnam are more than 90 millions people).

Secondly, a business plan should take several factors into consideration, not focus only on customer segments, communication channels and competitors. Therefore, risks might exist during conducting business plan. The research might be biased to the author's subjective opinions.

THEORETICAL BACKGROUND

1. Porter's Five Forces Analysis is to analyze assess the five factors reflecting the competitive level of the case company and the attractiveness of the target market. By applying this tool, a mighty vision for the target market is resulted in before actual entering upon with strategic plan that enables the differentiation with competitors or deal with suppliers and buyers. The factors include:

a. **Supplier Power:** this factor is about how powerful suppliers could affect to the case company, how they control the prices of materials in the market. This is driven by the number of suppliers, their inputs, their position and strengthens in the market. In case, the suppliers only account for the small numbers in the market, naturally, they gain the more impacting power. Meanwhile, demanders are given with multiple options for suppliers, the case company will be little to no affected by the abovementioned elements.
b. **Buyer Power** illustrates the power of buyers to drive down the prices set by the case company. The decline is decided by number of purchasers, shopping power and each consumer's importance to the case company, which means the loss led to the case company when certain number of customers accept offer from other competitive companies. However, in this particular case, powerful consumers only account for relatively small numbers and will not dictate in terms of the case company
c. **Competitive Rivalry** gives a picture about the competitiveness and powerfulness competitors are. In this case's target market, the chosen company

face a stiff competition from those who could offer same products with on-par prices and quality, which limits the strength of the case company. Nonetheless, if case company creates the line of products that can be highly differentiated with other competitors who are not able to produce the similar offers, the case company will still remain the same power and its advantage of being on the higher position.

d. **Threat of substitution** highlights the existence of the products outside the realm of the common products or in details, this is how customers and competitors discover ways to invent new products that have less restrictions and more applications than that of the current brands based on the basic forms of the case company's offers. Therefore, there are more alternatives for consumers in the market and the competitors also can share selling power of the case company. For example, the case fashion company launches a new collection into the market; competitors might redesign that collection and launch new collection which based on the original one, but can be used with different functions. This causes the more burdens for competition.

e. **Threat of new entry** means how easy one fresh company can enter the new market. If the new company can enter into the target market easily with little cost and time, competes effectively or the case company does not have strong protection of their manufacturing technologies, information source, etc. the new company is a high threat to the case company.

2. Business model canvas is chosen as the general framework for the case company which take into account the Nine components affect one company: customer segments, customer relationships, distribution channels, value proposition, key activities, key resources, key partners, cost structures and revenue streams. The framework allows users to identify, organize and manage the entire business. A start-up company is encouraged to develop the existing business. However, the main approaches of this paper are mentioned below:

a. **Customer segment:** to define which customer group meets the case company's aims and goals. When the case company can distinct their target customers who have same needs, behaviors so the company can strongly understand consumers and offer appropriate products which can reach their needs.

b. **Distribution channels:** this is how to communicate and reach the target consumers. This aims to transfer value proposition, communication, distribution and sales channels to target consumers.
c. **Key activities:** this describes what activities the case company will accomplish to make the business work.

INTRODUCTION:

Fashion is the most popular term in the modern world. Through periods of history, significant changes to fashion have been made to update the highlighting trends of one particular time. In the most time, the apparel – textile – clothing as well as fashion industry have reached the point where most of demands from global consumers can be satisfied with. This industry plays a key role in improving the economic growth and condition of developed and developing nations: America, England, Spain, France, Italy, Thailand or Vietnam. Mr. Tot (2015) keys out the worth of the market has now been estimated at US$1,100bn with the trading value of US$700bn. European countries take up the biggest share in the total value, approach US$350bn, meanwhile, China is the biggest exporter which gained US$288bn per year.

Globalization has been regarded as the main reason for the existence of the global apparel – textile – clothing and fashion industry. According to Gary and Olga (The global apparel value chain, pg. 2, 2003) defined "Globalization is more recent, implying functional integration between internationally dispersed activities". Globalization has been pushed up by the industrial and commercial firms that represents for two types of globally economic networks: producer driven chain and buyer driven chain respectively. The producer driven chain that focuses mostly on manufacturing products and managing production networks; makes profit from business scale, volume and technological advances. Differently, the buyer driven chain that solely concentrates on designing, retailing, marketing, branding and distributing, earns profits from *"research, design, sales, marketing and financial services that allow the retailers, designers and marketers to act as strategic brokers in linking overseas factories and traders with product niches in their main consumer markets"*, said Gary and Olga (2003) .

The dual also explained the business is a truly ideal driven value chain based on the five factors: *“raw material supply, including natural and synthetic fibres; provision of components such as the yarns and fabrics manufactured by textile companies; production networks made up of garment factories including their domestic and overseas subcontractors; export channels established by trade intermediaries; and marketing networks at the retail level”*.

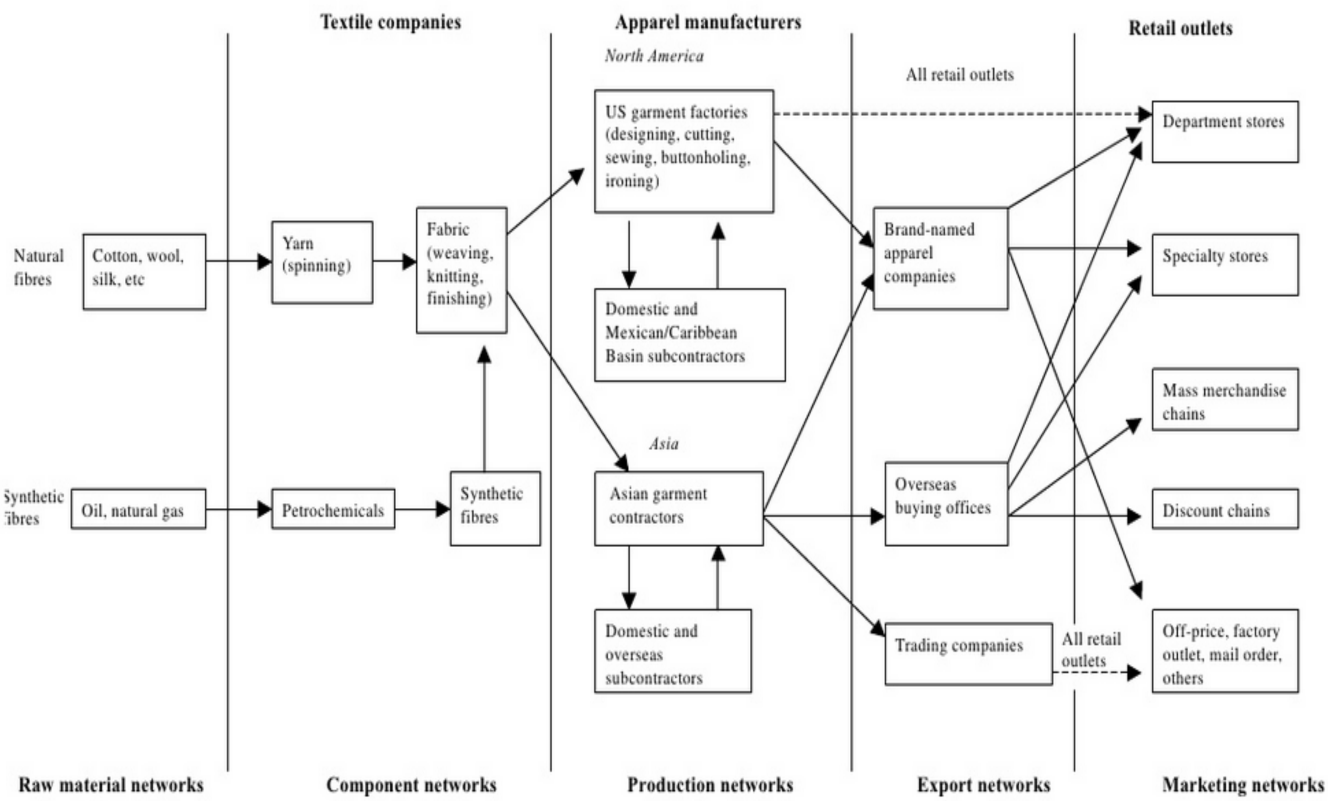


Figure 1: The global apparel value chain

Source: *"Value-Chain Analysis to Identify Resources and Capabilities at Under Armour." Dbmaltby. N.p., 17 Feb. 2013.*

According to the report of Top 250 global retailers 2013, in the current global apparel value chain, leading countries of largest apparel retailers in 2013 were America (representing by the TJX Companies, The Gap, L Brands and Ross Stores which reached respectively to US$27,423mn, US$16,148mn, US$19773mn and US$10,230mn for net retail revenue);.

Otherwise, since a quota regime was established by the Multi-Fibre Arrangement in late 1980s that has given many low income nations opportunities to expand their production networks. When quotas were finally eliminated in 2004; as a consequence, Asian developing countries including China, Bangladesh, Cambodia, Thailand, Vietnam, India and Indonesia, etc. started involving in the global apparel value chain (John, "Economic and social upgrading in global apparel production networks", No. 6.2, pg.2, 2013).

The Top 250 global retailers 2013 report points out the leading countries in the industry: America stands out with the highest earning thanks to the contribution of the following brand name: TJX Companies, The Gap, L Brands and Ross Stores which reached respectively to US$27,423mn, US$16,148mn, US$19773mn and US$10,230mn for net retail revenue. The other nations in the top race includes Spain (Inditex Company with net retail revenue reached to US$22,265mn); Sweden (H&M Hennes & Mauritz AB with net retail revenue of US$19,729mn); Japan (Fast Retailing Company with net retail revenue reaching by US$12,639mn) and Belgium/Germany (representing by C&A Europe Company with net retail revenue reached to US$9,733mn)

The industry's manufacturing and exporting activities are the main focus contributing considerably to the nation's total manufacturing exports and economic growth. Among exporting countries, China and India are the world's largest exporters of Textiles and Apparels. Since 2012, Asian countries have reached the rebalance in the two activities, and started to shift toward the other developing countries in the same region. In 2013, Vietnam ranks second in the global textile and apparel industries with US$17.9bn and has been projected to achieve export value of US$55bn by 2025. The Vietnamese tend to be more highly aware of consuming fashion and their spending habits on fashion have been on the rise. The main objective of this thesis is to research on the current situation of Vietnamese textile and apparel market to highlight significant characteristics and competitive advantages. Based on collected research data, a business plan for starting up a fashion business is came up to fulfill needs of Vietnamese consumers.

VIETNAM TEXTILE AND APPAREL INDUSTRY

1. Overview of Vietnam's textile and apparel industry:

GARMENT SECTOR PRODUCTION DATA	
GSP/FTA with EU	On August 4th, 2015
Number of enterprises	3,719 total
Employment	More than 4.5 million people
Factory size	SMEs of 200-500 + others up to 1500+
Product groups	Knitted + woven: t-shirts, fleece, blouses, pants, dresses, suits, uniforms, outerwear, ski jackets, sportswear, jersey
Main fabrics	Cotton, polyester, silk, synthetic fibre, wool and filament
Sourcing partner countries	Taiwan, Korea, China (limited due to taxes)
Local fabrics	Limited vertical integration, knit fabrics: lead time 20-35 days
Lead time	90-100 days initial orders
Payment terms	LC at sight, TT, down payment
Shipping	Vessel HCMC port, air
Incoterms	CMPT-FOB, C&F
Company structure based on ownership	FDI (18.5% mainly Korean), State-owned (0.5%), Joint-stock and ltd company (1% state-owned capital > 50%), Joint-stock and ltd company (76% state-owned capital < 50% and private)

Average income per worker	4.5 million VND
Number of working days per week	6 days/week
Number of hours worked per week	48 hours/week
Factory shifts	1 per day
method of production	CM-CMT (85%), RMG (15%)

Figure 2. Overview of Vietnam’s textile and apparel industry

Source: Ministry of Foreign affairs of the Netherlands

CLIENTS AND EXPORTS	
Main EU importing nations	Germany, UK, Italy, France, Spain, Netherlands, Belgium
Key EU brands/retailers	Zara, Mango, New Look, C&A, Marks & Spencer, Adidas, O'Neill, Hugo Boss, Taifun, gerry Weber
Key US brands/retailers	JC Penney, Wal Mart, Gap, Target, Colombia
TRADE AND SECTOR ASSOCIATION	
Vinatex Vietnam National Textile and Garment Group http://www.vinatex.com/ Vitas Vietnam Textile and Apparel Federation www.vietnamtextile.org.vn Agtek Association of Garments, Textiles, Embroidery and Knitwear	

www.agtek-hcm.com

ITPC International Trade and Promotion Centre Vietnam
www.itpc.gov.vn

HTPC Hanoi Trade Promotion Centre

Figure 3. Clients and Exports of Vietnam Garment Industry
Source: Ministry of Foreign affairs of the Netherlands

Late 1980s was the time when Vietnam officially made the first step to the global economy, since then apparel manufacture has played an important role in the total manufacturing-based export. The rapid development is shown with an export value of US$4.2 billion in 2004 and later reached an impressive US$ 8.5 billion in the period of 5 years and in 2014, the number was nearly tripled up to US$ 24.5 billion and the total number of countries Vietnam has exported products to is now over 180 countries. Moreover, Vietnam's textile and garment industry takes up the share of over 15% of the national GDP and the annual growth rate of 15.5% in 2014 and is now expected to approach US$ 28.5 billion in 2015, according to Vietnam National Textile and Garment Group (VINATEX). United States is the largest market for most of firms in the industry while Europe and Japan both landed at second and third.

Approximate 4000 garment firms create career opportunities for more than 4.5 million people in the country. In addition, Vietnam has now officially joined the ASEAN-EU Free Trade Agreement ensuring an highly responsive and effective ground for trade and investment relations between Vietnam and EU (EU Commission, 2015). Bloomberg (2015) predicted an projected 18,000 tariffs among the dozen participating countries.

The textile and apparel industry in Vietnam comprises three main subsectors: an upstream sector (fibre production), a mid-stream sector (fabric production and dyeing) and a downstream sector (garment manufacturing). Main fabrics of this country are cotton, polyester, silk, synthetic fibre, wool and filament. The export oriented garment production in

Vietnam is operating under CMT production modality which stands for "cut, make and trim" (Goto, 2011).

2. **Export:**

Vietnamese textile and garment export revenue in 2009 - 2014

(in US$ billion)

Source: General Department of Vietnam customs

Textile and garment sector are among the oldest and largest industries in Vietnam and 120 years are the span of development and contribute vitally to the national economic growth. As the second largest industry for export in the nation, only behind the electronics, achieving US$ 20 billion a year, adjusted for 15% of the national GDP (Vietnam Textile and Apparel Association, 2014).

In 2013, Vietnam ranks 4th among the global textile exporters for knitting products (after China, Bangladesh and Turkey) and woven products (after China, Bangladesh and Italy) with an export revenue of US$ 18 billion. Moreover, in the first 8 months of 2014, Vietnam' export revenue reached to US$ 13.65 billion, increasing by 19.7% compared to the same period of last year. This country has produced and exported approximately 247.6 million pieces of clothing, 23.3 million square meters of textile from natural fiber and 67.4 million square meters of man-made fiber (Vietnam Trade Promotion Agency, 2014).

Vietnam's growth in all main export markets:

Products of the textile and garment products have been exported significantly in the important markets such as the U.S, European countries, Japan, South Korea and so on. To illustrate, the export revenue earned from the U.S market, Europe market, Japan market and South Korea market had reached respectively to US$ 5.6 billion, US$ 1.9 billion, US$ 1.4 billion and US$ 0.9 billion which represent for percentage of year on year growth in these market as 14.2%, 26.5%, 12.3% and 36.7% respectively in the end of July 2014.

Country	August, 2014 Value (USD)	8 months Value (USD)
The U.S	962,405,805	6,497,789,787
Japan	272,876,676	1,682,547,728
Korea	298,089,286	1,216,520,945
Germany	70,642,937	523,803,795
Spain	75,759,897	471,660,517
UK	67,229,358	379,640,789
Canada	49,538,472	327,996,869

China	47,468,298	301,811,490
Netherlands	31,846,060	240,731,154
Taiwan	24,227,363	130,776,159
Belgium	17,925,602	130,016,390
Italy	17,025,344	127,312,719
France	14,881,290	121,415,949
HongKong	16,543,829	112,467,366
Others		1,342,437,919

Figure 4. Export markets of Vietnam's textiles and garments in the first 8 months of 2014
Source: General Department of Vietnam Customs

The U.S:

Currently, the United States of America has been the largest importer of Vietnam textile and garment products, accounting for 49% of Vietnam's total export revenue and market share of Vietnam in the U.S market is increasing while market shares of other countries like China, Bangladesh and Cambodia are decreasing. That also means the garment export sector of this country is becoming more competitive and the garment products of Vietnam are having a better position in the U.S market. According to the Figure 4 table, over the first 8 months of 2014, the textile and garment export revenue of this country has increased up to approximately US$ 6.5 billion from the U.S market which is one of the greatest member joining Trans-Pacific Partnership negotiation. On October 4th, 2015, Vietnam also negotiated successfully to be a member of Trans-Pacific Partnership negotiation and is expected to achieve new prospects for the textile and garment industry in the future.

Europe:

The second main garment importer of Vietnam is the European market. Vietnam's garment export has displayed an incredible growth of 26.5% of the total export revenue in the first 8 months of 2014 and is expected to remain its stability in the future. Between January and August 2014, the textile and garment export revenue of Vietnam to European market has increased by 14% up to that of US$ 3.1 billion. Nevertheless, consumption level of this market is still considered much higher than the export scale of Vietnamses garment. The import rate of European nations are very strong, attain half of the global import of the products. Bangladesh is the largest textile and clothing exporter in this market, then China, Hong Kong, India, Indonesia, Pakistan, etc.

Additionally, the European have a tendency to spend more on shopping clothing and textile. There is a variety of textile product consumption in this market. EU markets have imported four groups of clothing and apparel including: 5% of luxury designer clothing, 30% of fashion clothing, 45% of seasonal clothing and 17% of cheap price clothing. Among these imported textile products in the EU markets, Vietnam is responsible for seasonal and cheap price clothings. Since Free Trade Agreement between EU and Vietnam was finally dealt, Vietnam is expecting to seek more opportunities for exporting higher volume of textile and garment products into the EU markets in the future.

Since 2012, the global textile and garment export has been rebalanced considerably between exporting countries, especially textile manufacturing has shifted to Vietnam and other developing countries from China. The number of orders for clothing products from Japan increased by 20-30% in the first 8 months of 2014. Vietrade (2014) presented that "The bilateral agreements between Vietnam and Japan as well as Japan's participation in Trans-Pacific Partnership negotiation would make such a lot of advantages for Vietnam garment and textile export in the coming period. Export to Japan in 2014 is predicted to reach approximately US$ 2.7 billion, accounting for 13.5% year on year export revenue".

3. Import:

HS CODE	KNITTED	61	61

NL EU (27)	Vietnam Vietnam	January - June 2012 32,945,067 Euro 215,003,487 Euro	January - June 2013 22,749,093 Euro 195,586,134 Euro
HS CODE	**WOVEN (Not knitted)**	**62**	**62**
NL EU (27)	Vietnam Vietnam	January - June 2012 36,847,054 Euro 532,128,375 Euro	January - June 2013 43,849,704 Euro 548,644,058 Euro
HS CODE	**KNITTED**	**61**	**61**
NL EU (27)	Vietnam Vietnam	January - December 2011 56,377,538 Euro 452,271,489 Euro	January - December 2012
HS CODE	**WOVEN (not knitted)**	**62**	**62**
NL EU (27)	Vietnam Vietnam	January - December 2012 73,229,006 Euro 1,235,471,503 Euro	January - December 2013 82,705,592 Euro 1,273,926,202 Euro

Figure 5. Vietnam’s main apparel imports into the European Union (EU15)
Source: Eurostat/Modint

4. Sector developments and trends:

Export destinations:	2012 - growth rate
Cambodia	103%
Nigeria	1200%
Norway	134.6%
New Zealand	120%
Australia	37%
US	9.2%
Japan	19.3%
South Korea	9%

Source: Vietnam National textile and Garment group

5. Analysing Vietnam's textile and apparel industry onwards SWOT and Michael Porter Analysis Model:

Strengths	Weaknesses
• Good quality, good organization, good image • 7th rank in EU imports • Strong support government • Low cost of labour • High skilled workers • High level FDI • Increase exports to EU in spite of preferential tariffs for Cambodia and	• Lack of textile supply chain • Local fabrics bad quality • CMPT • Non flexible image • International transport cost • Dependance on US • Intellectual property protection is low • Infrastructure to outskirts HCMC and Hanoi

Laos ● Growing domestic market ● Growing flexibility minimum order	● Lack of transparent legal system
Opportunities	Threats
● Rising costs in China ● Large investments government and 5 year plan for creation industrial zone's ● Presence FDI: efficiency and innovations ● Focus on MMF ● Attractive outsourcing nation	● China's decline in growth results in bad economics neighbouring countries ● Strong competition in South East Asia ● No FTA with US or EU ● Laos, Cambodia and Bangladesh do have FTA's with EU ● Korea vendor dominant

Source: CBI Fashion Cycle seminars Dhyana van der Pols-Nash international

Michael Porter Analysis Model:

Factors:	Item	Importance level Low Middle High	Assessment
Entry Barriers	Economies of scale	X (High)	Most of businesses in Vietnam textile and apparel industry are apparel enterprises, increasing scale not only reduce fixed costs but also variable costs since the company can purchase raw materials at lower prices (large

			order) and reduce labor costs.
	Restrictive government policies	X	Vietnamese government is encouraging investment in the textile industry; however, policy barriers to large dyeing enterprises are environmental issues
	Access to the inputs	X	High access to the inputs due to system of large suppliers and traders.
	Access to distribution channels, customers	X	High access to distribution channels, customers due to a large number of traders. It is important for businesses to have adequate internal resources to meet the requirements of product orders.

	Capital requirements	X	Main activities of Vietnam's apparel companies are manufacturing and processing based on outsourcing contracts, thus, required investment in fixed assets is relatively large.
	Technical and technology requirements	X	Technology requirements for sewing activities are not as high as weaving and dyeing activities. However, garment enterprises account for 70% of enterprises in the industry

Source: Vietnam National textile and Garment group

Conclusion: Vietnamese government supports and encourages investment in the domestic textile and apparel industry significantly and moderate requirements of technology, capital, etc so the entry barriers are not high. Moreover high access to the input, distribution channels and customers create an active environment for suppliers, traders and businesses.

Bargaining power of suppliers	Concentration of suppliers	X	The number of material suppliers is large; the concentration level is not high.

	The difference of suppliers	X	The difference of suppliers is not much.
	Impact of inputs on cost or product differentiation	X	The cost of raw materials accounting for about 60-70% of the cost of goods sold and materials greatly affect product differentiation.
	Cost of switching suppliers	X	Large number and broad information on many suppliers lead to low costs of switching suppliers.
	The existence of alternative suppliers	X	The number of alternative suppliers in major countries such as China, Taiwan, South Korea, etc. is large but the number of suppliers in Vietnam market is not much since ancillary industry has not developed adequately.
	Risks if enhancing combination of suppliers	X	As the number of suppliers is large and level of monopoly is not high, risks of enhancing combination

			of suppliers are not high.

Source: Vietnam National textile and Garment group

Conclusion: Bargaining power of supplier is low due to huge number of suppliers and low cost of switching suppliers for the businesses. Recently, main suppliers for the Vietnamese textile industry are from China, South Korea and Taiwan while domestic suppliers are limited since ancillary industry has not developed. Business might enhance combination of competitive suppliers with the risk is estimated not really high.

Bargaining power of buyers	Number of buyers	X	The number of buyers having demand for orders is large in Vietnam
	Information obtained by buyers	X	Information obtained by buyers about enterprises in the industry is not much since business information system has not provided adequate details.
	Sensitivity to price	X	Besides cost issue, other issues related to product quality, manufacturing processes, safety, regulatory compliance, etc. are

			also equally important to buyers.
	Product, service differentiation	X	The difference among these products is moderate since manufacturers have different service and production processes, depending on ability and experience.
	Concentration level of customers in the industry	X	Concentration level of customers in the industry is low, etc.
	Availability of substitute goods	X	The availability of substitute goods is relatively high, but not much information is provided.

Source: Vietnam National textile and Garment group

Conclusion: experiencing the same situation of bargaining power of suppliers in the market, bargaining power of buyers is also low resulting from large number of buyers and low production capacity of businesses.

Substitute products	Costs of changing products	X	Costs of changing products are low.
	Correlation of price	X	Garment products are

	and quality of substitute products		very diverse with many different prices and quality. Therefore, buyers can easily find substitute products with correlation of price and quality.
	Trend to use substitute products if customers	X	The trend to use substitute products of customers is high, corresponding to changes in age, income, trends, etc.

Source: Vietnam National textile and Garment group

Conclusion: substitute products are used highly with costs of changing products are low, garment products are diverse and buyers adapt quickly with the new trend.

Competitive rivalry	Barriers to exit the industry	X	High barriers to exit the industry are due to the unique characteristics of machinery, equipment and policies for employees.
	Concentration level of the industry	X	The concentration level of industry is low; This is also characteristic of the apparel industry in Vietnam. The number

			of enterprises in the industry is large and no businesses with extraordinary scale compared to other businesses.
	Added value	X	Added value of the industry currently is low due to main activities of CMT
	Growth status of the industry	X	With expectations from the free trade agreements and the advantages of human resources, Vietnam is one of the countries with highest growth rate of the textile and apparel industry in the world.
	Excess capacity	X	Currently, the majority of textile and apparel enterprises are operating at maximum capacity due to the positive situation of orders.
	Difference among products	X	The difference among these products is

			moderate since manufacturers have different service and production processes, depending on ability and experience.
	Screening status in the industry	X	Screening status in the industry is increasingly high due to the pressure on input costs and increasing demands for products and services.
	The ability to impose price	X	The ability that producers impose prices is low since this industry is scattered and differentiated level is not too large.

Source: Vietnam National textile and Garment group

Conclusion: Although demand in the industry is high, the competition in the industry is high as well. The competition is not only for large customers, but also in market of inputs and labor. Currently, the ancillary industry of Vietnam only meets the small demand for inputs, so the business is subject to intense competition for access to raw material quality, reasonable price. Besides, labor is one of the most important elements of the manufacturing process. Labor in the textile and apparel industry are mainly women with few years working in the industry. “Enterprises have to be in fierce competition to attract and retain employees, especially employees with experience and skills”.

SWOT analysis of Vietnam textile and apparel industry

Strengths:	Weaknesses:
● Vietnam is highly appreciated for political stability and social safety, attractive market for traders and foreign investors. ● Government has priorities and measures to encourage investment in the textile and apparel industry as tax incentives for the import of raw materials for the purpose of producing garments for re-export in 3-4 months, corporate income tax exemptions, etc. ● The number of people in working age in Vietnam is large, while the textile and apparel industry is labor-intensive. Therefore, this is one of the competitive advantages of Vietnam's apparel industry. ● Labor costs for textile and apparel industry are low in Vietnam, while skills are highly appreciated. ● Vietnam's apparel products have been accepted by tough markets like the U.S., EU, and Japan. ● Vietnam is an important exporter and manufacturer in 2 major markets, that are, the United States and EU. ● Building close relationships with many importers, large consumption corporations around the world.	● Garments for export are mainly produced by the method of processing, design is an underdeveloped stage, and the rate of producing based on FOB is low. ● Products are also common, not diverse yet. It is still not able for production of a large number of items for export with high technical quality requirements. ● Textile and ancillary industry development is not commensurate with the apparel industry, thus, insufficient source of raw materials are qualified to be supplied for the apparel industry, so added value is not so high. ● Most textile and apparel enterprises of small and medium scale, and low ability to raise capital limit their ability to innovate technology and equipment. Small scale makes businesses unable to achieve economies of scale, and supply products to only a certain number of markets. ● Management skills and technical production are poor, labor productivity is not high. ● No strategic training for human resources for high quality textile and apparel production team and design team to increase the ability to compete with other countries. ● Marketing capability is limited; the majority

	of apparel enterprises have not built their own brand on the international market.
Opportunities: ● Garment production tends to shift to the developing countries in which Vietnam is one of the most attractive destinations, thereby creating new opportunities and resources for the apparel enterprises in access to capital, advanced and modern equipment, and production technology, advanced management experience, skilled workers from developed countries. ● Vietnam's deeper integration into the economy over the region and the world facilitates better access to markets for apparel. ● Vietnam's commitment to economic reform and development has created attractiveness to investors, and open new markets and new partnerships. ● The domestic market with a population of 91.5 million people and improved living standards creates a great opportunity for textile and apparel businesses. ● Foreign Direct Investment in Vietnam textile and apparel industry continued to increase, especially in the recent period when expectations of TPP and EU-Vietnam FTA increased. Enterprises with FDI often	Threats: ● The starting point of Vietnam textile and apparel industry is low, ancillary industry has not really developed, raw materials are mainly imported, rate of processing is high, etc. which are big challenges to global economic integration. ● The policy environment is not favorable. The legal documents of Vietnam is still in the process of being complete, while capacity of staff who establish and enforce policy, as well as capacity of staff involved in trade promotion is weak. ● Major markets use many barriers of technology, sanitation, safety, environment, social responsibility, anti-subsidies to protect domestic production. Many Vietnamese enterprises of small and medium scale have insufficient resources to pursue anti-dumping lawsuits, resulting in losses in the trade disputes. Trade barriers as above have been applied in a more flexible and more sophisticated way, especially in the context of the financial crisis and global economic downturn. ● Despite the Government's policy to encourage investment in the ancillary

have advanced level of technology; high technical skills will help improve the competitiveness of Vietnam.	industry, local units tend not to attract investment in the dyeing and weaving industry because of environmental issues. ● FDI creates significant competition among local businesses in orders, material inputs, labor, etc

Source: Vietnam National textile and Garment group

CASE COMPANY: BE U GIRLS FASHION COMPANY

In this chapter, the concept of business model canvas and its application to the case company: Be U Girls Fashion Company will be highly discussed. The three main components of the business model canvas are discussed: customer segments, distribution channels and key activities. A survey of 16 questionnaires was made to information toward shopping habits and the trend of the case company's customer segments. The data will be used to support business plan of the case company.

1. What is the business model canvas?

This concept has been highly used and developed within the recent years, yet depend on the different first scracthc of business and how they are operated, developed and innovated, each company will have a different definition. For example, Richard (2014) has defined concept of business model that "Business model is an economic concept, which produces revenues and costs. It is a set of activities, which create profit due to the cooperation of processes and technologies". Or Baden-Fuller and Morgan (2010) also said "Business model is a mechanism for transformation ideas to revenues through the acceptable costs".

The **Business Model Canvas,** which is the business model concept developed by authors Alexander Osterwalder and Yves Pigneur (2008), includes nine components associated with business model planning: customer segments, customer relationships, distribution channels, value proposition, keys resources, key activities, partners, cost structure and revenue streams. According to Osterwalder (2005), Business model canvas help business to identify, organize, manage, control and develop a business better. It is considered as an efficient visualization tool to connect all those components comprehensively. This business model is an applicable strategic template for new business model creation or developing the existing business model of a company.

1.1 Customer Segments:

A survival of one business is decided by customers. Divide customers into different groups to define the most potential customers for the case company's plans to reach and serve. Vital purpose to achieve high customer satisfaction, group segments with similar needs, shopping behaviors that a value proposition can be attributed. Relying on the business model canvas, the case company

. Osterwalder (2005) pointed that customer groups represent separate segments if:

- Their needs require and justify a distinct offer
- They are reached through different Distribution Channels
- They require different types of relationships
- They have substantially different profitabilities
- They are willing to pay for different aspects of the offer

There are different types of customer segments:

- Mass market: differentiation between customer segments are little to nothing. The proposition, channels of distribution and customer relationship value focuses on the big group of people that share similarities in needs and problems. This type of business model is more popular among electronic sector. This type attains 24.52% of the business total (Richard, page 26, 2014)
- Niche market: a company which focuses on niche market only serving the specific segments, while the proposition, distribution channels and customer relationship values are highly tailor-made to the particular requirements set by this market type. This segment is more common with supplier – buyer relationships (Osterwalder, 2005)
- Segmented market: to distinguish the customer segments, similar characteristics are

the basic base. (Richard, page 26, 2014)

- Diversified market: unrelated segments of customers with different demands and issues are catered by businesses that focus on this particular market. But this one is used very infrequently (Richard, 2014)
- Multi-sided platforms market: over two interdependent customer segments are the targets of this type, but only 1.44% of businesses are recorded using this type,

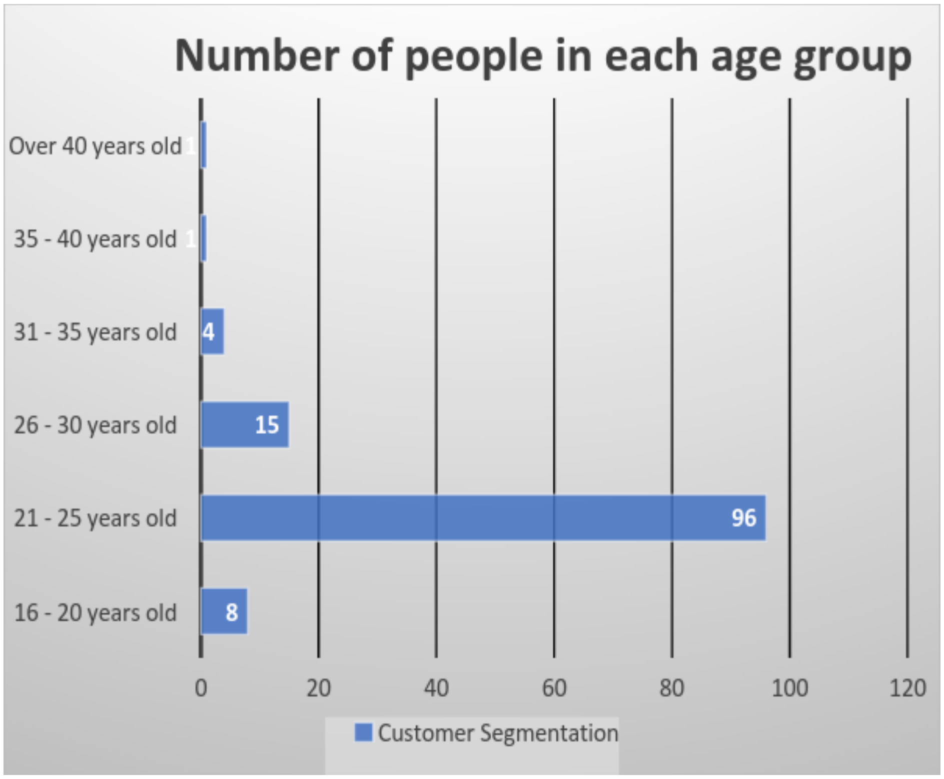
The case company – Be U Girls Fashion Company only focuses on niche market within Vietnam.

Questions to be answered:

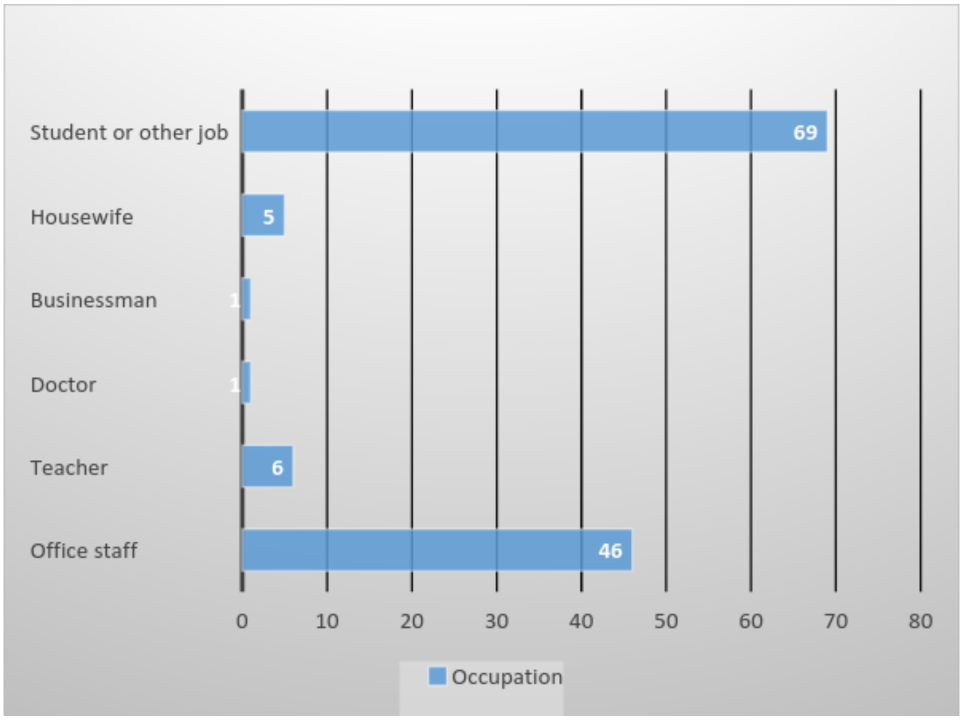
1.1.1 For whom is the case company creating value?

Percentage of females in Vietnam was last measured at 50.58 in 2013, according to The World Bank (2014), Buying behavior is getting higher among 18-40 years old women, compared to that of the other ages in the same group. This can be explained by the higher incomes and savings by the target group, which results in the more proficient shopping capability. James (2014) believes “Vietnamese females have been through traditionally austere lifestyle during their young adulthood as back to the time of centrally planned economy in 1990s where commodities were scarce. That is why they incline to spend more money on symbolic-meaning things that can satisfy their hedonic demands and offset what they lacked back in past time as their budget or purchasing capability increase”. He also continued that in the recent years, Vietnamese Women have been more into the world of fashion and a conducted survey had been made in order to define how well-known the fashion brands are to the target. Later, he pointed that over 50% of Vietnam’s females tend to decide on what to buy based on the brand name, designs rather than function (WARC, 2013). The majority of the 50% women tend to be knowledgeable and trendy when new product lines are introduced.

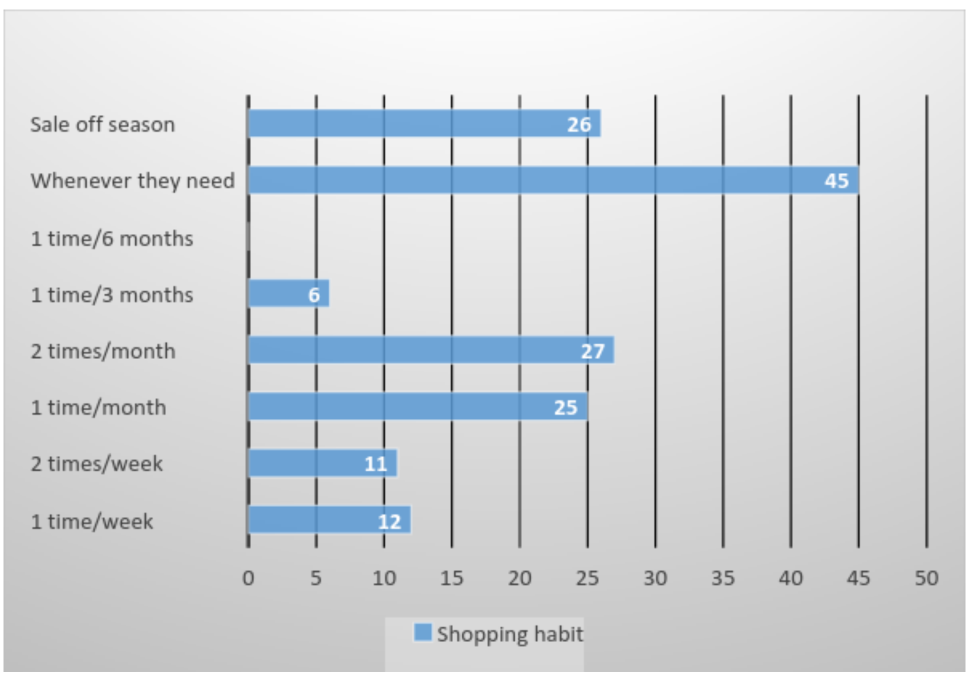
The case company – Be U Girls Fashion Company decides the demography of main target customers are between 16-30 years old females who will purchase products online and directly at the stores. The survey to how the target customers are able to update information regarding fashion, where they often shop, number of times they spend on shopping, their monthly income and the amount they use for shopping. As a result, there were 130 females from 16 to over 40 years old involve in answering questions and these were grouped into different segments:



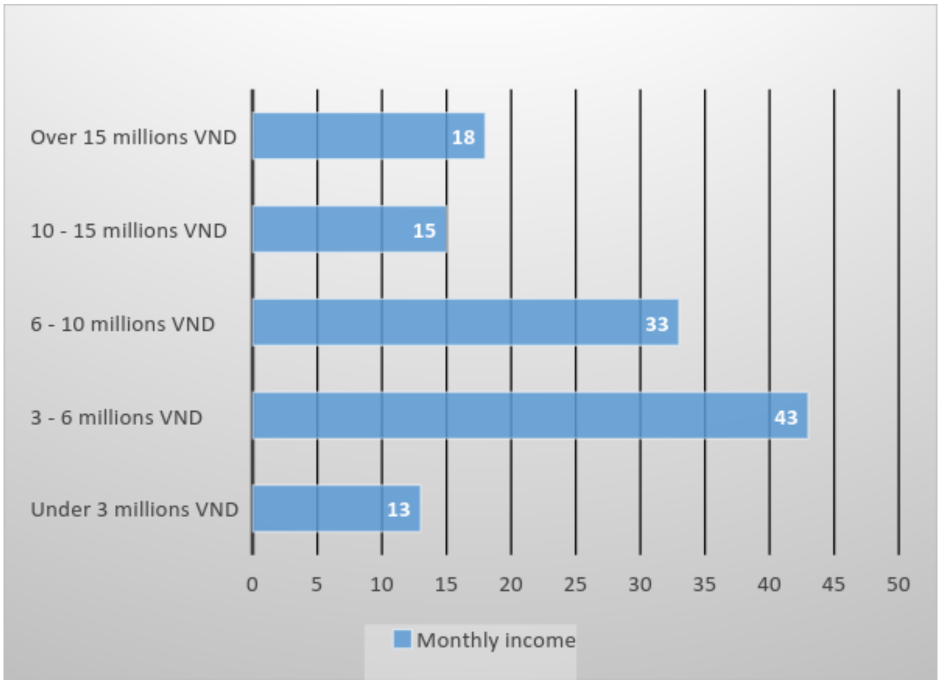
The survey illustrates that there 8 out of 125 females in the age group between 16-20 years old, 96 females in the age group of 21-25 years old, which obviously obtained the highest share among any others and 15 females in the 26-30 years old. The first and last groups only achieve 6.2% and 11.5%, which were relatively small compared to the largest group.



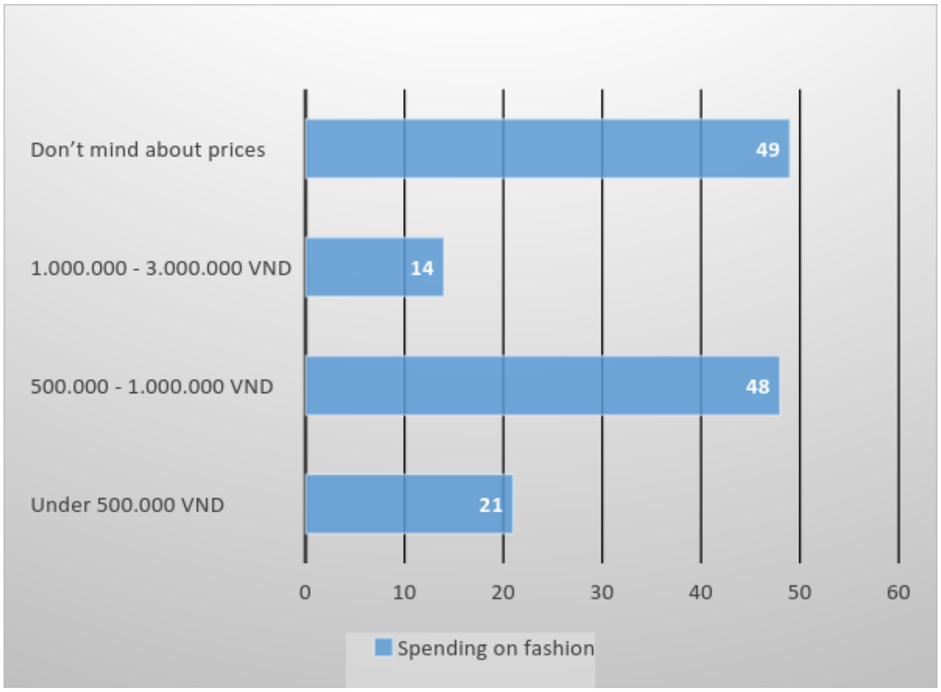
The occupation chart presents that 36.8% females are working as office staffs and 55.2% females are students or working in other fields.



The shopping habit chart presents that 36% of total respondents go shopping whenever they need, even more than two times a month. And 21.6% of them usually go shopping two time per month, 20.8% are interested in sale off season and 20% of them go shopping one time per month.



About their monthly income, 35.2% of these women have income 3.000.000VND – 6.000.000VND; 27% women have higher income from 6.000.000VND – 10.000.000VND. In addition, the survey also shows that 14.8% of respondents have really high income, over 15.000.000VND, 12.3% have monthly income from 10.000.000VND – 15.000.000VND and 10.7% of them have lowest income level, under 3.000.000VND.



With spending habit on fashion, even most percentage of women have monthly income are only from 3.000.000VND – 6.000.000VND but 39.2% of them do not mind about the product's price when they go shopping and 38.4% are willing to pay 500.000VND – 1.000.000VND for one time shopping. Only 11.2% of these females are willing to pay 1.000.000VND – 3.000.000VND.

Age group	**Occupation**	**Looking for and updating fashion's information from**	**Buying fashion products from**	**Awareness in fashion**	**Spending on fashion**
16 – 20 years old	Student	Internet	Online, shops	High	Under 500.000VND
21 – 25 years old	Working	Internet	Online, shopping centers, shops	High	500.000 – 1.000.000 VND Don't mind about the prices

26 – 30 years old	Working	Internet, Magazines	Online, shopping centers, shops	High	1.000.000 – 3.000.000 VND Don’t mind about the prices

Occupation has little impact on the shopping habit according to the survey though it was included as the important part of the survey. Nearly 60% of the survey participants said they went shopping more than 2 times a month and are willing to pay money to shop when they are in need. However, the purchased products will be varied rely on the levels of income.

- 16 – 20 years old teenage girls spend less than 500,000VND on shopping a time.
- 21 – 30 years old women with more stable income spend more on clothing needs: 38.4% use up to 1,000,000 VND, 11.2% spend up to 3,000,000VND and the rest tend not to care about the prices.

The main target of the case company is from 16 to 20 as they are the heavily influenced by fashion through the huge development of Internet and Social Media. Teenagers nowadays decide on their own clothes to fit the image they set for selves including individuality and personality. Moreover, the survey shows that the teenagers have a range of knowledge towards fashion and will be the ones to keep updated thanks to things on Internet. The impact of celebrities and fashion trends, teenagers have their images and styles and conceptions in the short period of time that leads to the fact that they tend to choose products that meet the fashionable design demand rather than the long-term quality. But the designs have to satisfy the needs of lower price needs which ensure teenagers to experiment their looks.

“There are two types of women: a type one woman is motivated by a desire to show off her latest fashion clothing – she is hoping for compliments and approving looks, and making other woman jealous. The type two woman dressed up because she is in love with the beautiful, dainty, the delicate”, Eward (1913) which is totally suitable with the next target group, 21-25 years old women who have more stable income and social relationships that brings about the more attention to the appearance, which is decided by the way they wear mostly. Fashion is hugely affected by women’s instincts that usually are be standing out in the crowd and attractive to the opposite sex. The survey participants of this age group admits their high addiction to fashion and could spend a large amount of time on Internet to search for new collections, brands and constantly check the websites of favorite brand collections. Due to busy working hours, online shopping is highly regarded by these target customers, which is also the company's main competitive advantage.

The last segment (25-30 years old females) comprises who have much bigger income and high interest in fashion but the majority of females this age are married hence the spending on fashion is restricted, however the survey still shows the optimistic side that they are willing to spend up to 3 million VND for one time shopping and prefer reading magazines for update fashion trends.

1.2 Channels:

According to Osterwalder (2005), Channels display how Be U Girls Fashion Company create effective communication to reach the target customer segments that transfer great value proposition communication, distribution and sales to consumers. The connection between the both sides will create high values for customers thanks to the products and services.

Channels serve several functions, including:

- Raise awareness among customers about products and services offered the company
- Help customers evaluate a company's Value Proposition
- Allow customers to purchase particular products and services
- Delivery a Value Proposition to customers
- Provide post-purchase customer support

Questions to be answered:

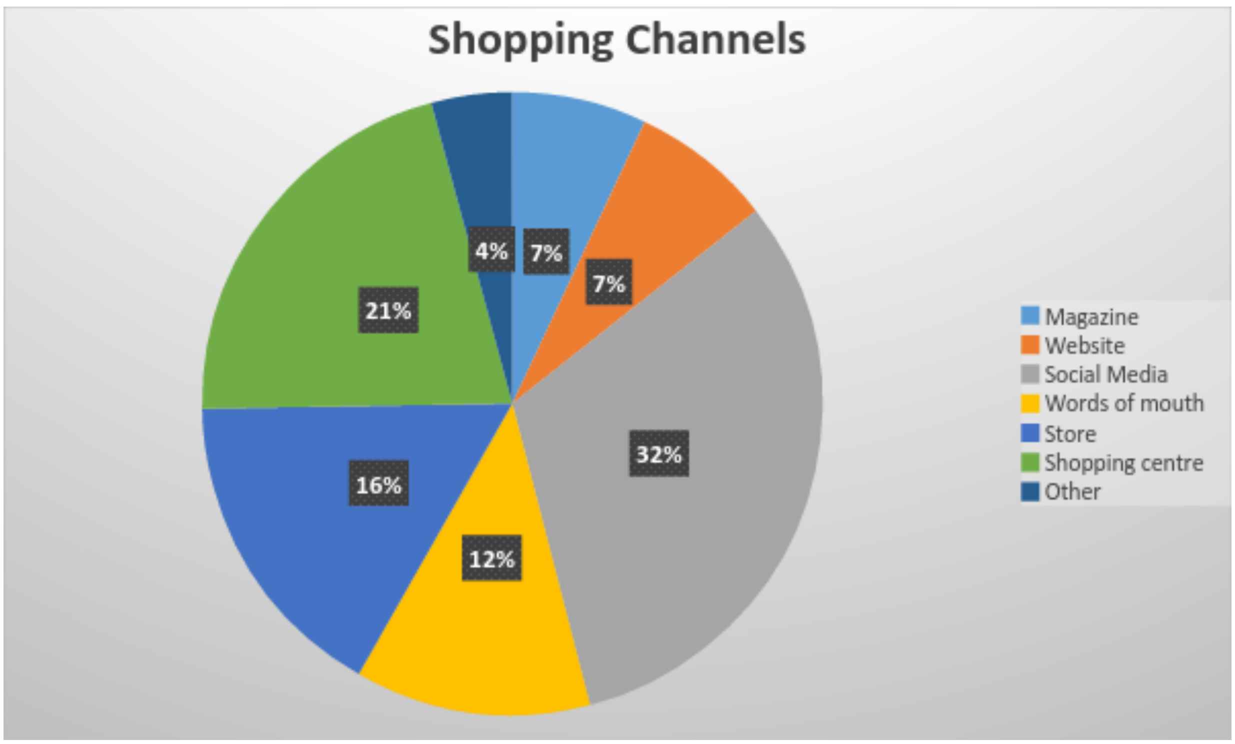
1. Through which channels do our customer segments want to be reached?
2. How are we reaching them now?
3. How are our Channels integrated?
4. Which ones work best?
5. Which ones are most cost-efficient?
6. How are we integrating them with customer routines?

Roles of Distribution Channels:

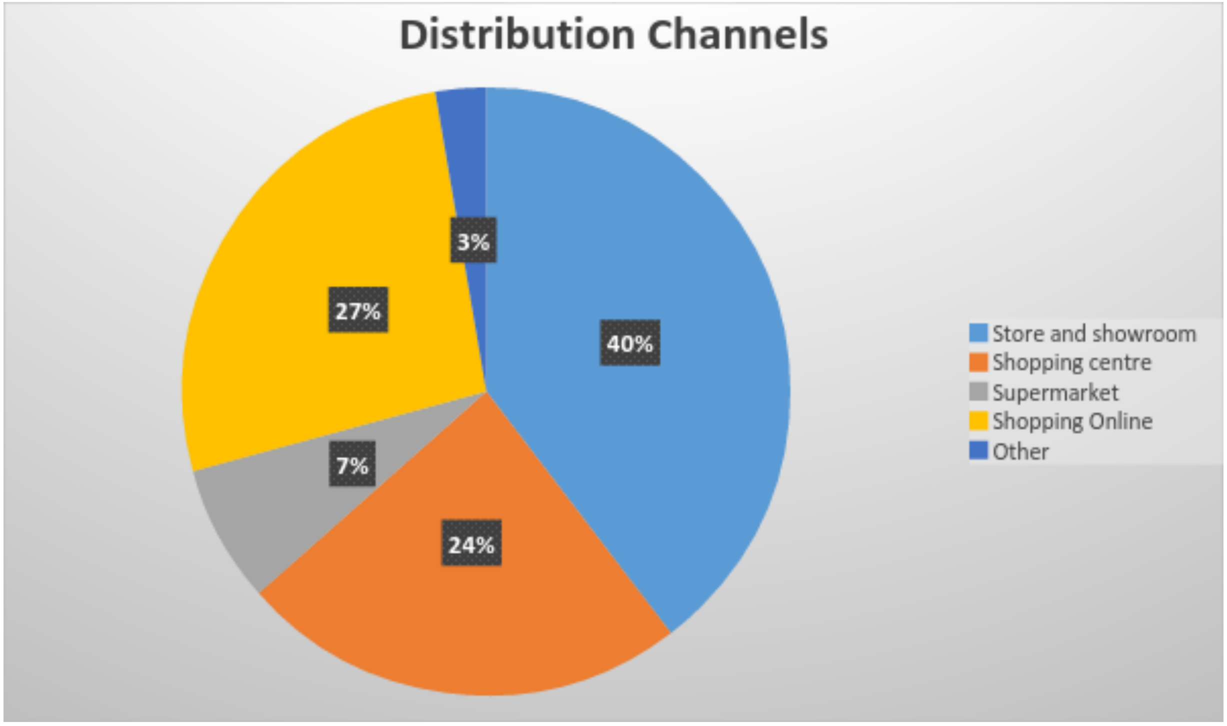
To effectively deliver the goods and services to customers whether through retails stores or directly to customers require the distribution channels to work efficiently after the goods and services are produced to fit the target customers.

A direct distribution channels which controlled the organizations with the support of own provided logistic teams and transport means and an indirect distribution channels which are outsourced to other partners who will take responsibilities for most of the functions are the only two categories of the distribution channels.

The pie chart below shows result of the survey about which channels females often use to update information about new fashion product.



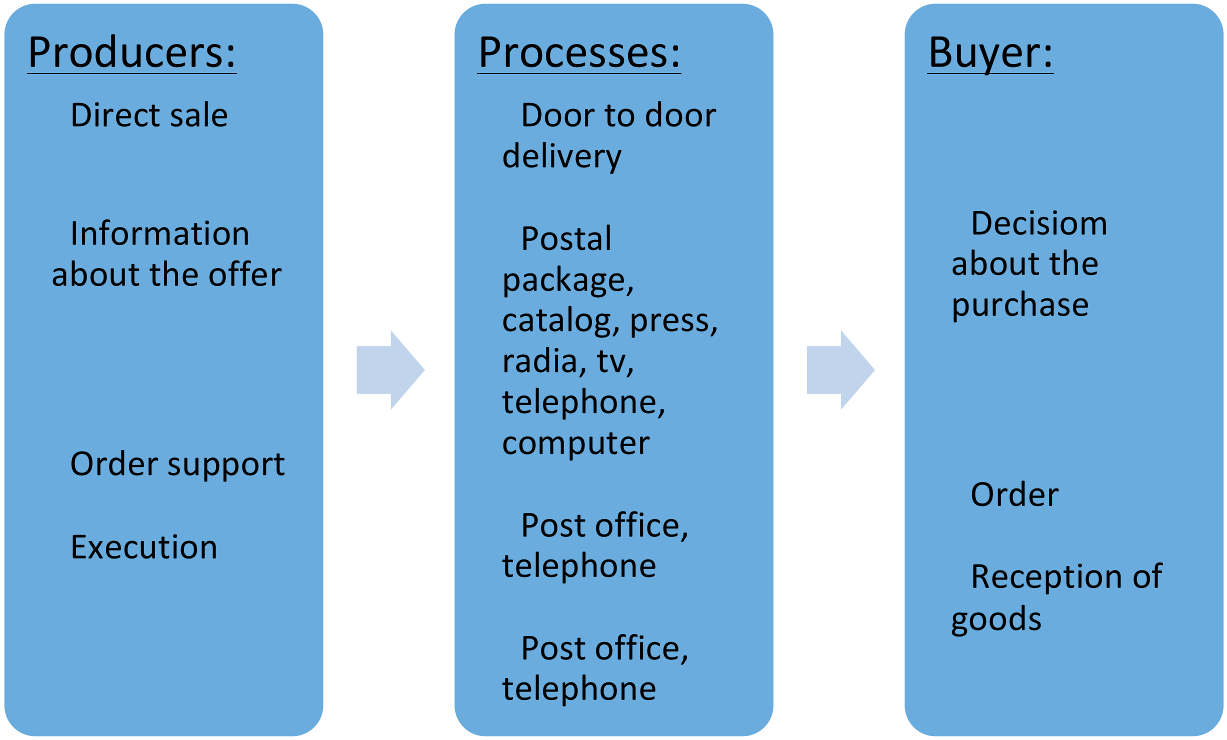
The survey shows that internet (includes social media and websites) occupies the highest percentage of using shopping channels, is 39% of total respondents. 38% of them prefer finding and updating information about new fashion products in stores or shopping centres. Otherwise, 12% and 7% of respondents are reached by words of mouth and magazine respectively.



About which channels these females often use to reach their favorite products, result of the survey shows quite clear about the mainstream channels that 40% of total females go shopping in stores, 26% of them shop online and 24% of them go to shopping centres. Relying on different shopping habits of consumers, both direct and indirect distribution channels could communicate and reach efficiently to different customer segments.

1.2.1 Direct Channels:

Szopa and Pekala (p.145, vol.6, 2012) explained that "The direct channels consist of two levels: a producer and final customers. The producer will reach to the customers through their employees, commercial services or media, without intermediaries". Applying to this case, the company is allowed with fast access to flow of information about the product disposal, delivery as well as prices, rate of interaction and satisfaction among customers.



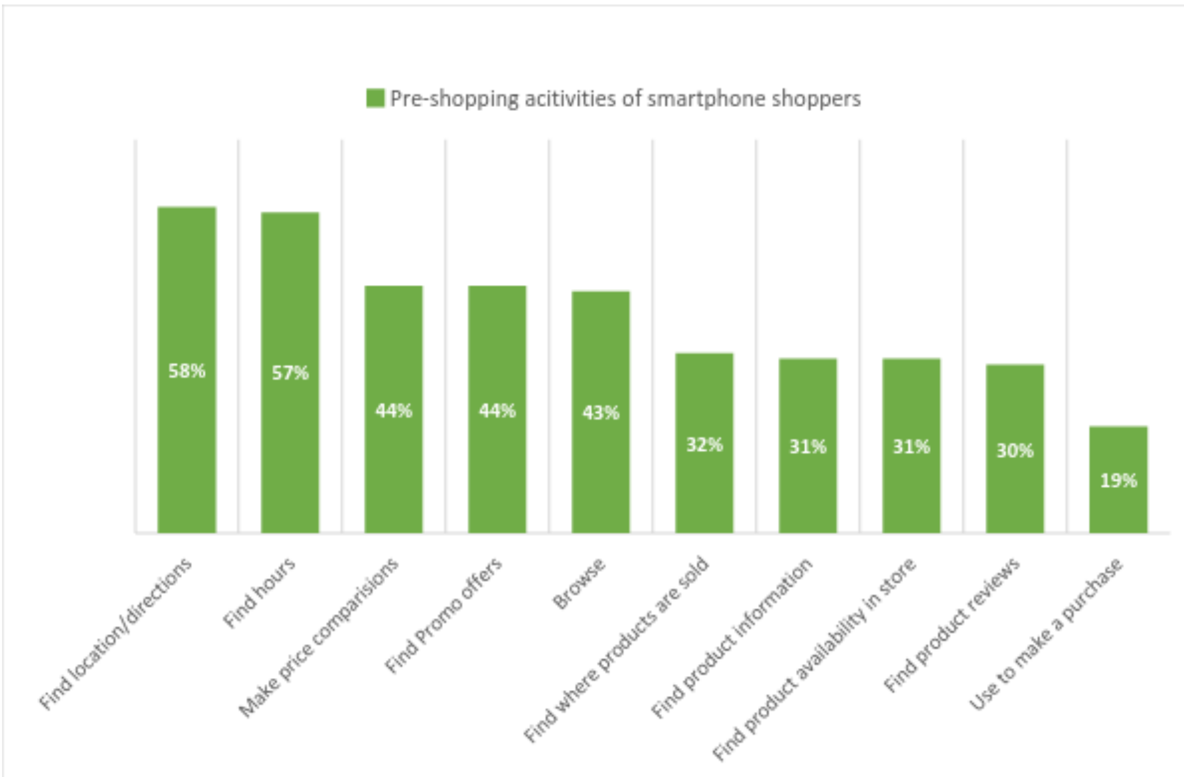
There are some direct distribution channels which can be applied into the case company:

- **Website and mobile application:**

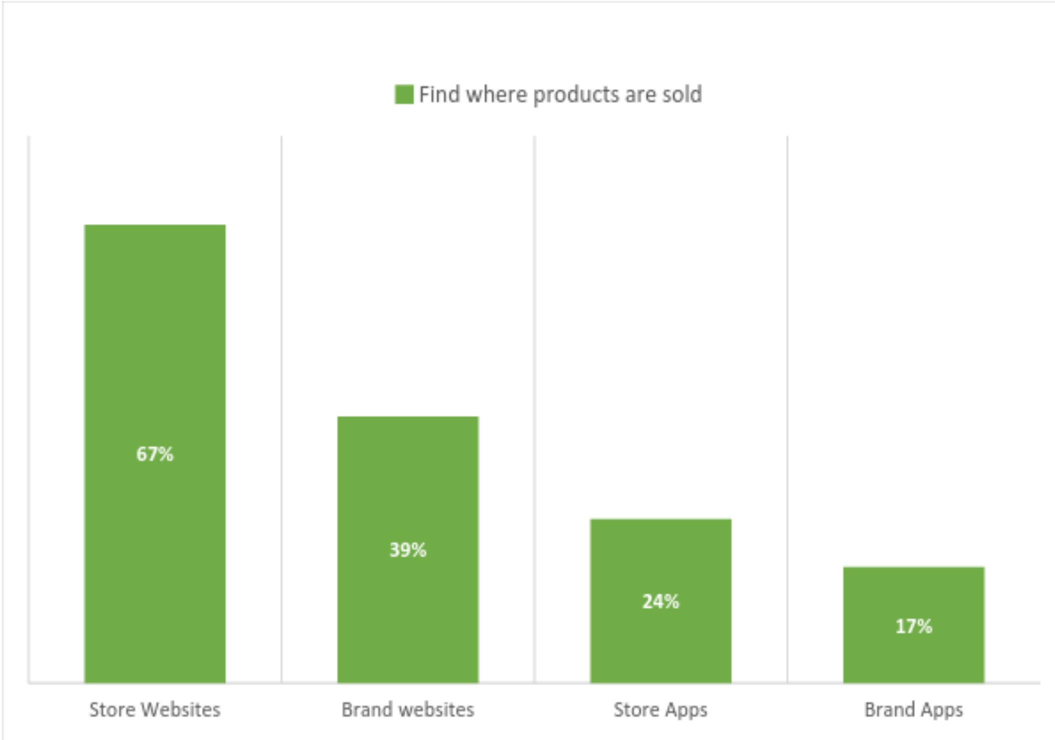
Website and mobile/tablets applications are encouraged to be strongly focused by the case company as its high rate of easiness for access by customers at multiple places hence customers are easily be updated with the most current designs and catalogs where they are able to make selections on looks, sizes and color. Then the logistic teams will take care of the later parts for example, download database from the virtual applications, export goods out of the warehouse and deliver to the destination which usually takes 1-3 days in Ho Chi Minh city and 4-6 days in other cities.

Furthermore, the content of the web and application must be paid special attention due to the fact customers are now more highly educated towards the concepts. When they spend money, they want to spend not just only the clothes but on the professionalism of the stylist and visual teams of the company. More than 36% of Vietnamese citizens are now smart phone users, hence the rate of people buying things on the applications is now on the much higher par, which a survey was made based on. Charlie, Heidi and Brian (2013) did that on 1507 users giving the results that 79% of them were the smartphone shoppers but divided into two groups: standard and frequent shoppers on mobile apps.

Among total smartphone shoppers, 62% of them are standard smartphone shoppers who are defined as using a smartphone to assist with shopping at least once a month or more; 17% of them are frequent smartphone shoppers who are defined as using mobile phone to assist in shopping at least once a week.

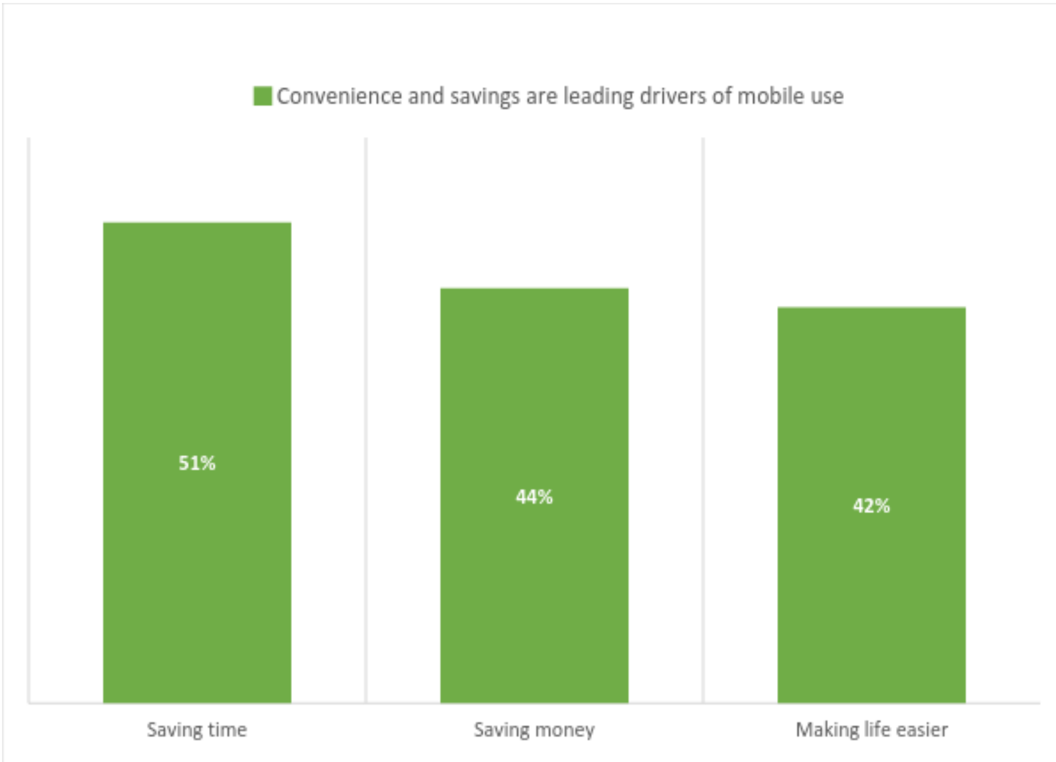


Smartphone shoppers rely on the mobile devices for tons of activities before actual buying stuffs such as navigate location, opening hours, compare prices, look for promotions, the availability of products, review and of course purchase. According to chart, 39% of users search directly on websites while 17% use the brand applications.



Distribution channels that reach the highest efficiency rate are website and mobile apps, and the case company is no exception. This prevents time-consuming, much convenience thanks to home shopping and information is available for customers to check multiple information towards one particular products and there are steps until the payment process comes hence customers are provided with flexible time resource to take into account as well as saving money thanks to constant promotion offers.

Looking at the case company's perspective, online shopping provides the strong database with wide ranges such as customers' demands and preferences. The information flow is faster than paper forms of the traditions. However, generous investment on the website contents and concepts is essential and including tips on fashion, features of popular fashion icons are necessary to make sure the outstanding results. Delivery and logistic teams must take good responsibilities to achieve high customers' satisfaction.



- **Store Opening:**

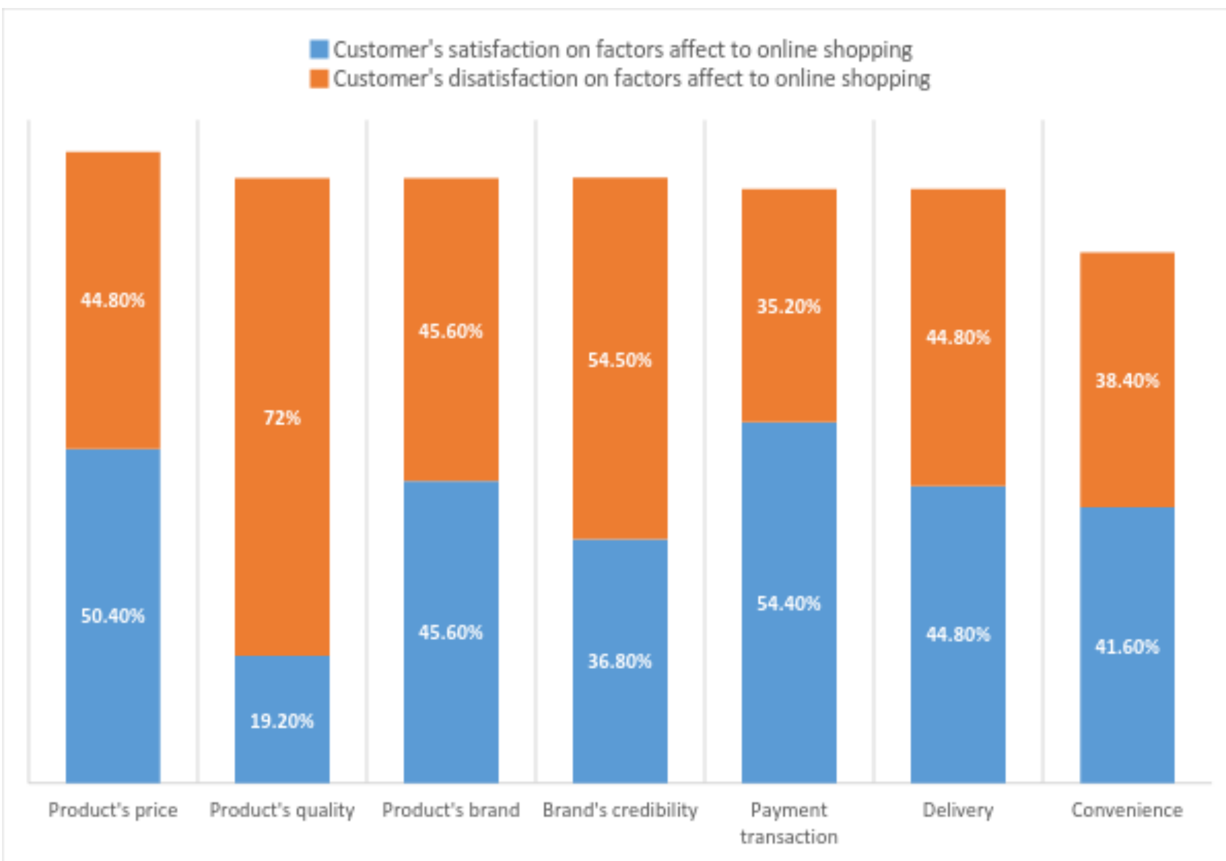
Store opening is another perspective that needs looking at due to its high interactions to customers who are not familiar to online shopping as well as pedestrians. The advantages it brings about are the easier control and management over process and customers tend to give more honest feedback directly at the stores and negative responses are directly handled result in the maintenance of reputation. The disadvantages of opening stores are discussed by Richard (2014) who believe that geographic dispersion and the limit to no knowledge about the market, not to mention about the costs and risks are among the downs of the mentioned channels.

According to the survey has been made, number of females prefer shopping in stores occupies the highest percentage, 40%. Therefore, store opening is one of direct distribution channels the case company will apply to get closer to customer segments.

- **The Internet**

Internet is no dout the lowest cost method to reach wider customers as they are able to access almost anytime and anywhere and the information is spread at the light speed on social medias. It helps reduce the costs, sales, time and data is easier for collection and the global approach of Internet, however it may create misunderstandings and bad word of mouth if mistakes are not solved on time.

According to the survey, 26% of total respondents who often shopping online by the internet through social media. They think this type of distribution channel is very fast and convenient; however, shopping by the internet is also known as shopping online which causes different opposite shopping experience from survey's respondents.



The survey mentions about 7 main factors which affect to customer's online shopping experience, especially with level of satisfaction and dissatisfaction, includes product's price, product's quality, product’s brand, brand’s credibility, payment transaction, delivery and convenience. It can be seen in the chart, product’s price, payment transaction and convenience are three factors which customers are satisfied mostly comparing with level of disatisfaction, occupied 50.4%, 54.4% and 41.6% respectively. Recently in Vietnam, there are a lot of online fashion shops are running in social media such as facebook and instagram that make product’s price becomes more competitive. Actually this selling channel does not cost anything for advertising, marketing or renting. Shop owners just upload photos of fashion products and sell to people. Payment transactions also occur immediately as soon as shippers delivery products to customers. Its convenience level is evaluated very high. However, product’s quality and fashion brand’s credibility cause highest level of disatisfaction for online shoppers by 72% and 54.5% respectively. That is reason why percentage of online customers in Vietnam are not high like other countries. Most of businesses focus more on competitive price rather than product’s quality.

- **Telephone:**

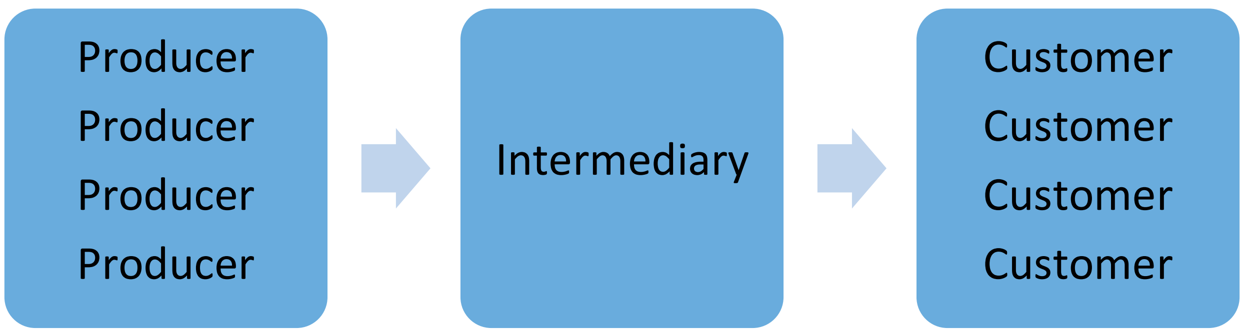
Establish the bigger customer network by using telephone sales might be considered inexpensive and efficient. Outsourcing this particular method is now more popular, however lack of understandings about products due to the fact companies usually choose third world countries to be the responsible organizations easily result in miscommunication and lack of satisfaction. Staffs if are not well trained may annoy customers then produce bad reputation for the company. This should only be applied to those who prefer being contacted via phones.

- **Mail / Email:**

Mailing is one other popular medium that can reach up the mass number of audience and the cost is impressively low and companies are more active in customizing the segments of customers. The brand image and goodwill are established if being enhanced the right way. However, due to the invention of junk mails, companies must consider ways to make sure product packages and information arrive at the more main inboxes as possible.

1.2.2 Indirect Channels:

Indirect distribution can be carried out through retailers, agents/ brokers/ reps and distributors. Pekala (pg. 146, 2012) explained about indirect distribution channel that "Those intermediaries can be a natural or legal persons who take over ownership rights to the product or service from the producer and give them to a final customer", which means that intermediaries will be responsible for most of the tasks such as transactions, risk management, logistics, negotiation, and many more, especially they are in charge of researching on markets and make analysis on their own. (Pekala, chapter 2, page 36, 2012)



- **Retailers:**

Retailers are believed to provide great sources of benefits, for instance, the infrastructures and facilities are ready and they already build up very strong marketing campaigns and strategies. The retailers' reputation may boost the image of brands as well as bring the names to more customers of different targets.

However, due to the independence of retailers can limit the control power of the brands toward their own products. Retailers may also set the higher priorities of other products at their stores rather than the company's products. The high contract price may be also another disadvantage, especially for the newbies.

- **Agents and brokers:**

This type of distribution channels provides personal selling as well as founds the new network for the company. It decreases the cost of distribution as well as promotional activities are in the hands of agents or brokers. On the opposite side, the difficulty in training and pricing is among the drawbacks and just as the retailers, agents or brokers give more benefits for those including competitors who bring more profits to them. Companies are also less active in directly communicating with customers.

- **Distributors:**

Distributors can provide companies with strong customer base, less inventory risk as well as their well-trained staffs technically. However, they are partners with other competitors and companies are unable to examine their products final package.

Be U Girls Fashion Company is more of a start-up company which requires them to firstly focus on direct distribution channels involving the uses of website, mobile apps, internet, mails and store opening is also encourage. By creating the own channels, the company is give opportunities to build their own customer network. But this can cost a higher rate for infrastructure and the production to market loop is slower.

Channel Phase:	**1. Awareness:** How does the company raise awareness about products and services?	● Developing website and mobile application's content ● Creating social media presence ● Advertising ● Sponsoring public events ● Displaying product prominently in stores
	2. Evaluation: How does the company help customers evaluate company's	● Marketing aid ● Advertising ● Brand's representative image

	value proposition?	● Clear statement about company's products and purpose ● Words of mouth ● Promotion offer ● Quality of products ● Good customer services
	3. Purchase: How does the company allow customers to purchase specific products and services?	● Store ● Online store
	4. Deliver: How does the company deliver a value proposition to customers?	● Own vehicles
	5. After sales: How does the company provide post-purchase customer support?	● Asking for feedback ● Discount percent for loyal customers ● Promotion offers ● Gifts

1.3 Key Activities:

The Key Activities Building Block describes the most important things a company must do to bring its business model in actions.

Every business model calls for a number of Key Activities. These are the most important actions a company must take to operate successfully. Every single business needs a number of Key Activities.

Key Activities can be classified as follows:

- **Production**

Designing, making and delivering steps of creating a product in high volumes with high quality is the definition of this Key Activity. This activity plays key role in the models of business of manufacture firms.

1. Be U Girls Fashion company is characterized by offering fashion to the young, modern and urban woman from 16 – 30 years old. It has its own design which adopts the latest fashion tendencies and is presented in four differentiated lines:

    a. Casual: an informal collection for wider customer ranges.
    b. Suit-evening: a style that is wearable for both formal and informal events, the designs are usually very feminine
    c. Sport - jeans: Sport fashion and most remarkable fashion trends which prove to be popular for decades.
    d. Wearable art pieces: The use of art themes to be hand-drawn, or printed on clothes. Many examples of art masterpieces or famous symbols have been applied to fabric products are Dong Ho - Painting culture of Vietnam, Vietnamese ethnic beauty Greek mythology and typography.

    All the lines in the Be U Girls Fashion Company's collections can be combined with different accessories: shoes, bags, belts, costume and jewellery. The company will create diverse collections so that every woman will find garments, from the pure basics to the most fashionable, which match her style and her personality.

2. Twice a month, Be u Girl fashion company will launch new collection of the most famous designers.
3. Creating contents by a production team (mostly in-house) in the form of stories, product descriptions, fashion shoots, style guides etc. In case of bootstrapped:
    a. Photoshoot Operations
    b. Stills studio
    c. Video Production
    d. Model Casting
    e. Photo-editing
    f. Copywriting
4. Communicating with customers:

    Talking about physical fashion stores, product display is a critical component of a customer's showroom experience. Brand owners invest heavily on displays to make the product look larger than life. On the other hand, with emergence of Social commerce when information sharing is becoming more and more visual, the company can’t go too far if you don’t have a streamlined process for content production. Let the company’s photos communicate as much visual information that each customer segments need to be convinced about the product value.

Communication within fashion stores are done not only verbally but through the display, the presentation to ensure customers’ good experience. Virtual information needs manipulating in the most impressive visually. The better photos the company present to the customers, the tighter attached the customers to the brands.

5. Using of videos as medium of visual communication in Fashion Retail

   Videos is also a good method for company to gain attention from the customers.

6. Pay attention to the product's packaging

   Product package increases the attractiveness of the products as well as differentiate the brand name to others. This can display highly in offline showroom which customers are allowed take a sneak peak of products before make official orders. Packaging involves people with feelings of the stores being higher-end fashion brands. The packaging is encouraged to be shown one the net stores as well.

   But it is important to remember that inside the nice package, customers also expect the products to look highly similar to what they find on the website, which rely mostly on the standard process of the company.

7. Use product descriptions to give a character to the company’s product

   The Company will focus on writing crisp Meta tags and product descriptions to communicate the product’s value to the customer and story behind it.

8. Always be new

   Always update the inventories and stores with new products by the suggestion of launching new collections as they catch customers’ attention than simply new products.

9. The products you sell, should all seem to belong to the same family

   Products need to get along with the brand’s image, reputation and vision.

10. Keep check on products going out of stock

    Make sure that products are continually refilled in stocks to ensure high service to customers. The more a customer has to wait for new products, the less chance they are going to place an order.

- **Problem solving:**

Key Activities of this type relate to coming up with new solutions to individual customer problems.

1. With temperatures: Product lines have to match with the seasonal temperatures and weather conditions. The average temperatures in the south range between 25 - 35°C year round. All designs of Be U Girls fashion company are in charge of keeping customers with hottest trend on the fashion scene, but also ensure the comfort for the wearer in the climate of Vietnam. Manufacturing and processing standards must be assessed for quality as well as the fabric must be carefully selected to ensure the appropriateness for designs and usage. Some recommendations for functions that should be the highlight of the offers such as waterproofs, airflow or special colors for the varied demands. The company catches up with nation's strength in color enhancement, gemstone polishing and Viet silk weaving and materials.

2. Beware of Inflating Perceived Value

   To avoid possible complaints and returns from customers, production department has to ensure the perceived value is not inflated that can lead to customers unexpected reactions which may reduce the order repeats, values as well as the delivery process is more complicated if customers do not agree to receive what they buy.

3. Know your customers:

   Wise and careful collection of customers' date will help a lot in knowing who you serve and will have stores come up with the way to tailor-make each customer a whole new experience when purchasing stuffs offered but ensure customers will not feel unusual and uncomfortable when providing details.

4. Sell a Look:

Be sure that customers are provided with different categories and selections which made based on the information collected. Customers are more impressed if the way the website organizes is more personal to them. They will feel more enthusiastic in making purchase orders if they can easily find what fit their needs and wants.

5. Make it easy for them to buy right fitting & size

Ecommerce is undeniable a convenience method for customers to do shopping at home but how to measure the right size is a big concern for most of supplier and demander. Thus providing good measurement tool (based on height and weight) for customers is essential to avoid delays and delivery complex.

6. Be honest with product reviews

Customers are now more and more aware of what happens within the internet, positive reviews are surely competitive advantages for most of the brands, most of the brands will have the moderators for those comments, however making too-perfect comment sections get people the feelings of reviews being fake. Instead of making them all good, brands should look at how to respond fast to negative ones.

7. Stay real

Photos taken by professionals are now less trusted and found by most of smart shoppers as they tend to look for those taken by other buyers' phone. To prevent the probabilities of disappointment from customers, brands must learn how to stay real with their own product displays.

8. Be Open with customers

Just as abovementioned, brands must be more open to negative comments and try to see them as the constructive criticism while find the most intelligent solutions to them to ensure the high reputation.

9. Send out a clear message

Messages are read by many including customers, vendors, partners and others. In order to reduce miscommunication between suppliers and customers, messages must be assessed instantly.

10. Use discounts strategically

Discounts excite customers the most but use them strategically is more important as customers may turn to the companies only when they have discounts. Use them wisely by setting conditions and promo offers are increasing little by little when stocks are more filled with past seasons' products. Companies should not give a big discount at once, try to divide the allowance for discount into at least twice a year.

11. Expand the role customer-care team

Customer care staffs should be more trained as they have more responsibilities than just recording down orders or contact customers. They are the ones who pay much contribution to attain higher customer loyalty rate since they are the main communicational channel of the whole company.

12. Hire people from customer demographic & psychographic

The characteristics of one fashion brand's people should well match the theme the brand set for the customers, though it does not highly affect the sales.

13. Platform/network: Networks, matchmaking platforms, software, and even brands can function as a platform.

14. Website functionality cookies: shopping cart and wish lists.

15. Website analytics cookies: analysis on customers' purposes and rate of visiting the websites.

16. Customer preference cookies: identification on customers' preferences, for instance, the products

17. Targeting cookies: These cookies to target customers based on their personal access to other internet.

18. Personalized Email Marketing: Based on the collected data on customers' email addresses as well as their personal preferences, Fashion retail stores can create the most personalized shopping experience catalog or brochure to be sent to emails to target customers. But as mentioned in the previous part, this has to be ensured the email come directly to the main inboxes.

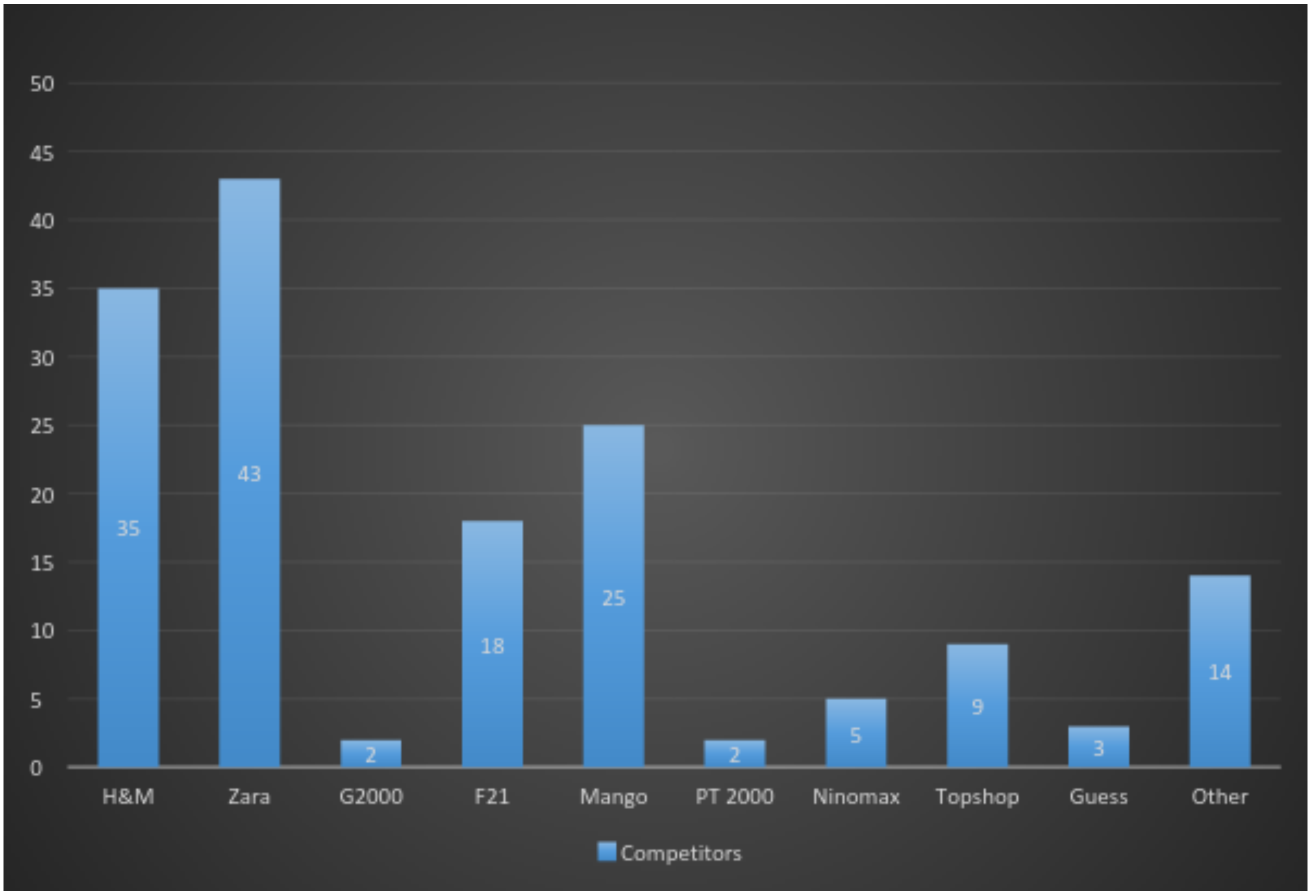
19. Use Pop-up sign-up form

Popup screen or notification when customers visit the brand website is essential because it ensures customers to subscribe the newsletter or updates of the brands, then the likeliness customers will pay more attention to the product brochure sent will increase.

SWOT of the case company:

<table>
<tr>
<td>Strengths:
Product price ranges vary
Fashionable designs
Stores and online stores opening
Special designs
High distribution channels
High quality textile fabric
Raw material
Customer services</td>
<td>Weaknesses:
Not international image
Starting from scratch: no awareness
No reputation
Be compared with international brands</td>
</tr>
<tr>
<td>Opp:
Markets potential has not been yet fulfilled
Designs are similar
Quality of textile fabric is not concentrated
Many international brands do not have stores and online stores
Entering market is easy</td>
<td>Threats:
High competitive levels
Domestic brands
International brands
High capital
Inflation</td>
</tr>
</table>

1.4 Competitors:



Direct competitors:

Indirect competitors:

MANGO

ZARA

H&M

FOREVER 21®

SWOT of competitors:

Strengths:	Weaknesses:
● International fashion brands ● Fashionable designs ● Brand awareness ● Product price ranges vary ● High quality	● Limited customer segments (Mango) ● Prices are just for middle income class (Zara, Mango, H&M) ● No stores and online store in

	Vietnam (Zara, H&M) ● Quality is lower comparing with EU's quality ● Similarity between different brands ● Lack of special designs ● Lack of marketing ● Customer services are low
Opportunities: ● Stores and online stores opening ● More special designs ● Growing customer base	Threats ● Designs are copied ● Easy to enter the market

FINANCIAL ESTIMATION:

Machinery & equipments:

Computers:	70.000.000VND
Software:	5.000.000VND
Designing equipments:	30.000.000VND
Sewing equipments:	50.000.000VND
Office furnitures:	250.000.000VND
Store Furnitures:	75.000.000VND
Distribution Vehicles:	40.000.000VND
Machines total:	445.000.000VND
Others:	55.000.000VND
Investment total:	500.000.000VND

Working Capital

Basic Stock

Cost during 3 months:

Rent for office:	100.000.000VND
Rent for store:	65.000.000VND
Phone:	10.000.000VND
Internet:	10.000.000VND
Insurance:	30.000.000VND
Marketing:	70.000.000VND
Websites:	20.000.000VND

Fabric:	100.000.000VND
Loans:	60.000.000VND
Fuel:	3.000.000VND
Salary:	300.000.000VND
Manufacturer:	100.000.000VND
Tax:	30.000.000VND
Others:	100.000.000VND
Totals:	998.000.000VND

Needed cash: 300.000.000VND

Working capital total: 1.298.000.000VND

Needed for capital total: 1.948.000.000VND

79.000Euro

Financing:

Own financing: 1.500.000.000VND
External financing: 1.500.000.000VND

Financing total: 3.000.000.000VND

122.000 Euro

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