

Bestseller Canada

- Bestseller's Entry to the Canadian Market

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Executive Summary

The topic of this report came to the writers' attention a year ago when Danish media brought articles concerning exporting to Canada and how favorable the market conditions were in Canada. Furthermore, one of the writers went on exchange to Canada and saw the Bestseller stores. This brought curiosity to how Bestseller entered Canada and if the company is being successful in the market. Bestseller is a known company in Denmark and has achieved a great amount of success by penetrating the European markets, China and some of the Middle East markets. Bestseller is a global corporation focused on design and making value-for-money clothes. The company got a wide selection of brands offering different fashion products targeting women, men and children and furthermore has accessories and cosmetics.

The aim of the thesis is to find out how Bestseller entered the Canadian market and the considerations and reasoning behind the entry mode. How is Bestseller performing today in Canada and how are the external conditions effecting Bestseller's position in the Canadian market and are the market conditions favorable for going into the market. Moreover, the study will look at Bestseller's internal factors that are contributing to Bestsellers success/failure in Canada. Even though Bestseller is a strong player in Europe will it then automatically make the company a success in Canada. Furthermore, the thesis will find the strategic areas that need improvements and considerations for the future success.

The report starts with describing how Bestseller entered Canada by establishing a whole-owned subsidiary. Therefore Bestseller has full control over the activities in Canada. Bestseller is a company with dedicated employees that are encouraged to take responsibility and make new ideas come to life. Bestsellers entry to Canada is mainly driven by Michael Muirhead (President of Bestseller Canada) enthusiasm for the Bestseller brands. The subsidiary is having the same traits as a newly started company with a large amount of dedication from the president and the employees.

Bestseller did not use a long market selection process to find out if and how to enter Canada. Therefore, the study will take a deeper look into the Canadian market conditions and see if the conditions are favorable for Bestseller. The macroeconomic factors have been affecting the Business climate in a positive direction and have made Canada a favorable market to establish a business in. The Canadian economy has been performing well over the last couple of years and the political regulation has made it easy to start a company in Canada. Nevertheless, Canada has a diverse population and is experiencing population

growth. The competition in the clothing market is very intense and Bestseller will realize a different competition than seen in other markets.

The next part of the study will focus on Bestseller's internal status. Bestseller distributes the clothes both through Bestseller's owned retail stores and the wholesale store The Bay. Thereby, Bestseller is reaching more customers in other geographic areas instead of only having sale in retail stores. Bestseller has many value-adding processes and thereby creates a competitive advantage compared to the competitors. The processes that are creating a high amount of value are; operations including the design of the clothes, sales and marketing. Nevertheless, marketing is an area that Bestseller previously has pay small attention on. Bestseller should emphasize on making the processes collaborate even more to create and overall consistency between fashion trends, image and brands.

Bestseller has a considerable amount of strengths given the size of the company. This gives Bestseller an advantage to produce clothes in big quantities and achieving economies of scale. Nevertheless, Bestsellers portfolio is an area that needs attention due to the fact that not all brands are performing optimal in the Canadian market. Therefore, Bestseller should put attention to creating a better portfolio. The company got the necessary strengths to meet the criteria for success. This should be done by exploding the opportunities and neutralize the threats.

Lastly the report will give recommendations on how Bestseller should optimize the parameters in the Canadian market. Bestseller should try to create and overall marketing plan to apply on the Canadian market. The marketing needs to be adapted more to the market conditions in Canada. Bestseller Canada needs to allocate more money to the marketing of the brands in Canada. This is since the market conditions is different compared to Europe and it requires more to get through to the customers.

Considering the time Bestseller has been in the Canadian market it was a wise the decision to enter Canada which is a very attractive market.

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1. Introduction

The world has increasingly become more globalized and many retail companies have taken the opportunity to internalize. Many global companies have created global brands across borders, nationalities and cultures. The globalization has also reached Denmark therefore many companies have taken the opportunity to enter foreign markets. One company that has cashed the globalization trend is Bestseller.

Bestseller is a company which has expanded fast since the establishment of the company and has globalized by exporting the brands to different countries without having a consistent strategy. Canada is one of the new markets Bestseller has chosen to launch their brands in and before becoming a big competitor in the Canadian market; the company needs to have a good strategy. The Canadian market is very multicultural and it is crucial for firms to use different marketing strategies to target the different areas in Canada.

In recent years Canada has been mentioned as a market for potential business for Danish companies. There has been an increasing growth in the market and it has created a strong purchasing power for the customers (Embassy Ottawa). Canada is the G7 country which has been doing the best under the recent recession and the crisis has not had a big effect in the Canadian clothing market. Canada's effectiveness in the recession and ability to keep their economy stronger than others is another beneficial reason for Bestseller to enter the Canadian market.

Bestseller's most recent annual report shows the tremendous success the company has achieved last year. Similar to many companies in the Canadian market, Bestseller has also maintained a strong position during the recession. Ninety percent of Bestseller's revenue in 2010 was collected from stores outside Bestseller's home country, Denmark (Herning Folkeblad). This makes it apparent that Bestseller is trying to become a more globalized company and expand into larger world markets. Ninety percent of Bestseller A/S total revenue is made outside Denmark, but only two percent of the total sale is made outside Europe. This is another reason why it would be interesting to look at the strategy used on the Canadian market

1.1 History

Bestseller is a Danish family owned company established in 1975. Bestseller's headquarter is located in Denmark with suppliers located in China, India, Bangladesh, Turkey and Italy. The company produces products for ten different brands and these brands are sold in forty-six different countries. The main markets are Europe, the Middle East, China and Canada.

Bestseller mainly sells clothes and accessories through the company's retail stores; however, some of the sales are also done through wholesale stores.

Bestseller launched Jack and Jones in the Canadian market in 2008. Jack and Jones was the first Bestseller brand to enter the Canadian market, because the current president for Bestseller Canada, Michael Muirhead, saw the opportunities for Jack and Jones to establish in the Canadian market. He got the learned about the brand when he was on a business trip in Europe. He then contacted Anders Holch Povlsen the owner of Bestseller and asked if he could start up the company in Canada. Michael Muirhead presented the business prospective of going into Canada and the two parties then negotiated and agreed on the conditions. Currently, Michael Muirhead is the president of Bestseller Canada and has sixty employees at the headquarter in Montreal, Quebec (Adrienne). Since 2008, Bestseller Canada has also introduced the two women's apparel brands Vero Moda and Only.

The three brands are sold in their own retail stores and the three brands have together sixty-four stores located in east Canada. Jack and Jones account for thirty-five of the stores in Canada. (Adrienne)The three brands are also sold through a wholesale store called The Hudson Bay Company (The Bay), which has ninety-two stores located from coast to coast in Canada.

1.2 Problem Statement

From a business standpoint, it would be interesting to research and describe Bestseller's export strategy to Canada and analyze how Bestseller entered the Canadian clothing market as well as the company's current position in the market. In the analysis, the external conditions, including politics, economic status and legalities affecting the Canadian clothing market will be assessed. The areas that Bestseller has been effective in will help determine the company's success in the Canadian market and also where there is room for improvements.

Based on the research and analysis of the above areas in Bestseller, further areas for improving the company's strategy in the Canadian clothing market will be evaluated and considerations for the future success of the company will be discussed.

1.3 Restrictions

The thesis is made out from a marketing perspective, hence will include the relevant marketing theories within exporting strategy. Bestseller recently launched their brand Selected Homme in Canada. The launch of this brand will not be included in the thesis, because the brand has only been in the Canadian market for two months. The result of the thesis will be based on Bestseller's other brands in the Canadian market, the two women's apparel brands: Vero Moda and Only and the men's apparel brand Jack and Jones. The focus will be on the clothing from the three brands; hence the brands competitors will be brands, which have the main focus on clothing. The thesis will not include any economical reflections from Bestseller Canada, because the annual report is not public, hence the economical perspective is from Bestseller A/S. The annual report from Bestseller A/S includes the revenue and costs from different subsidiaries and Bestseller Canada is one of the subsidiaries.

1.4 Method

The theories in the thesis are chosen on the basis of three criteria. The first criteria is relevance, the theories have to be relevant for the analysis. The second criteria is validity, this criteria is important because the theories have to be acknowledged within marketing theory. The last criterion is that the theory has to be applicable according to the information gathered.

The thesis is based on information from both primary and secondary resources. The information is collected from employees at Bestseller A/S, Bestseller Canada and external sources. The information regarding the company is mainly collected through the sources at Bestseller and articles from newspapers. The collection of the data from Bestseller is based on interviews and talks with people working at Bestseller. Moreover, a marketing coordinator from Jack and Jones had a guest lecture at Aarhus School of Business. Furthermore, the data regarding the Canadian Market is collected from relevant internet sources, which is relevant public authority, research institutes and media.

Most of the information regarding Bestseller is from primary sources that work at Bestseller, the information can be bias because the employees will not give negative information about the company, whom the employees are working for. The writers will be aware of the perhaps bias primary information given about Bestseller.

1.5 Structure

The thesis will start with an introduction of Bestseller; the introduction will also include a description of Bestseller's brands in the Canadian market. Afterwards an analysis of the external and internal environment will be carried out. The external analysis will find the external factors, which have an influence on Bestseller's competitive environment and of Bestseller's market condition in the Canadian market, in order to find the current competitive power. The external analysis will be closed by a conclusion of the Bestseller's competitive advantage in the Canadian market. After the external analysis, an internal analysis will be carried out. The internal analysis will tell which distribution channels are used on the Canadian market and an analysis of the internal process. The internal analysis will be closed by a conclusion, which indicates where Bestseller creates value for the customers. On the basis of the external and internal analysis, recommendations for Bestseller's future strategy in the Canadian market will be prepared according to relevant marketing theories. The recommendation will contain the important parameters. Furthermore, a conclusion of the recommendations for Bestseller's future strategy will be concluded. To sum up the findings in the thesis an overall conclusion will be carried out.

1.6 Brand Description

Bestseller has three brands in the Canadian market, the three brands are Jack and Jones, Vero Moda and Only. The description of the brands will give an overview over, which target group the brands are targeting and which lifestyle the people have in the target groups.

1.6.1 Jack and Jones

Jack and Jones is a brand, which targets men in the age group 18-27. The target group has a large age range, since Jack and Jones has four different lines and each line has a individual target group.

The four lines are called Jeans Intelligence, Vintage, Premium and Premium Tech. Jeans Intelligence cover the young end of the target group with fashionable and casual jeans and trendy t-shirts and shirts. Vintage is for the casual jeans man, who wants a modern twist to his outfits. Premium cover the same age group as Vintage, but the Premium male is a more modern jeans guy, who wants to be dressed in more exclusive materials. The last line is Premium Tech, which is more sporty than Premium and is for the man with an active outdoor life. The four lines can easily be combined, so Jack and Jones customers can easily create their own personally style. (www.jackjones.com).

1.6.2 Vero Moda

Vero Moda is a women apparel brand. In Canada, the age of the target group is higher than in the rest of the international markets. In Canada, Vero Moda concentrates on women between the ages of 25 and 35. Vero Moda also has four lines in order to cover all the needs of their target group. The four lines are called Vero Moda, Vero Moda Jeans, Vero Moda Very and Vero Moda Basic. The line Vero Moda makes everyday clothes, which have a feminine and elegant touch. Vero Moda Jeans is primarily focused on denim, as the name suggests, but is also influenced by menswear. Vero Moda Very line is for the confident and independent women, the clothes are innovative and have more details than the other lines. The last line under Vero Moda is Vero Moda Basic, which consists of the basic tops and shirts in a variety of colors for everyday wear.

The four unique lines offer quality and inspiring clothes for the target group at affordable prices. The four lines can easily be combined in order for the customer to follow the latest trends within fashion (www.veromoda.com).

1.6.3 Only

Only is a brand for the younger female, who is in the age group 15-25. The target group in Canada has a higher age range than in the rest of the markets. Only has three different lines and the lines are called True, Edge and Love. The lines represent three different types of females. True is for the female, who is down-to-earth and wants jeans with a comfortable fitting. The Edge female is inspired by the underground, who dresses in worn out jeans with printed t-shirts. Finally Only has the line Love, which target the feminine female, who wants to copy the stylish famous people. Only is a brand with attitude, which has focus on denim and fit every girl (www.only.com).

2. Introduction Entry Modes

In order to describe Bestseller's entry to the Canadian market the different entry modes will be describe and thereby find out how to select the market to enter. The way of entering a foreign market can have a significant impact on achieving success in a new market.

Therefore, Bestseller's way of entering Canada has influence on succeeding in the market.

2.1 Entry Mode

When a company has made the decision to internationalize, the next step is to choose what country to enter. Therefore, it is essential for the company to choose the correct entry mode that will give the firm the highest chance to succeed in the new market. The decision of choosing the right entry mode is an important strategic decision. In the selection process, the company needs to consider trade-offs between risks and returns. There are three overall market entry modes; export, intermediate and hierarchical mode.

The export mode is when the company exports the products to a different market. It could be a distributor that is selling the company's goods. Within the export mode, the company can chose to do indirect export or direct export. The export mode gives the company a low degree control and 100 percent of the control is externalized. Furthermore, the company will have low risk and high flexibility. The intermediate mode or contractual mode is when the company is making collaboration with a second part in the new market. The entry mode could be joint venture, strategic alliances, franchising or licensing. The risk, control and ownership are split between the parties in the collaboration. The third entry mode is hierarchical mode. Here the company is establishing a foreign sales subsidiary. The company is in full control of the subsidiary and bears the risk and has low flexibility. This mode gives the company 100 percent internalization of control (Global Marketing)

When Bestseller in 1988 entered the Norwegian market, Bestseller chose to internationalize the company. Therefore it is not relevant do describe the consideration that the company will have when choosing to internationalize since Bestseller is represented in forty-three markets (bestseller.com).

In 2008 Bestseller had to consider the entry mode for going into the Canadian market. The entry mode Bestseller uses for the other international markets is the hierarchical mode. Bestseller has 100 percent ownership over the majority of the subsidiaries around the

world (Bestseller.com). Bestseller does not have branch offices in the different countries since all activity abroad should be considered as an independent legal entity (Annual Report 09/10). Moreover, Bestseller used the same entry mode to enter the Canadian market as for its previous entered markets.

Bestseller's decision process of entering Canada was not based on theoretical foundations but Michael Muirhead and Anders Holch Povlsen had the optimism and hope that Bestseller could become a success in the Canadian market. This also indicates that Bestseller did not enter Canada based on strategically consideration but more as an incident. The way Bestseller entered the market was by making a foreign direct investment and thereby following the Greenfield investment theory (Global Marketing). The hierarchical entry mode has given Bestseller a high degree of control over the foreign subsidiary and can determine the direction of the future expansion in the market. The entry mode also requires a heavy investment in order to establish the subsidiary, and from the beginning it can be hard to predict the cost of establishing. Moreover, the process of entering the new market is slow and takes more time to get the company established due to more bureaucratic processes of getting the legal requirements fulfilled. When Bestseller entered other markets it has been with the Jack and Jones brand as the first Strategic Business Unit (SBU). The reason, for choosing Jack and Jones as the first brand to enter a new market, is that Jack and Jones is one of Bestsellers most successful brands outside Denmark .Therefore, Jack and Jones was the first brand that Bestseller Canada introduced.

2.2 Market Selection

The theory suggests making an international market selection before entering a new market. Overall there are two relevant criteria for choosing a new foreign market; the firm characteristics and the environmental characteristics. The company will then have to make a market-screening model for the international market selection. The model will then go through four steps that will help the company decide which market to enter.

The first step is selection of the relevant segmentation criteria in order to find the relevant selection criteria. The criteria for effective segmentation are: measurability, accessibility, substantiality/profitability, and actionability. These criteria can help the company make general and specific characteristics of the markets that are included in the selection process. The general characteristics would include; geographic, language, political

factors, demography etc. (Global Marketing). The specific characteristics are: cultural characteristics, lifestyle, personality, attitudes and tastes etc. In order to compare countries, the PESTEL framework will be useful to describe the market characteristics, since this approach covers the different elements in the international market segmentation. The second step is development of appropriate segments and is an extension of the first step where the company develops the appropriate segments. This could be segmented on countries or parts of the world like North America, Asia, etc. When the segmentation has taken place, the third step is to narrow down the markets and then chose the target market. This screening can be done by looking at the competitive characteristics on the market. The five forces model is a relevant tool for the company to use and thereby decide how competitive the market is and how the market reacts when new companies enter. The fourth and last step is micro segmentation, which is developing segments in each qualified country or across countries. When the company has gone through the four steps it should be in the position of choosing what market to enter.

In order to describe the missing market selection of the markets Bestseller is entering, the thesis will by means of the PESTEL framework and Porter's five forces give an indication of conditions in the Canadian market.

2.3 Greiner Growth Model

The theory Greiner's growth model is explaining how organizations develop as the company grows. Greiner has five key dimensions in explaining the company's growth; age of the organization, size of the organization, stage of evolution, stage of revolution and growth rate of the industry. The individual company goes through the five phases as the organization develops. The five different phases are: creativity, direction, delegation, coordination and collaboration. In the article of Greiner it is not described how companies can have subsidiaries that are in a different growth stage than the mother company. Therefore it should be argued that a subsidiary operating in a different market than the mother company is its own entity and follow its own growth strategy. Therefore, the model will be applied for Bestseller. Greiner's growth model will here help analyze how Bestseller A/S and Bestseller Canada are in different stages of the model.

The Canadian subsidiary is in phase one, the creativity phase. The partner, Michael Muirhead, was the one who contacted Bestseller in Denmark and he has the

entrepreneurial drive that a company in phase one often experiences. Bestseller Canada is trying to create a market for the clothes. Michael Muirhead can be seen as the founder of Bestseller Canada and he is entrepreneurial oriented.

The Canadian management is using all of their mental and physical energy to make and sell the clothes. The way of communicating with the employees is informal and frequent.

Decisions and motivation are highly sensitive to the marketplace reaction, and management reacts as customers react. For a company like Bestseller all these individualistic and creative activities are essential for the company to get off the ground in Canada. The employees have an intense dedication to the product and the organization. The organization in Montreal is not big and the employees are assumable very dedicated to the company. The employee's motivation is driven by the freedom and responsibility the employees are given due to the small size of the organization. Michael Muirhead will have to put all of his attention to making Bestseller succeed in Canada. It is a good idea to create a climate in the subsidiary that will encourage risk-taking in the new market. When the organization is small, it will make the employees act more entrepreneurial. The Canadian market is new for Bestseller, and of course an increased risk-taking mentality will increase the risk for failures. Nevertheless, Bestseller A/S is a big company and is a large scale enterprise¹. The company had a net income of 1.9 billion Danish Kroner (DKK) in 2010 (Annual Report 09/10). It could be argued that if the Bestseller Canada would make a failure Bestseller A/S has the capacity to help.

Bestseller A/S is in the model's phase three delegation; the organizational structure is more decentralized. The company gives responsibility to the managers at the market territories. In Bestseller A/S's case each market is responsible for the day to day management. The top management is located at the central headquarter in Brande, Denmark. The benefit for the company of being in the delegation phase is that the company easier can penetrate larger markets.

Bestseller A/S does benefit from giving responsibility to the Canadian subsidiary. When the company experiences the entrepreneurial atmosphere at work it will motive the employees, who will be able to work harder in order to make the company succeed. Furthermore, the entry mode of making a subsidiary in Canada was a right way of entering the market. This is

¹ The EU standard is companies over 250 are large scale enterprises (Global Marketing)

due to the high level of control that Bestseller has over the subsidiary. Moreover, the company has enough capital to enter a new market with a subsidiary.

3. External Environment

Bestseller's external environment consists of the factors which have impact on Bestseller's market conditions. Bestseller has no influence in changing these external factors. In the SWOT model the external environment is divided into two categories opportunities and threats. Threats for Bestseller could be a new unfavorable trend in the market or it could be a financial crisis, which would result in that the customers have less money to spend on clothes. Opportunities for Bestseller could be good financial times, which give the consumer more spending money.

The external environment factors will be analyzed by PESTEL and Porter's five forces.

3.1 PESTEL

The company has external factors that are analyzed by the PESTEL analysis. In simple terms, this model takes a look at the background factors that are influencing the competitive environment. More specifically, analyzing how the different political, socio-cultural, economic, technological, environmental and legal factors influence a given company and industry are covered in this model. It originated from studies done at the Harvard Design School (strategylab.dk) but it is not based on concrete theoretical arguments. The model systematically analyzes the company's environment in relation to a potential market using six different elements that create the base for the company's conditions in a given industry.

One of the weaknesses of the model is that it only uses historical data to analyze the situation. This implies that the model is assuming the market conditions are stable; however, that is most likely not the case as a true market often fluctuates with the changes in the economy. In order for the model to be effective and give different indications of what opportunities and threats are in the market, it needs to take these fluctuations and market changes into account. Therefore, it is important for a company to review the aspects of the model as the competitive landscape is changing at a rapid speed causing the results of the PESTEL model to be inaccurate. The company should focus on new opportunities in the external environment to avoid missing any new changes that would have a significant

importance to the future of the company. The company should scan the whole environment and try to broaden perspectives, not only looking in one direction of the landscape. With a narrow perspective, the company might overlook new opportunities that arise, causing a potential business opportunity to pass by.

A deeper look into Canada, both as a market and a nation, will be important to help determine any business opportunities. Canada is considered as being a relatively stable nation and the elements included in the model are valued as being stable. This means that the information can be used for a strategic analysis with a strategic time horizon of 1- 3 years. The model is therefore useful and relevant in order to help improve Bestseller's business success in Canada.

3.1.1 Political

Canada is a democracy under a central parliament; however, of the ten provinces and three territories, many provincial and municipal laws are created that can create an inconsistency in business across the nation.

On the Economist Intelligence Unit's 2010 democracy index, Canada is highly ranked in the ninth position. The political conditions in Canada are therefore considered as relatively healthy and this is supported by long-established institutions. Canada is a member of the North American Free Trade Agreement (NAFTA), which formed between The United States, Mexico and Canada in 1994 (Economist Intelligence Unit). The agreement eliminates tariffs but also provides procedures for border facilitation, movement of personnel, investment and intellectual property protection, and product certification (investincanada.gc.ca). The membership of NAFTA makes Canada a very big market since there is no barriers to trade with the whole NAFTA area. Furthermore, the partnership makes it more favorable for Canada to trade with The United States Mexico than example the European Union

3.1.2 Socio-cultural

Canada has a very diverse population with a number of different nationalities. Historically the country was inhabited by the indigenous people until later on when the Europeans began to have a tremendous influence. In particular, a British and French explorer who came to Canada in the 15th-century had a big impact on the country (Canadian Institute for Historical Microreproductions) and actually began the establishment of English and French as official languages. In general, the Canadian culture is influenced by the later immigrants who came to

the country after the British and French, including immigrants from Asia, Africa, and Arabia. In present times, Quebec is the only full French speaking province and are influenced by the French culture. The remaining areas in Canada are either English dominated or English and French speaking, as well as the many other languages spoken by the many immigrants who have come to Canada. All together these different cultures have mixed and created a diverse, multicultural society known as Canada.

According to the Geert Hofstede's theory of cultural dimensions, the Canadian society is dominated by individualistic behavior implying that members of the society do not have such tight bonds with other people compared to other countries. People in Canada rely a tremendous amount on themselves and also one's family. The Canadians hold their privacy limits to their closest friends and family, but are open to discussions and tend to be self-confident. The power distance in Canada is relatively low indicating a greater equality between social levels; this includes the government and even family. In the cooperate world, this contributes more to the cooperation between the different levels of power in companies and often creates a more stable working environment. Canada is influenced by both the British and French culture, which results in some tension between the province of Quebec and the other provinces. The population in Quebec has a tendency to be more private and reserved than the British influenced parts of the country (geert-hofstede.com). It is very important to consider these differences, not only between the British and French, but also the many other cultures that reside in Canada, when creating business and marketing strategies in the clothing industry. According to Hofstede Canadians value individualism high measured by personal achievement. This could be important since people may reward themselves by investing in clothing.

In the future Canada will face a shift in the demography because the baby boom generation is going to retire in the near future resulting in a much older population. This development of an aging population will make it harder for the Canadian companies to find qualified labor in the years to come. The Canadians alone will not be able to reproduce themselves in order to keep up with the aging population; however, the country is very open to immigration, which will help sustain a similar age level in the population. Canada has a high level of net immigration, meaning the number of immigrants exceeds the number of the emigrants, and this is causing a change in the demography. The current trend shows that more

immigrants are heading West to the provinces Alberta and British Columbia as opposed to Ontario, which previously received the most immigrants.

The population of Canada is changing all the time and Canada is one of the world's most diverse countries. The United States uses the term "melting pot" to describe their diverse population; however, the Canadians choose to use the expression "cultural mosaic". The cultural mosaic refers to an approach where the immigrants are given the opportunity to uphold their native culture including language, food, clothing, religion, and also share and celebrate these norms with other Canadians. The population stems from over 200 different ethnic origins and as time goes by, it creates mixed origins. Immigrants from South Asia account for the largest visible minority group in Canada and together with the Chinese, these two ethnic groups create over 1 million people in the Canadian population. The next largest minority population in Canada is the African-Americans or Black people that account for just over 780,000 people (Consumer Lifestyle Report). There are also a number of different cultures affecting the demand for goods sold in Canada. Many cities in Canada have different areas where minority groups are gathered and have ethnic supermarkets and restaurants. This is relevant to a competitor in the clothing industry because it is important to adjust marketing in these different areas to accommodate the cultural differences.

Canada does not have an official poverty line; however, the country uses the Low Income Cut-Off (LICO) to measure poverty. This method is used as a measure of poverty should not be considered the same as the meaning of a poverty line. The LICO is considered more as a way to measure who is worse off than the average (statca.gc.ca). The LICO in Canada means that 9.4 percent of the population is below the average income of the population. The distribution of consumption also shows that the lowest 10 percent of households on the LICO are accounting for only 0.1 percent of the whole country's consumption.

On the other hand, 10 percent of households with the highest income account for 46 percent of the whole country's consumption (CIA World Fact Book). The distribution of family income shows that Canada has a Gini coefficient of 32,1, ranking Canada number 101 in comparison with other countries.²

² The lower your gini coefficient is, the lower is the inequality of the distribution of family income in a country

The education level of the work force is overall high. Canada has, within the OECD countries, the highest percentage of the population at 41 percent, who at least has a college or university degree. This makes it easier for companies to get qualified workers.

Canada is becoming more urbanized and approximately 90 percent of the population is situated within 160 km of The United States border. The population growth is mainly happening in the metropolitan areas including the big cities such as Toronto, Montreal, Vancouver, Ottawa Gatineau, Calgary and Edmonton, which have a population near 25 million or 80% of the Canadian population (investincanada.gov.ca). Alberta is the province that has experienced the highest population growth in recent years. This makes it easier for companies to reach customers regarding advertising, placement of stores, etc.

3.1.3 Economic

Canada is one of the countries that has displayed an impressive economic performance during the recession. Within the G7 countries, Canada is the country that has performed the best when it comes to GDP growth.

In 2010 the economy is estimated to grow with average 3 percent in real terms (CIA World Factbook). The driver behind the economic growth has been the consumer spending and this has had an impact on the higher level of employment, low inflation and low interest rates. Furthermore, the economy has experienced a declining savings rate, rising real-estate wealth and declining taxes. This gives good conditions for establishing companies in Canada.

The export market has always been important to Canada due to the size of the domestic market. Canada has The United States as a major trading partner and 79 percent of Canada's export goes to The United States. The United States has a strong economic bond with Canada. The two countries have the world's largest bilateral trade flow. Since US and Canada's trade is heavily integrated, it affects the economy when the exchange rate fluctuates. In recent years the Canadian Dollar has been strong compared to the US Dollar and the Euro. This has made manufactures more vulnerable to the competition from lower-cost countries such as China and other Asian countries. Canada mainly exports primary and manufactured products with The United States but also along with all the other countries it exports too (Economist Intelligence Unit).

When it comes to controlling the inflation the Bank of Canada³ has kept the inflation down by adjusting the interest rates. The Bank of Canada has often acted along with the changes of the Federal Reserve in The United States because these economies are highly integrated. The low inflation in The United States has therefore had a significant influence on the Canadian prices.

The consumer price index shows that the overall index for clothing and footwear has increased in the time period 2006-2010. However, the index for clothing has fallen every year since 2006. This indicates that the Canadians can buy more clothes for the same amount of money, because the clothing prices have not followed the general price movement.

Consumer price index, clothing and footwear (2002 =100)

	2006	2007	2008	2009	2010
All-items	109,1	111,5	114,1	114,4	116,5
Clothing and footwear	95,8	95,7	93,8	93,4	91,6
Clothing	92,9	92,2	89,2	87,6	84,1
Footwear	96,6	95,9	93,8	94,3	93,3
Accessories	102,2	105,3	108,2	112,2	116,6
Clothing material, notions and services	110,2	112,6	115,3	118,9	123,9

<http://www40.statcan.gc.ca/101/cst01/ECON159A-eng.htm>

The Canadian exchange rate has been relative strong compared to the DKK. The Canadian exchange rate makes it cheaper to buy product from outside Canada. The exchange rate can then affect companies with subsidiaries since the company can win and lose when there is a difference in the cost on the transaction day and the actual day of payment.

Year average of exchange rates, Ottawa, Average of 250 days, in Canadian dollars

	2006	2007	2008	2009	2010
	0.1909	0.1972	0.2093	0.2129	0.1834

http://www.bank-banque-canada.ca/en/rates/exchange_avg_pdf.html

3.1.4 Technological

Canada is an industrialized country on the same level as the rest of the Western countries. The country's size has an impact on some of the conditions for achieving the same technology level in all provinces, because a few of the province has remote areas. Furthermore, there are big distances between the major cities and this will have an influence on the distribution and

³ The Central Bank of Canada

marketing. Canada has a good infrastructure both when it comes to the rail network and highways. This makes it easier for companies to transport the products around Canada.

3.1.5 Environmental and Climate

Canada is placed on the northern hemisphere and is compared on the area the second largest country in the world (CIA World Factbook). The climate varies from temperate in south to subarctic in the north and therefore the climate can be very hard in the north. The country is very diverse when it comes to having different seasons in the regions. This is of course affecting the different clothing styles in the different provinces.

3.1.6 Legal

Canada's law system is based on English common law; however, Quebec is separated from the rest of the country's law system. Quebec is following a civil law system that is based on French law. There are minor differences in the laws in each of the provinces. The country is governed by a Municipal level, Provincial level and Federal level. As a non-Canadian citizen, starting a business has to be done under the Federal level. It is said to be easy to access the Canadian market for doing business because according to the World Bank Group, Canada has the lowest numbers of procedures and the shortest duration for completion.

The tariff system is harmonized for all the provinces. In 2002 the mean tariff rate for all goods was set at 1,1 percent (investincanada.gc.ca). Products that are subject to quotas or restrictions or both, and require an import permit are textiles, clothing and farm products.

In Canada there is a tax called Harmonized Sales Taxes (HST) that applies to almost all supplies of goods and services. There used to be a PST which varied by province and a standardized Good and Service Taxes (GST) for all provinces; however, within the past year, this was combined to form the HST. The HST is split so that some of the tax goes to all levels of the government.

3.2 Porter's Five Forces

Porter's five forces are intense on the textile market, because the market is changing rapidly within the fashion industry. A company needs to be aware of the possible threats from all parts of the industry In order to do so, the company needs to analyze the bargaining power of the buyers and the suppliers. The threat of new clothing brands entering the market, the threat

from substituting clothing suppliers, as well as the threat from clothing companies, who already are in the market. The bargaining power of the buyers grow when the buyer's switching costs are low or if the products are undifferentiated or if buyers are price sensitive, the factors tell whether a segment is attractive or not. The segment is unattractive if the buyers have a strong bargaining power. It is not only the buyers, who have bargaining power, the suppliers also have bargaining power. The bargaining power of the suppliers tends to be high if there are few substitutes in the market or if the market is concentrated and if the switching cost are high for the company. Suppliers bargaining power is high when the suppliers are able to raise cost prices. The threat of new entrants is high when entry barriers are low and exit barriers are high, which mean it is easy for new companies to enter the market and the companies will typically enter the market during good times, but it is hard for the company to exit the market, which mean the companies stay longer in the market during bad times. The threat of substituting is when there are a lot of other suppliers in the market, who satisfy the same need for the customers and typical competes on price. The last threat is the threat of industry competitors, which are the competitors, who already is in the market. The threat of industry competitors is high, since the market already has a lot of strong suppliers. A factor which makes the market even more unattractive is if the market is stable or declining. (Porter 1985)

The criticism of Porter's 5 forces is that the theory only shows the market situation right now and do not take into consideration what might happen in a few months. The criticism of Porter's five forces is that it simplifies the reality, which means that the model does not take into consideration all the factors which might influence the industry. Another limitation of Porter's five forces is that it should have a sixth force called complementors. The complementors are suppliers, who produce a complementary product to the company's assortment. This is adding value to the final customer. Another relevant criticism of the model is it can be hard to distinguish between substituting and industry competitors especially in the clothing industry, because there is no real substitution for clothes, hence in the thesis the substituting products are considered to be suppliers, who manufacture clothes, which is not fashionable examples of these manufactures could be sport clothes manufactures. Despite the critic of Porter's five forces it is still a useful tool to figure out how attractive a market is. The model is made out from the assumption made in the text above.

3.2.1 Industry Competitors

In general, the clothing industry has low entry and exit barriers meaning that firms can easily enter and leave the market. The barriers are low because new firms do not have to invest in special manufacturing machines. New firms only have to invest in a collection and location, if the firm wants to leave the market, the collection and location can be sold at a lower cost in order for the firm to leave the market faster. One of the consequences of the lower barriers is that in good financial times, more firms will try to enter the market and in bad financial times, firms will not fight as much for their survival as if the exit barriers had been high.

The Canadian clothing market has a large number of suppliers, including both local and international brands. The women's brands' biggest competitors in the Canadian market are H&M, Zara, Forever 21 and BCBG. Forever 21 is a big competitor for the two women's appeal brands by Bestseller because it makes cheap clothes of a lower quality than Bestseller that target an audience who are looking for inexpensive clothing. Forever 21 has another advantage over Bestseller because it is very quick at creating new collections according to the fast changing fashion trends in Los Angeles. This makes Forever 21 a big competitor in the clothing industry because not only is it inexpensive, but also, it always has the latest trends.

Jack and Jones do not have as many competitors in the Canadian market because the company is one of the only brands in Canada who only carry a men's collection. The competitors for Jack and Jones in the Canadian market are skater brands like Bench and Lucky, as well as the more expensive denim brands such as Levi's and Diesel. Jack and Jones has a big advantage compared to the expensive brands because Jack and Jones is in the lower price range but their clothes are still in a good quality.

The competition in the Canadian market is tough and continually changing. Many of Bestseller's closest and biggest competitors deliver and satisfy the same need, which means the manufactures have to compete on price and quality as switching cost are low. This gives Bestseller an advantage of being in the "high end of the low", meaning Bestseller manufactures good quality clothing for a lower price.

3.2.2 The Threat of New Entrants

The entry barriers to the clothing industry are low, since a new player in the market does not have to invest in production facilities and machines, as mentioned above. It is very difficult for a new player in the market to become an established player in the clothing industry

because a lot of companies are fighting for customer loyalty. Customers often already have some brand loyalty, which means clothing manufactures have to create a brand and gain customer's trust and loyalty. The consequence of the low entry barriers is that it puts a lot of pressure on the price and cost in this industry. In order to compete, Bestseller must keep their costs and their prices down. This is a challenge for Bestseller because of the company's target to be the high-end of the low and produce their products using the principle value for money. New competitors are most likely to hurt Bestseller's brands because the products are not new or differentiated in the existing market and the products might be available at lower cost by other companies in the industry.

As a new firm in the Canadian clothing market, it is hard to get the good locations for stores resulting in newer firms having to settle for a less attractive location. This can make it harder for the new entrants to attract customers to their stores and to compete in the market.

The threats for new entrants are fairly neutral because the entry barriers are low making it fairly easy for new companies to enter the market; however, the customer loyalty in the market with the existing brands has made it difficult to achieve brand loyalty for new entrants and extremely difficult to capture market share.

3.2.3 The Threat of Substitutes

There is no real substitute for clothes, but for Bestseller, who produces and sells fashion clothes, the substitutes are other clothing manufacturers, which produce sporting and casual clothes. The threats of substituting "clothes" are big because Bestseller does not only compete with the fashion industry of clothes but also, need to consider sports clothing manufactures as their competitors. The biggest threat of substituting clothes in the sporting clothes industry is Lululemon, who also makes sporting clothes similar to Bestseller and are popular within Bestseller's female brands' target group in the Canadian market. It is not only Bestseller's female appeal brands who have to think about the threat from substituting clothing, Jack and Jones also has to consider sports clothing companies such as Adidas and Nike as their competitors. The switching costs within the clothing industry are low because there is not an extra cost for the customer to choose another brand over Bestseller's. Bestseller needs to create customer loyalty in order to keep gain a constant customer group and be successful in the market.

The threat of substituting is high because there are a massive number of clothing manufacturers in the Canadian market. Bestseller must consider all of these companies as competitors, even though some of the companies may not have the exact same target group.

3.2.4 The Threat of Buyer's Growing Bargaining Power

Bestseller has two buyers; they have the final customer and also the wholesaler The Hudson Bay Company. Bestseller's final customer does not have much power because it is only one person, who has his/her own taste and preferences and are only one of many customers. The wholesale store, which sells Bestseller's brands, The Hudson Bay Company, has more power because the company owns 92 stores from coast to coast in Canada and they buy the whole collection from Bestseller, making them an important customer. The Hudson Bay Company also has stores in areas where Bestseller does not have individual store, which gives them more bargaining power because they can reach customers whom Bestseller cannot reach through its own retail stores. The Hudson Bay Company buys the largest quantities because they are buying collections for 92 different stores.

The switch in trends and collections can create a bargaining power for the buyers as well, which in the short run can strengthen the buyer's bargaining power. The buyer will not gain more power in the long run because the clothing companies will change their collection if it does not sell. The customer bargaining power is low and The Hudson Bay Company's is high, resulting in Bestseller's customer's bargaining power to be in-between.

3.2.5 The Threat of Suppliers' Growing Bargaining Power

Bestseller only sells their own brands in their retail stores and has a close partnership with their suppliers. Bestseller has around 350 suppliers, who own 1,000 factories, which are located in Asia, the Middle East and Europe. Bestseller tries to create a close partnership with some of their suppliers, hence their 20 biggest suppliers deliver 50 percent of Bestseller's products.

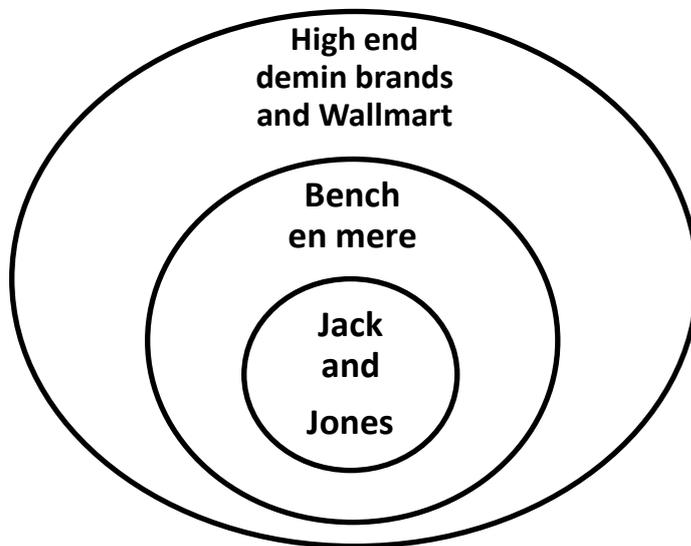
The location of Bestseller's suppliers decrease the bargaining power of the suppliers because if something happened in the Middle East, Bestseller will have other suppliers in other parts of the world who will be able to produce and deliver instead. This also shows that there is low switching costs because Bestseller can have the products produced by any of the suppliers as they do not demand special manufacturing machines.

3.3 Competitors

To identify the competitor for Bestseller's three brands' in the Canadian market an analysis of the individual competitors for each brand will be made. The three brands do not have the same competitors. The analysis will be made according to the competitor's strategy, goal and marketing mix in the Canadian market. To identify the different brands' competitors, the onion framework will be applied. The onion has three layers; the inner layer is Bestseller's brand. The middle layer is the competitors, who Bestseller is in narrow competition with. These competitors are in direct competition with the three brands. These competitors have the same target group and satisfy the same needs as Bestseller. The outer layer consists of Bestseller's indirect competitors, who sell clothes and satisfy the same need as Bestseller's brands. The onion has one more layer, which includes all competitors, who satisfy the same needs as Bestseller, but this layer will not be included, because they are not relevant.

In order to figure out which strategy the competitors are using, the generic model will be applied. This helps companies achieve and maintain competitive advantages. The model has four boxes, which are named cost leadership, differentiation, cost focus and differentiation focus; the last two are often combined and named focus. The four categories are measured on a company's competitive range and competitive advantages. Cost leadership strategy is for the companies, which want to gain a large market share by having low production and distribution costs in order for the company to sell the product at a low price. Differentiation is for companies, which have unique products, which appeal to a large segment. Focus strategy is for companies, which have one or more small segments and within this segment the company pursue either cost leadership or differentiation (Porter 1980). The competitors are selected on the basis of similarities with Bestseller's three brands in the Canadian market.

3.3.1 Jack and Jones' Competitors



One of Jack and Jones biggest direct competitor is Bench, who sells skater clothing. Bench was established in the 1980's and makes relaxing and innovative clothing for males.

Bench's target group is in the young end of Jack and Jones's target group; and competes mainly with the lines Premium Tech and Vintage. Bench is mostly known for their t-shirts, but also sells dress shirts and knitwear in the same price range as Jack and Jones. In order to capture market

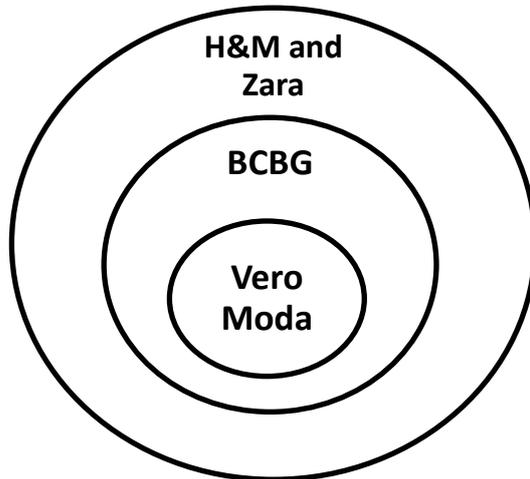
share Bench is using the differentiation strategy. Bench has fourteen retail stores located in the main cities in Canada (www.bench.co.uk). Bench is also sold in the wholesale store The Bay and through the webpage www.jeanmachin.com as Jack and Jones. On the jeans side, Jack and Jones' biggest competitor is the denim brand Lucky, which is an American brand established in 1990, but once again the brand also has a women collection. Lucky's collections are inspired by nature; hence Lucky is using the differentiation strategy. Lucky competes with the lines Jeans Intelligence and Vintage, because Lucky focus on denim, t-shirt and shirts. The clothes are within the same price range as Jack and Jones. Lucky is represented with eight stores in Canada; three of the eight stores are located in Quebec, the same province where Jack and Jones has most of their stores.

Jack and Jones's indirect competitors are Levi's and Diesel, who also focus on denim. The indirect competitors try to differentiate themselves by creating trendy and fashionable jeans in top quality. These brands are in the high end, hence are more expensive than Jack and Jones. The two brands are well established brands in the Canadian market and high have customer loyalty. The brands are sold in own retail store and wholesale stores, one of the wholesale store Levi's and Diesel are sold in is The Bay.

Walmart is another of Jack and Jones indirect competitor and Walmart uses cost leader as their marketing strategy, due to the fact that the clothes are cheaper than Jack and Jones.

Walmart's product range is narrow; it consists of jeans and shirts. Walmart has more than 300 stores in Canada and are easily recognizable and in so many locations that makes it convenient for shoppers to access the store (www.walmart.ca).

3.3.2 Vero Moda's Competitors

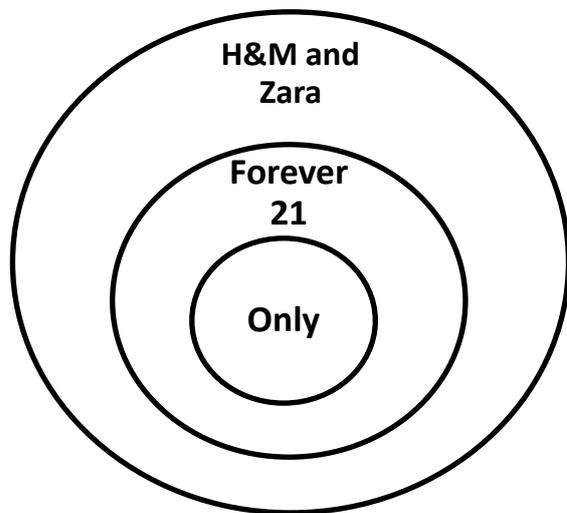


Vero Moda's biggest direct competitor is BCBG. BCBG is a clothing company with twenty-two brands; these brands are Vero Moda's direct competitors. BCBG was established in 1989 by the French designer Max Azria, hence the brands are French inspired. The twenty-two brands cover anything from jeans to swimwear and BCBG also has accessories, such as bags. BCBG's twenty-two brands offer innovative and high

quality clothes to the modern women at a higher price range than Vero Moda. BCBG has thirty-nine stores located all over Canada, but mostly on the east and west side. BCBG is also offered in the wholesale store The Bay. The marketing strategy for BCBG is the same as for Vero Moda, differentiating. BCBG wants to attract the consumer with their diverse and very fashionable designs (www.bcbgmaxazriagroup.com).

Vero Moda and Only have the same indirect competitor, Hennes & Mauritz (H&M) and Zara, and will be described under Only's indirect competitors.

3.3.3 Only's Competitors



Only's biggest direct competitor is Forever 21, who produces fashionable clothes at a low price. Forever 21 was established in 1984 in The United States. Today Forever 21 has stores all over the world and is known for their huge retail stores. Fourteen of Forever 21's many retail stores are located in Canada in the big cities. Forever 21 is also known for the short reaction time to the market and can have a new style designed, processed and ready for sale in a maximum of six weeks. Forever 21

uses a mix between cost leader and differentiation as the strategy. This makes the clothes cheaper than Only, but the quality of the clothes are also lower (www.forever21.com).

The indirect competitors are H&M and Zara, two well-known international brands, which are in the low end when it comes to the prices. H&M was established in Sweden in 1947 and have since then become an international brand with the mission to deliver fashionable quality clothes at a low price; therefore H&M's marketing strategy is a mix between cost leadership and differentiation. H&M has a wider product range than Vero Moda and Only. H&M does not only focus on the clothes, but also focus on make-up and accessories. H&M opened their first store in the Canadian market in 2004 and H&M also started on the east side as Vero Moda and Only later on expanded to the west side. Currently H&M has fifty-five stores in the Canadian market and the stores are equally spread out over the east and west side of Canada. (www.hm.com).

Zara is a Spanish clothing company, which was established in 1975 and has since become a well-known international brand. Zara has nineteen stores located in Canada and the stores are located on both sides of Canada (www.inditex.com). Zara uses differentiation as their marketing strategy and wants to be the first with the new trends, like forever 21, Zara also has a short process from design to the customer. Zara is in the same price range as Only and Vero Moda and the quality of the clothes are the same. Zara's selection covers the same needs as Only and Vero Moda (www.zara.com).

3.4 External Conclusion

The Canadian market is an attractive market for Bestseller due to different factors. One of the biggest factors for why the Canadian market is attractive is Canada has a good economic climate. It is easy to start and establish a new firm in Canada, because there is not many regulations for starting up a new firm. Canada is also the G7 country which handled the recession the best. The Canadian economy has not taken much harm, which means the Canadian population is still spending money. An unattractive factor for entering Canada for Bestseller is the Canadian population is very diverse, which mean it requires a large amount of marketing and Bestseller needs to make different marketing campaigns according to the different areas they operate in, because Quebec is influence by the French culture and the population in Quebec has French as their first language. The other province in Canada are influence by the British culture, hence the population's first language is English. Canada is not only influence by the French and British culture, but also by a lot of other cultures like Asian, Arabic and African.

Another advantage for Bestseller, concerning Canada as a market for their brands, is Canada roughly has the same climate as Denmark. The populated areas lay within the same climate belt as Denmark, which is the northern temperate belt. This gives Bestseller the advantage of being able to use the same collections in the Canadian market as in Denmark.

A disadvantage of entering Canada is that there already are several clothing suppliers. Therefore, the competition in the Canadian market is intense and some of the biggest competitors are well known international clothing manufactures. Bestseller will need to market the brands heavily in order to create acknowledge about the brands.

4. Internal Environment

Bestseller's internal environment consists of the factors that Bestseller has an influence on. In the SWOT model the internal environment is divided in to strengths and weaknesses. The strengths for a company could be the resources, the employees and the distribution set-up. It is important for Bestseller to take advantage of the strengths in the internal environment, because the strengths can be turned into competitive advantages. The weaknesses for a company can be the lack of the strengths. The strengths can also be seen as weaknesses. It is

important for Bestseller to be aware of the weaknesses in order for Bestseller to turn the weaknesses into strengths and perhaps later on the weaknesses can become competitive advantages.

4.1 Segmentation

Bestseller needs to segment the Canadian population in order to find the suitable target group for the three brands in the Canadian market. It is important to segment the market, because it will be hard for Bestseller to target the whole population since the consumer has different preference when it comes to clothing. In order for the segmentation to be useful the target group needs to be measurable, substantial, accessible, differentiable and actionable.

Bestseller has to choose the target group for the three brands and figure out if the target groups are the most favorable and next a segmentation of the Canadian market will be made. The segmentation will be made on the basis of the five key criteria mentioned above. Jack and Jones, Vero Moda and Only's target groups are measurable. Each brand's target group accounts for approximately seven percent of the total population in Canada (www.statcan.gc.ca). The target groups are also substantial, because each brand has different lines and these lines serve specific needs for the customer, therefore the target groups become larger. The three target groups are in the age range of 15-35 and this is an easy group to reach with advertisements. The contact can be made through advertisement in magazines, commercials in the television, etc. Since the three brands are all selling clothes, the target groups for the three brands are differentiable, because each brand has different lines under the overall brand, which mean that the brands appeal to different sub-segments, but the overall segments have the same feelings towards the brands' marketing strategy. The segments are also actionable; the chosen segments for the brands do not have as much spending power as other segments, because the target groups are under education. The age group is the one, which spend the smallest amount on clothes (consumer lifestyle report). All together Bestseller has chosen favorable target groups for the three brands in the Canadian market, because the target groups satisfy the five key criteria for making a favorable segmentation (Kotler 2009).

Bestseller Canada uses selective specialization because Bestseller has different segments that cover different parts of the market. The advantage of using selective specialization is that it diversifies Bestseller's risk, and because Bestseller has several brands

this can create profit for the firm. The individual brand from Bestseller uses market specialization, because the three brands in the Canadian market serves many different needs for the same customer. An example could be a customer buying jeans and shirts in the same Bestseller store. Using market specialization Bestseller can give the brands a better reputation, because the customers do not have to go into several stores to buy clothes (Abell 1980).

4.2 Distribution Channels

Distribution channels are the way companies make their products available for potential customer. It is important for companies to have different distribution channels in order to reach as many potential customers as possible. Bestseller sells the clothes in the Canadian market through two different channels, own retail stores and wholesale store The Bay.

4.2.1 The Retail Stores

Bestseller Canada's retail stores are solely owned by Bestseller Canada in a partnership with Bestseller A/S. This gives Bestseller the advantage of having the total control over the stores, including the layout and the collections sold in the stores. Moreover, Bestseller is less likely to lose the control of their core competencies. In Canada the retail stores are 100 percent owned by Bestseller which makes it easy for Bestseller as an international company to maintain the globalization of the company.

The disadvantage of this partnership is that more risk is involved than if Bestseller used exporting. When establishing solely owned stores in a foreign market the firm behind bears all the risk and cost, this makes it less attractive to establish solely owned retail stores. Another disadvantage of opening own retail stores is that the level of competition for getting a good location is hard for new companies entering the Canadian market. The location of the store has a big impact on whether customers will pass by and get attracted of the display window.

4.2.2 The Hudson Bay Company

Bestseller distributes two of the brands to the Canadian wholesaler The Bay. The sale through a wholesaler is a simple way to enter a new market and by having a partnership with The Bay, Bestseller gets the advantage of getting market knowledge. The knowledge could be consumer's preferences regarding clothing in different areas of Canada. If Bestseller decides to open new retail stores; the company has gained the knowledge about the market. The advantages of selling through whole-sale in the Canadian market are that it has a minimum

risk and commitment for Bestseller, but it also has the disadvantage of less control. The Bay decides which collection should be sold in the different stores in co-operation with Bestseller Canada's buyer (Adrienne). Another disadvantage for Bestseller is the lack of control over the service given in The Bay.

When Vero Moda first entered the Canadian market it was in The Bay. Bestseller Canada gained all the knowledge about the market without having the same risk as if Bestseller had chosen to open a retail store first.

4.3 Porter's Value Chain

Porter's Value Chain is an important tool in evaluating a company's internal status. The value chain helps the company to see where the *value is added* in the organization. Furthermore, it tells whether the value chain links the different functional parts of the organization together. Michael Porter (1985) developed this model as a strategic tool for companies in order to give an overview. It tells a company where the creation of value is made and gives the company an indication of where to put more effort to maximize the value for the customer. The company can also use the value chain as a way to develop competitive advantages since value chains often are unique to organizations.

The value chain identifies the primary activities and support activities, which create value to the customer. The primary activities are inbound logistics, operations, outbound logistics, marketing and sales, and service. The support activities are infrastructure, human resource management, technology development and procurement.

The model is simple, structured and easy to apply. On the other hand the model has been criticized for not being up-to-date with today's business world and is not considered flexible, compared to the development in the society. One of the issues with the model is that it has its basis in a production company. The model is easy applicable when a product is running through all the different process in the value chain and each process adds value to the product. This way of applying the value chain is not so obvious for a service company where the core product it is more indefinable (Stabell&Fjeldstad 1998). Moreover it should be said that the value chain is only exploring the existing process and looks at where the linkages and value-adds are made in the different process of the business. It could also be said that the value chain sometimes has difficulties at identifying precisely which resources are bringing the advantage compared to the company's competitors. (McIlquham-Schmidt)

This model is applicable to Bestseller due to the fact that the company is considered a retail company who is based on production. The model is therefore considered as being relevant and an effective tool for this analysis. For Bestseller, it is not only important to have an understanding of where the creation of value occurs in the value chain, but also how the company fits into the overall value system. Bestseller is widening the geographic market and this affects their competitive advantage and ability to adapt the products to the different markets. It is important that the company also knows about the competitor's value chain since the difference among the value chains is where the competitive advantage arise.

4.3.1 Primary Activities

The primary activities are as mentioned inbound logistics, operation, outbound logistics, sales, marketing and service. These activities show the product way through the value chain and show where the value is added to the product.

4.3.1.1 Inbound Logistics

Bestseller has outsourced their production to suppliers around the world. The main production facilities are placed in China, India, Bangladesh, and Turkey (bestseller.com). Bestseller is therefore not in direct contact with the suppliers of the raw materials such as fabric, zippers, buttons, etc. Nevertheless, Bestseller is setting up requirements to the suppliers and the sub-suppliers, both when it comes to quality and ethics. Bestseller has also set high requirements that the clothes must fulfill in order to be sold. It is particularly important for Bestseller to be aware of these criteria with respect to the end-users in this case the consumers. This aspect will be described more in detail under the Operation section. Moreover, Bestseller has many suppliers to choose from to the value added is not considered to be high.

4.3.1.2 Operation

Bestseller's operations activities include the design and construction of the clothes for the different brands. The actual production of the clothes is outsourced and Bestseller does not own any of the production facilities. The reason Bestseller outsources their production is because it is not profitable to have clothes produced in Denmark. Moreover, Bestseller is then able to focus more on other activities in the value chain. The corporation with the suppliers must be considered as a strategic character since 50% of all their products are produced by 20 of the biggest suppliers (talk with Anne-Katrine). This makes Bestseller very dependent of the suppliers.

An important activity for Bestseller is the designing of the clothes and accessories. The designers at Bestseller are trying to find the newest trends from the catwalk and convert them to high-street clothes that Bestseller can sell. Danish designers situated in Brande, Denmark carry out the designing process. These designers are making the overall collections. Bestseller designers are working continuously throughout the year to provide their customers with new and up to date styles. The designing process is structured around the design group in Denmark, where the overall style of the collections is made. In general, it could be said that the process of designing the clothes is an interaction between the designers and the suppliers. Express orders are taking place if the designers want to quickly get an item into the market. There are cases where the designers notice that a certain specific style is missing from the stores. The missing style can come to the designers' awareness if the stores in a certain country are inquiring after some fashion trends. Then an express order will be made to get the style out in the stores as fast as possible. The design of the clothing is very important for Bestseller since this is creating the different images of the brands. Therefore the process of designing the collections is a big factor in creating value for Bestseller.

4.3.1.3 Outbound Logistics

Bestseller is represented in forty-six markets in Europe, the Middle East, Asia and Canada. This requires a very good distribution network and a high level of control over the in-and-out flow. Bestseller has just recently built a large warehouse in Haderslev (talk with Anne-Katrine). This is where all the products are gathered and distributed out to Europe and Canada (ramboll). It is important that the logistical set-up is functioning well, due to the fact that there are not only collections four times a year but there are continuously new designs in the shops. If the collection is not in the store in time, the clothes may already be outdated. Moreover, there has to be a high degree of control over the logistics, since Bestseller has stores in many different countries, in order to optimize the lead time and reduce the cost connected with the transportation. The logistical set-up can be done in many different ways and the process has a medium level of value adding.

4.3.1.4 Sales

Bestseller Canada is selling the products through stores, retail and wholesale. The stores are important sales outlets. Moreover, the stores are not run under the Bestseller name, but under the different brand names such as Only, Vero Moda and Jack and Jones. The stores are very

essential for Bestseller, since the original idea from Troels Holch Poulsen was that when you passed a Bestseller store the mannequins in the window would catch your eye and you would feel the need to go into the store. (J&J speech). Therefore the sale is a process that Bestseller is emphasizing on and is creating value for the customer. The stores have a high level of service in the stores to create sale. The stores are run by local partners and are given an incredible amount of responsibility. The partners are in charge of buying the collections they want in their stores; hence there are different collections in the different stores. Therefore the purchasing of the clothes for the different stores are mostly based on what the given partner thinks they can sell in the different stores.

4.3.1.5 Marketing

Bestseller is not a brand name that, as an individual name, is being marketed in the international markets. In Denmark the different brands are in charge of the individual brand's marketing mix. This is not the case for Bestseller Canada where the marketing activities for the three brands are coordinated at the headquarter in Montreal.

Originally, Bestseller saw marketing as an unnecessary expense for the company and the department should be seen more as a service organ that could make nice brochures etc. (Jack and Jones lecture). This approach has started to change for Bestseller and now marketing is becoming a more integrated part of the company. The marketing budget is determined by Bestseller A/S and therefore Bestseller Canada needs to prove its worth in order to stand stronger in the negotiation with Bestseller A/S for achieving more money for marketing. Moreover, Bestseller Canada does not have a big marketing budget at this time. Bestseller Canada has to convince Bestseller A/S that the market conditions are different than in Denmark and therefore Bestseller Canada needs more money for marketing. This is due to the different competitive climate and market conditions (Adrienne).

In Canada the different brands are using parts of the same marketing material, which comes from Bestseller A/S, Bestseller Canada then adapts it to the Canadian Market. The marketing material is in English and therefore it cannot be used for advertising in Quebec. This means that some of the material is not suitable for being translated to French (Adrienne). The brands do not have a country specific homepage but there are web pages for the three individual brands. On the pages the customer can find the store locator for each international market. The brands are also using social medias where the brands have their own group on facebook. The

individual brands are also trying to promote themselves by making events when opening new stores; with DJ's, special promotions and discounts for people entering the store.

The marketing for Jack and Jones targets the university students. In Canada, Bestseller has been using different marketing channels compared to other markets. Canada is the first market where Bestseller A/S agreed on using billboard advertising (Adrienne). Regarding marketing, Jack and Jones treats some promotions the same as in Denmark, however, there are limits for how sexual the advertising can be in Canada.

Vero Moda is taking a different marketing approach than in Denmark. Here the marketing is focused on personal selling. This is happening in the store where Vero Moda is trying to give the customer a boutique experience (Adrienne). In the stores the staff is more likely to be a stylish and can give the customer a style consultation when entering the store. This is to create a relationship with the customer; both the one that wants help with the shopping and the one that just wants to do it on her own. The employee can also ask the customer for making an appointment later and then the customer has an incentive to go back to the store. Furthermore, Vero Moda has started an ambassadorship with a girl who likes the brand and wants to promote Vero Moda. The ambassador will then receive twenty-five gift cards with a value of twenty-five dollars and can give them to her friends. Thereby, Vero Moda will create an awareness of the brand and then transform the friend into a new loyal customer (Adrienne).

There are more problems concerning marketing when it comes to Only in Canada. The flagrant difference is that the name Only is a very common word in the English language. This gives many Canadians the impression that there has to be something more after the word only; "only what"? Therefore, the brand is called Only Jeans Canada. Furthermore, Only does not use billboards since the name makes it difficult to make a catchy advertising with. Only is more seen as the "girlfriend" to the Jack and Jones guy and the marketing is targeted towards the university market. The marketing is also very focused on defining Only as a brand so customers will not get confused over the name. Only uses movie theaters to advertise their products before a show starts. The fun and happy video advertising is mainly used in cinemas that are close to an Only store. Marketing is creating value for Bestseller and it is here that Bestseller is going to spend money in order to establish the brands in the Canadian market. The marketing is making value

for the individual customer since it gives the customer a feeling of affiliation with the brand that appeal to them.

4.3.1.6 Service

When entering a Bestseller store, there is a high degree of service from the staff. Bestseller wants to create a nice feeling for the customer when they are entering the stores. Bestseller thinks that the service level in the stores is an activity that creates value for the customer. The people's development department at Bestseller is therefore making training programs for the sales staff. Bestseller wants the employees to be accommodating, friendly and act in the correct Bestseller behavior. To have the same service level globally, the retail managers visit Denmark to go to a training program and then later implement it in the shops in the home countries. In the stores, the staff is encouraged to make additional sales and moreover there are internal sales competitions.

4.3.2 Support Activities

In the value chain the support activities are as mentioned the firm infrastructure, human resources management, technology development, procurement and the value network. These activities support the value chain's primary activities.

4.3.2.1 Firm Infrastructure

Bestseller A/S is a family owned company with a portfolio of several different brands. The structure of the company is characterized by its decentralization of the responsibility to the different partners.

The culture involves people coming up with new ideas and having the company act quickly upon those ideas. It can be done so quickly because there is a short process from idea to implementation.

4.3.2.2 Human Resource Management

The corporate culture is dominated by competitive minded people, which can lead to internal competition between the different brands. The employees are very motivated and driven by the very dynamic organization at Bestseller. The employees are also quick and willing to adapt to new changes.

Bestseller A/S has more than 9,600 employed on world basis and with 2,956 based in Denmark (bestseller.com). The management at Bestseller A/S states that the

employees are the most important resource for the company (ÅRB10). Bestseller focuses on the physical and mental working environment for the employees, such as promoting a socially healthy and well-functioning work place. In order to achieve a good working environment, Bestseller is trying to engage the employees actively in the process of improving the external conditions on the work place.

4.3.2.3 Technology Development

Bestseller A/S has been in the clothing market for a few years and this has resulted in an intensive knowledge about fashion, design and fabric. This know-how has affected product innovation where Bestseller is not only selling clothes but also shoes, accessories and make-up.

In order to maintain the same standards from Bestsellers suppliers, the company has developed and implemented an online audit system. This system helps the suppliers to measure, record, compare and analyze the different data that will be collected on the inspections of the factories. Furthermore, Bestseller is concerned with the suppliers' environment and has therefore developed and implemented a system that evaluates the biggest suppliers' environmental approach (Annual report 09/10). This initiative helps the suppliers with implementing cleaner production techniques, optimizes the production process and reduces waste.

4.3.2.4 Procurement

Bestseller A/S is in control of the last step in the production process, which involves staying in close contact with the suppliers who actually sew the clothing. These companies are not on long-term contracts with Bestseller because Bestseller is always negotiating new contracts with the suppliers for each of the different collections. Bestseller wants to treat their producers fairly and does not turn their suppliers against each other. Bestseller attempts to find the balance between the sales price in the stores and purchase price at the supplier. Nevertheless, if the price at the producer is too high Bestseller will be forced to find a new supplier.

4.3.2.5 The Value Network

The value network is a set of internal links and relationship, which are necessary to create a product or service. The value network consists of horizontal and vertical integration. The vertical integration consists of backward, which is activities concerned with the inputs into the company's current business and forward integration, which is the activities concerned with

the company's output. Horizontal integration is activities which are complementary to present activities. Bestseller has started backward integration with the suppliers, in order to differentiate themselves more from the direct competitors. Bestseller is able to differentiate them more because Bestseller has the control over the material being used for the collections. Bestseller also uses forward integration by having an exchange service in their retail stores, if a customer buy a piece of clothes in one of Bestseller's retail stores and late on regret the buy, the customer can exchange the piece of clothes in the retail store. It is a good idea for Bestseller to use vertical integration, because in the long run vertical integration can lead to new core competencies.

One of the activities in the backward integration, which Bestseller can make into one of the core competencies, is the jeans manufacturing, Bestseller's jeans are mainly produced in Italy, where the suppliers know about denim and the Italian supplier is one of Bestseller's oldest supplier, hence the partnership between the two is strong. In general Bestseller has a good partnership with their big suppliers. Furthermore, fifty percent of Bestseller's products are produced by the twenty biggest suppliers. (Anne-Katrine). Therefore, it is easier to influence the big suppliers when it comes to corporate social responsibility (CSR). Bestseller has a lot of focus on CSR, because Bestseller does not want to get in the media's spotlight because of child labor or unsatisfied working conditions at the factories, and therefore Bestseller uses a large amount of capital on CSR. Bestseller does not only focus on the backward integration, Bestseller also puts an effort into making the sales staff more service minded, which also means that the service should be the same no matter which store a customer enter.

Bestseller is trying to improve the value network by both backward and forward integration and in the long-run turn the integrations into core competencies.

4.4 Core Competencies

A core competency has three characteristic, firstly it has to be a competitive advantage for the company and the core competency has to be a source, which add customer-perceived value. Secondly the core competency has to be applicable in different markets. Lastly the core competency has to be hard to imitate from competitors' side, in order to make the core competency more unique for the company.

Bestseller has several core competencies and this gives Bestseller more competitive advantages. Bestseller has four big core competencies, which is the mark-up, pre-packed collections, the sale service in the retail stores and lastly the short process from idea to action.

The first core competency and biggest competitive advantage for Bestseller is the large mark-up on the clothes, which mean that the retail stores can make a profit on the clothes even when the clothes is on sale, this is a big advantage for the retail stores and Bestseller as a company. Bestseller is able to have a large mark-up on the clothes because the produce value-for-money and is as mentioned before in the high end of the low. Bestseller also has a core competency in the way the collections are sold to the stores, both retail and wholesale.

Bestseller does not sell the collections in the traditional way, where the stores can decide how many pieces are needed of each size, Bestseller sells their collections in pre-packed boxes, where Bestseller decides the sizes. By selling the collections in this way, Bestseller creates economies of scale. This is also a reason for why Bestseller can keep a high mark-up on the clothes.

Bestseller has a big focus on the sale and it is not only the sale in the retail stores, but also in the wholesale, Bestsellers focus on sale is another core competency. The retail stores staff gets educated in how to give the customer the right service and this can give additional sale in the stores. In Bestseller the process from idea to action is short, this is also a core competency for Bestseller and it gives Bestseller a competitive advantage, because when a new idea is created, it does not take long time to be carried out. This also indicates that Bestseller is a company which is good at adapting to new surroundings and demands.

4.5 Growth Strategy

The market growth matrix is a tool for the company to make strategic decisions on how to make the company grow. The matrix has two dimensions; existing versus new products and existing versus new markets. Within these two dimensions there are four directions; *market penetration* of existing markets; *product development* in existing markets; *market development* of new markets and *diversification* of products in new markets (Ansoff 1965).

The diversification strategy can be viewed as an independent growth strategy but is also used in the Ansoff matrix. This is due to the fact that the diversification strategy is introducing a new product to a new customer segment (Kotler2006).

Ansoff's matrix model is popular because it is simple to apply and is used both for corporate management and marketing. The model mainly focuses on companies which consider growth as the option for further development. The critic of the model is that growth is not good in itself. For some organizations growth can end in out-of-control bureaucracies and for others the managers is accused of building empires on the expense of the shareholders. Moreover, the penetration strategy has been criticized for only describing how the company should increase sales, without changing the marketing mix. It is not stated how to increase the demand, without changing in the original marketing mix. Another critic of the model is that it takes the view from a production company and is not aware of today's increased focus on services and brands (Shaw & Goodrich 2005).

The model is often used as a tool for the pre-face of making a strategic plan, but in this case it will be used for describing Bestsellers strategy. Growth is an essential aspect of the way Bestseller is doing business, therefore it will be analyzed by the market growth matrix. An objective for Bestseller is to increase the revenue and thereby increase the growth of the company (ÅRB10).

4.5.1 Market Development

In the Canadian market, Bestseller is following the market development strategy for growth and is trying to win new markets with existing products. The strategy is to open new stores in the provinces of Ontario and Quebec. Since Bestseller entered Canada, Bestseller has opened thirty-five Jack and Jones, eleven Vero Moda and eight Only stores. Therefore it can be seen that Bestseller is trying to find new geographic areas to sell the existing collections in. Canada is a diverse country; Ontario and Quebec are dominated by British and French culture respectively. Even though the company is following the market development strategy, Bestseller has to do product development in order to adjust the collections according to the different areas. This could even be seen in the plastic bag that the customer receives when purchasing a piece of clothing from the retail stores, if there is writing on the bag the text should be written in English or French, according to the different provinces.

When it comes to segmentation Bestseller also focus on gaining new customers. The three individual brands are targeting and being sold to different segments. The growth strategy for Bestseller is to enter current markets with new brands in order to target new customers. It is important that the products that are being introduced to a new market are consistent with

the company's key factors for success of the new market (The KFS will be discussed later). If the company is not considering the different market conditions, the company is more likely to fail. When moving to new areas with unfamiliar customers it is important for Bestseller to focus on having the right marketing mix to win the new customers. Moreover, the customers do not have the recognition of the Bestseller brands when entering new areas which makes it harder to progress in new markets. The management of Bestseller has to be clear in coordinating between the different segments and geographies areas, because they have different needs.

Bestseller can achieve increased earnings when the company grows. A company in growth will motivate the employees to work harder since it can create a "winning" atmosphere at work. If the company continues to grow, it will accomplish economies of scale due to the big market it is covering. Moreover, the company is spreading the risk at different markets and therefore the risk of being outmatched is smaller. The risk of pursuing the market development strategy is that the company can exaggerate the market by having too many strategy business units on the different markets and therefore customers can get saturated of seeing the company's stores everywhere.

4.6 Portfolio

The Boston consulting group has created a growth/share matrix to analyze a company's portfolio. The matrix is concerned with two basic criteria for analyzing the company portfolio. The first criterion is whether the portfolio is balanced: does the company have a varied portfolio? Furthermore, how attractive the SB's are in terms of how strong each individual unit is, and how profitable their markets or industries are likely to be.

The model has two dimensions: the relative market share and the relative market growth. These two dimensions are critical variables for determining the balance and attractiveness of the portfolio. The model consists of four different quadrants that are made from the score of the market share vs. market growth. The four quadrants are named stars, questions marks, cash cows and dogs. This model makes the overview of the portfolio easy to visualize.

For a company, it is of course attractive to have a high market share and high growth, however, the company should not only have SBU's in the stars quadrant because it will require heavy investments in order to expand capacity or develop brands. The company

should strive for having a portfolio with SBU's in all of the different quadrants. This should balance out some SBU's in low-growth market that are making sufficient surplus that will fund the investment needs of the higher-growth business (Fundamentals of corporate strategy).

The matrix provides a good way to visualize the different potential and needs of the SBU's. It gives the company's management a good foundation of how to make decisions and where to put the effort and allocate the resources.

The criticism of the model is vagueness of the definitions. In particular situations it can be hard to decide what high or low growth is or what share means in particular situations. If management define the SBU's market very narrow then it will be easy to have a high share. The matrix is stating that you need a balanced portfolio so the cash cow will be the internal source that will finance investments made for the other SBU's. It is no necessary for the cash cow to finance the other SBU's since the company can raise money for loans and investments from external sources. (Fundamentals of strategy).

Bestseller is new in the Canadian market and the model will therefore be useful to give an overview over how balanced the portfolio is. Since Bestseller is not in a position of knowing what the market share is in Canadian market, the matrix will be made based on the writers' assumptions about Bestseller's market share. Bestseller is having three SBU's in the Canadian market: Jack and Jones, Vero Moda and Only.

To support the Boston model, the Product Life Cycles curve (PLC) is used. The PLC is a bell-shaped curved, which is divided into four stages. The stages represent the four phases a product goes through. The first phase is called the introduction and is where the product is introduced as the name indicates, the period has a slow sales growth and the company uses a large amount of money in market. The second phase is growth and is a period with high sale growth, because the consumer has been made aware of the new product. The third phase is maturity, this is the phase where the sales slowdown, because the product has been accepted by the consumers. The last phase is called decline and the product is no longer as interesting for the consumer and the sale decrease. All together this model can be used to measure where a product or brand's current phase is on a market.

The most common criticism of the PLC curve is that most products do not have a predictable life cycle. The curve should not be used for forecasting sales. In this case the PLC is used to support the Boston model.

4.6.1 Bestseller's Portfolio

The star in Bestsellers portfolio is Jack and Jones which is having a high market share in the areas where a store is located, but Jack and Jones still requires financing for marketing. Therefore, Jack and Jones is in the star position. The market for men's wear is growing and the market is very attractive for Bestseller. The reason for the attractiveness of the market is that men have become more fashion-conscious due to the growing affluence of the population⁴ (consumer lifestyle report). Traditionally, men have not been so concerned with fashion in general, and until recently there have been a limited number of stores within the denim-cool-casual wear for men. Canadian men like buying "value for money" clothes that look fashionable but are still so affordable that the customer can buy a new style in the new season. The reason behind the star position is that Jack and Jones have managed to find the "right" position in the market where the brand can fulfill the gap of fashionable clothes for men at reasonable prices.

The PLC support that Jack and Jones is a star on the Canadian market, because Jack and Jones has passed the introduction and is currently in the growth phase. Jack and Jones is targeting the right segment in Canada. The consumer has come to acknowledge the brand and more stores are opening in Canada.

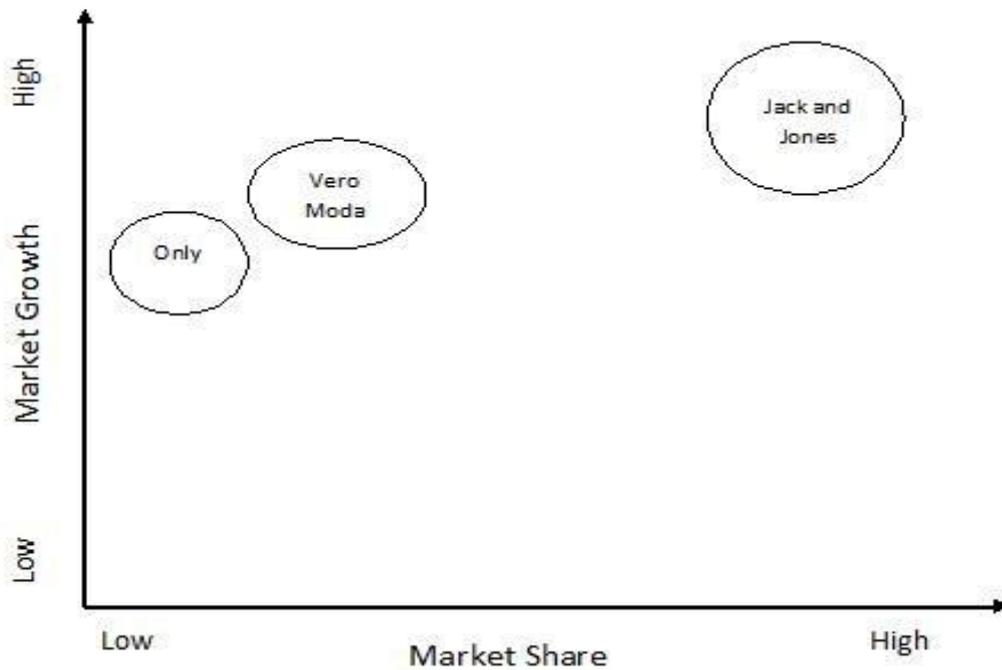
Vero Moda is in the question mark position. Currently the market share is low since Vero Moda is not completely established in the market. In Canada, the women's apparel market is a C\$10.8 billion business and has an annual growth rate of 3 percent (consumer lifestyle report). It is an attractive market for many companies and the competition is more intense than what Jack and Jones's faces. Vero Moda is in the process of developing to the next quadrant and joining Jack and Jones in the stars quadrant. The concept of Vero Moda is that customers will get a more exclusive shopping experience when entering the store. This has potential since the women in the age group 25-35 are out in the business world and would like to have a twist to their formal business clothes by adding a nice Vero Moda dress-shirt or a nice dress for going out to dinner etc. The customer base is there to develop Vero Moda into a star for Bestseller but it requires a heavy investment. There is always the risk for the question mark will fail and end in the dog quadrant. This seems less likely since Vero Moda is sold in The Bay and is widely distributed.

⁴ There was not any numbers available for men's clothing consumption in the consumer lifestyle report

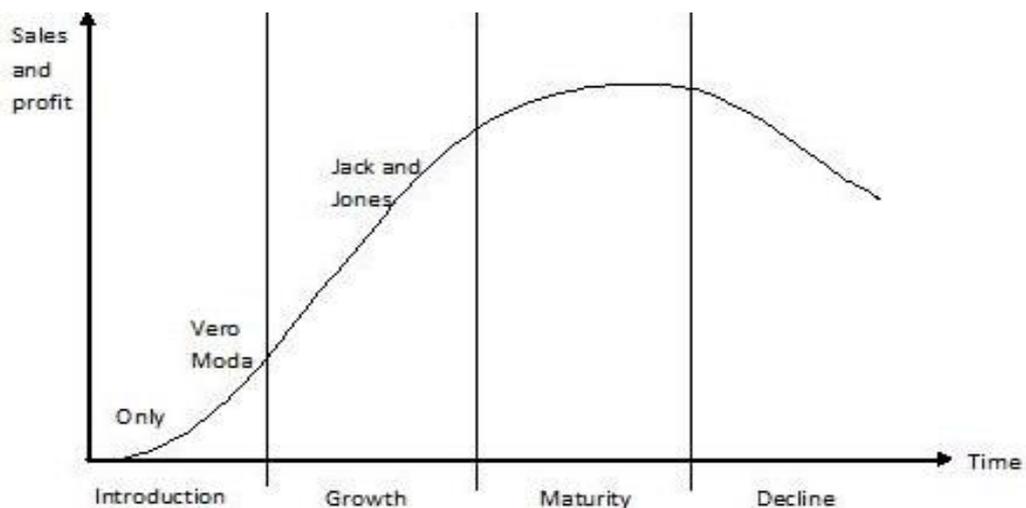
Vero Moda is in the introduction phase on the Canadian market. The brand has not yet become a success and is still trying to catch consumer's attention. Vero Moda is closer to the growth phase than the start of the introduction. This also supports that Vero Moda is still a question mark, but is closer to become a star.

Only is in the position of being a question mark. Only has a lower market share than Vero Moda, it is the last brand entering the Canadian market and is facing the most competition in the market. Many companies are targeting the university girls aged 15-25 who like the denim look. The market for female denim has got a big potential due to the fact that it has an annual turnover of C\$597.9 million. The market trend is growing and therefore the market looks good for Only. Only's customers are girls who like to have an individual look and pay an affordable price (consumer lifestyle report). The clothing market for young consumers has many competitors which will make Only's chance at becoming a star a rough journey, especially since companies like Forever 21 are responding very quickly to new trends in the market. Forever 21 produces cheap clothing and is targeting the same customers as Only. When price becomes a parameter it is hard for Only to keep up with that kind of competition. Only should therefore do something to establish more brand awareness in order to go for the star position.

Only is in the start of the introduction and demands a large amount of marketing in order to make potential customer aware of the brand. This support that Only is a question mark in the Canadian market and it is not sure whether Only becomes a success on the market.



The matrix shows the three individual brands in each circle and the size of the circle is representing how dominant the brands are. Therefore, Jack and Jones has the biggest circle since it is considered to have relative dominance in market. Furthermore, the circle is placed in the star quadrant, with high market growth rate and a relative high market share. The two other circles are representing Vero Moda and Only. The circles are placed in the question mark quadrant. Vero Moda has relative low market share but higher than Only. The market growth is also considered to be over medium.



The PLC curve above shows which phases Bestseller’s three SBU is located in, in the Canadian market. Only is the newest Bestseller brand in the market and has still not been able

to capture awareness, hence Only is in the beginning of the introduction phase. Vero Moda is also new in the Canadian market, hence is also located in the introduction phase, but Vero Moda is closer to the growth phase than Only, because Vero Moda has been able to create more awareness about the brand name. The most successful Bestseller brand in the Canadian market is Jack and Jones and the brand is in the growth phases, because Jack and Jones is capturing more market share, which means customer are acknowledging the brand.

4.7 Internal Conclusion

Based on the internal analysis Bestseller Canada has both strengths and weaknesses at the current market position. The segmentation of the three brands in Canada is different from the target groups in Denmark but the segmentation is appropriate for the Canadian market. Bestseller has different options for selling the clothes to the target group and reach a broader area since the Bay is represented all over Canada. Therefore, more consumers have the awareness of the brands Jack and Jones and Vero Moda. Nevertheless, Only is the challenge for Bestseller Canada. According to the analysis is it more doubtful if Only can perform in the Canadian market. Therefore, Bestseller needs to allocate more resources to make Only a success.

Bestseller Canada has a strong organization behind it and is able to produce in large scale quantities. Bestseller A/S has a lot of experience in the fashion industry and this gives a better platform for Bestseller Canada to succeed. The company has a strong sales organization but does not focus as much on marketing. In Canada the competition is different than in Denmark and the lack of marketing will make it hard for Bestseller to achieve recognition among the Canadian consumers. The weakness for Bestseller is that the designers are not located near the market. This makes it hard for Bestseller Canada to respond to fashion trends that occur in North America.

The close relationship with the suppliers makes Bestseller depend of the suppliers. Moreover the close relationship gives Bestseller the opportunity to influence the suppliers regarding CSR and the conditions for the workers at the factories.

The firm structure of Bestseller A/S is decentralized but the subsidiary still needs to get money from the management in Denmark. This gives Bestseller Canada the challenge to communicate what the problems are in Canada and why it requires financial support to overcome the challenges in Canada.

The strategy for Bestseller to gain new customers seems appropriate. Bestseller has experience in following this strategy from other markets. Bestseller is then spreading the market risk. Another critical aspect for Bestseller is the diversity of the portfolio. It is doubtful if Only will become a success. This should be seen in relation to the short time period the brand has been in the market.

Bestseller has four main core competencies, which is the mark-up, the distribution of the collections, the sale service in the retail stores and lastly the short process. Bestseller shall focus the most on the mark-up and pre-packed boxes, because this gives Bestseller a big competitive advantage, because the clothes can be sold on sale and still make a profit for the Company.

The strengths of Bestseller Canada will compensate for the weaknesses if the company is willing to make the necessary changes in order to succeed. Here it is important that both Bestseller A/S and Bestseller Canada have the same understanding of the problems and what should be done to solve the problems.

5. SWOT

The SWOT is a strategy planning tool used to evaluate a company's strengths, weaknesses, opportunities and threats. The four factors can be divided into internal; strengths and weaknesses and external; opportunities and threats. The internal factors are the ones the company can influence and the external factors are outside the company and the company has no influence on these factors. The SWOT analysis is widely used, because it is a useful tool for understanding different situations and decision making in companies. The SWOT analysis is helpful in identifying areas for development; hence it is an important tool for Bestseller, since Bestseller wants to improve their position in the Canadian market.

A traditional SWOT analysis only consists of short sentences, which makes it harder to include details in the analysis, and in order to avoid this, the SWOT has been divided into an external and internal analysis, where different theories have been included to help support the SWOT analysis. By including the extra theories within the external analysis, it will also compensate for the shortcoming of determining whether something is an opportunity or threat, because the SWOT analysis itself does not have a tool, which helps distinguish this. The SWOT does not prioritize the findings, hence it is not known which

factors have the biggest influence on future development or decision making. Another criticism of the SWOT analysis is its flexibility and can be applied in many different business forms, this may not seem as a critic, but since the SWOT analysis is so flexible, it becomes vague. The model is vague, because it does not provide any guidelines on how the company can identify the different factors included in the model. The SWOT gives an overview of the external and internal analyzes.

Strengths:

- High mark-up
- Distribution of the clothes
- Stores chose own collections
- Value for money
- High end of the low
- Service level in the retail stores
- Short process from idea to action
- Close relationship with the big suppliers

Weaknesses:

- Low marketing budget
- No online sale in Canada
- Stores only located on the east side
- No designer in Canada or the US

Opportunities:

- Good economy in Canada
- The Bay has stores all over Canada
- Same seasons in Canada and Denmark
- Canada is member of NAFTA

Threats:

- Many competitors, with strong brand name
- Very diverse population
- Long distance between the larger cities in Canada

6. Recommendations

On the basis of the external and internal analysis, a set of recommendations will be made for Bestseller Canada, in order to plan the future strategy for the Canadian market. In order to make the best recommendations for Bestseller, the seven relevant parameters will be evaluated. The seven parameters will include the marketing mix and the service aspects.

6.1 The Seven Parameters

The seven parameters will be used in order to give Bestseller recommendations for what the future strategy should be in the Canadian market. The seven parameters consist of price, product, place, promotion, process, physical evidence and people. Mostly the last three

parameters are used on service companies, but are included, because Bestseller is a customer oriented company and wants the customers to have a good experience when buying clothes in a retail store. Therefore the additional three parameters are added. The first four parameters, price, product, place and promotion also known as the marketing mix, were suggested by McCarthy (1975) and later on Boden expanded the four parameters with three extra process, physical evidence and people. The last three had as mentioned more focus on the service aspect of a firm. The seven parameters are the parameters, which can be controlled by the firm. The over-all goal of the seven parameters is making decisions which benefit the target group, in order to create value and customer loyalty for the firm.

One of the most common critics of the marketing mix is it is too inward looking which means it concentrate more on the internal processes and activities than customer's need, in order to avoid this, three extra parameters will be included, this will give more focus on the sales aspect, hence customer service. Another critic of the marketing mix is, it includes a lot of different strategies, which makes it harder to come up with complementary strategy, in order to avoid this critic the key factors for success will round up the key points found in the marketing mix.

The critics of the marketing mix are taken into account. Therefore other theories are added to make the marketing mix more suitable for the required evaluation.

6.1.1 Place

Currently Bestseller are selling the three brands in the Canadian market through solely owned retail stores and two of the brands Jack and Jones and Vero are also sold in the Canadian wholesale store The Bay. Bestseller's retail stores are located on the east side of Canada. It would be an opportunity for Bestseller to open retail stores in the provinces British Columbia and Alberta, due to the population growth in the metropolitan areas, which makes it more attractive to open stores in these two provinces. Furthermore, Alberta is the province with the highest population growth. Bestseller can get the market information from the purchasing made in The Bay and in this way get information about the consumer's preferences. Bestseller prioritizes the location of their retail stores high and Bestseller shall continue using this strategy in order to catch customer's attention passing by the display window.

In Europe, Bestseller is using online sale and Bestseller shall expand the online sale to Canada. This will make it easier for Bestseller Canada to reach the potential customers, who are living in the peripheral region. By expanding the online sale, Bestseller will also be

able to increase the clientele. Currently Bestseller does not have a country specific homepage for each brand; instead Bestseller has an international homepage. The customer has to be able to click from the International site to the online store site.

6.1.2 Product

The Canadian market is of course different when it comes to the consumer's style and taste. There is different cultural norms compared to Denmark and the climate is warmer in the summer months and the winter is colder and rougher. Nevertheless, the global fashion trends are getting more and more alike. Therefore most of the fashion trends occurring in Denmark will come to Canada later. Moreover, few of the trends will never reach the Canadian market and other few trends from North America will never reach Denmark either. (Adrienne). The three brands do all sell clothes that in general are following the global fashion trends.

Jack and Jones is currently the Bestseller brand, which are the most successful in the Canadian market, this is mainly because Jack and Jones compared to its competitors have the right clothes targeting the customers. The lines in the Jack and Jones collection are capturing the different taste of the men in the target group.

An opportunity for Bestseller is to select an older target group in the male segment. The reason for the new focus is that older men have preferences for clothing. The older target group would be the newly graduated from university. Therefore, Bestseller should launch a new menswear brand in the Canadian market. The most favorable brand to launch would be Selected Homme, which is a men's apparel brand, which has a slightly older target group than Jack and Jones. Bestseller Canada recently launched Selected Homme in the market. According to the external and internal analysis of Bestseller in the Canadian market, it was the correct strategy to introduce this brand.

Vero Moda and Only are still trying to capture recognition and acknowledgement in the Canadian market. Nevertheless, this is not a reason to extract the two brands from the market; Bestseller should instead try to make the potential customer more aware of the two women apparel brands.

Clothing has a short lifetime and therefore it is important that the designers are following the global fashion trends. The clothes have to follow the trends in the market. Bestseller should try to keep up with their strong direct and indirect competitors, Bestseller needs to have designers closer to the Canadian market. Currently the closet designers are as mentioned situated in Denmark. The distance makes it hard for the brands to catch the newest

trends in North America. Moreover, Bestseller should still have the main collections designed in Denmark to create the overall Scandinavian style. The designers cannot keep up with the latest trend in Los Angeles. Therefore Bestseller should locate a designer in North America in order to achieve a stronger brand position. The designer should catch the newest trends in American and can make additional designs to the collections from Denmark. The designer could be placed in Los Angeles since many of the North American trends come from the city (Adrienne). The designs can then be made as express orders and be produced in Mexico. When Bestseller gets a designer in North America it will be the perfect mix of the Scandinavian design with the newest North American trends.

The competition in Canada is very hard compared to the market conditions in Europe. Therefore, Bestseller Canada should start branding the brands. The choice of branding Jack and Jones, Vero Moda and Only will add additional costs in form of increased marketing, labeling, packaging and promotion. The branding of the individual brands will create a better identification and awareness of the brands. Bestseller needs to create brand loyalty for the brands. Then the customers will be more likely to buy the same brand again. The reason why Bestseller should positioning the products as brands is that Bestseller needs to differentiate themselves from the competitors. If Bestseller differentiates the brands from the competitors it will create an identification of the brands and what the brands stand for. If Bestseller succeed in creating brands it will keep the customers loyal and thereby increase sales.

The brand names Jack and Jones and Vero Moda do not bring negative associations with it. The name Only is on the other hand creating negative associations for native English speaking persons. People will have a tendency to associate the word with minimal and thereby associate it with being a cheap brand. It is important that Bestseller in the branding process of Only will try to bring positive associations with the word. People should associate Only with trendsetting and being only in a unique way. People should associate Only by being a trendsetting brand. People should think of Only as in “Only fashion”- the brand that provide fashionable Scandinavian clothes. If people do not recognize the brand name Only when walk past the retail store people would assumable not enter if the customer associate the name with something cheap. Therefore, Only needs an enticement for the customer to enter the store. This is why a celebrity branding would be an option for the brand.

The three brands should emphasize that the company is from Scandinavia. People in North America are aware that the designs come from Scandinavia and gives the consumer positive associations. Bestseller should create the feeling in the customers head that Bestsellers has the trendsetting brands since it is from Scandinavia and the customer gets the Scandinavian look when purchasing Bestseller clothes.

6.1.3 Price

Bestseller's brands are in the high-end of the low, hence their prices are lower than their direct- and some of the indirect competitors, but the quality of the clothes is the same. Bestseller should continue with this pricing strategy, because the brands have a lot of direct and indirect competitors, who are bigger than Bestseller and have more capital to compete on price. Bestseller's two women's apparel brands' competitors are well known internationally for the cheap prices and will not change the strategy. The price strategy is the correct for Bestseller because if Bestseller compares the quality of the clothes with brands, which have the same price as Bestseller's brands. Bestseller's brands have a lower price, meanwhile maintaining a high quality. Furthermore, the price tags in Canada are marked with the prices not only in Canadian dollars and DKK but also for other currencies. Bestseller A/S has the influence on the price since the mother company can decide that the store has to sell the must-haves for a special price. The price tags in Canada are without tax. The final price for the consumer will therefore be affected of where the purchase is made. Bestseller can vary the price for different items and give some products a lower mark-up compared to others. This can be applied because of the company's size and the achieved economies of scales.

6.1.4 Promotion

The promotion is important for Bestseller in order to positioning the Bestseller brands and differentiates them. The promotion of the three brands should be partly adapted to the Canadian market; because the market is different from the Danish market and the Canadian population is diverse. Therefore, the promotion has to be adapted to the different areas in Canada.

Currently, Bestseller is only using product adaption on the Canadian market, which means Bestseller is only adapting their collections to the market, but Bestseller also need to adapt parts of the promotion, so the promotion target the favorable target group in the market. This strategy is called dual adaptation (Keegan 1995). Bestseller need to make a different

promotion for the Canadian market, because the market is different and Bestseller needs to reach the Canadian target group.

The promotion mix for Bestseller should consist of magazines, billboards, webpages, marketing public relation and viral marketing. In general magazines are important for the fashion industry. Many fashion magazines are sold in both Canada and The United States. Therefore the magazine reaches a broad group of women. In Canada Only and Vero Moda should start advertise in the LouLou magazine This is a magazine with main focus on fashion and will reach Vero Moda and Only's target groups. The ideal situation for Bestseller would be if the brands got an article in the magazine. This would be the perfect opportunity to tell about the Only brand and communicate that it is Scandinavian and what its purpose is in the Canadian market and the intention for entering Canada. Furthermore, there could be a voucher in the back of the magazine to make the customers curios to go into the retail store.

In Canada billboards are often used for advertising. When Billboards are used, it instantly gives the consumer an impression of the clothes being shown. Therefore the billboards are a good way to create an image of the brands. Jack and Jones should continue doing billboards and Bestseller should start a billboard campaign for Only. Here it would be useful to make a well-known Canadian celebrity be the front figure for the advertising campaign. The actress Elisha Cuthbert would be a perfect front figure. She has the blond Scandinavian look which Only should emphasize on. Furthermore, Only's target group has grown up with her since she had a popular kids show called Popular Mechanics for kids. It is expensive to have a famous person as the face for Only since she is a familiar face and people will associate her positive opposed to an unknown model. It is harder to signal that Only is not "just Only" as in minimal when the consumer is not aware of the brand and what it stands for. The billboard could have Elisha Cuthbert posing in a Only jeans and look nice and the slogan could be "No distractions, Only fashion". The slogan would emphasize on Only as a fashion brand and have the a dual meaning by saying "No distractions", because the girl is so gorgeous that she is distracting the person walking past the billboard. The Only fashion will then state that you get the "unique" fashion by shopping Only clothes.

The homepage is essential for the company's communication with the customers. The brands do not have a country specific homepage but an international for all the markets. The brands should continue to give the customers the opportunity to sign up for newsletters so there continuously will be created attention to the new trends.

Marketing public relations (MPR) is a good idea for Bestseller to create a good relationship with the fashion press and relevant media. Bestseller should make press releases; participate in conferences, fashion shows and fashion weeks. This could create positive associations to the different brands. Bestseller could attend the international council of shopping centers (ICSC) and getting contacts and find out where the new events are hold. These events can be anything from a seminar- about the industry, to learn about what is new in the industry. Bestseller would create awareness about the company in the industry and thereby achieved influence in the industry.

Sales promotion in the stores will help create the image of Bestseller. The staff in the stores is well trained and will help create the image of Bestseller. Bestseller should continue doing sale promotion in the retail stores and moreover the staff should try to make additional sales to the customers.

Social networks are becoming a more integrated part of the brands target groups. The brands already have fan pages on Facebook. This is a good way to communicate with the customers. Furthermore, the mouth-to-mouth method is useful. This is what Vero Moda is doing with the ambassadorship. Blogs are also becoming more and more integrated in consumers daily life. Only do already have a blog but it would also be helpful if the clothes would appear on the private blogs. The company can choose a blogger that correspond with the Only girl and then make her give away a free item on the blog. The brands also have applications for the Iphone and this media becomes stronger as a way to get through to the customers. It could be an idea to have a lookbook and then daily the customer could get the look of the day as inspiration. Furthermore, the brands should continue to upload advertisements on Youtube and Facebook.

6.1.5 Physical Evidence

Bestseller's retail stores have the same layout all over the world. The layout of the stores is made in Denmark. This means that the decorations are the same as well as the whole set-up in the store. This gives the customer recognition, but this does not mean the stores have the same clothing collections, because the collections are different from store to store. Furthermore, it also has the disadvantage that the sales staff is in a position to choose the popular clothes for their mannequins. This is due to the fact that the collections are individual chosen by the store managers. Moreover, the sales staff should wear clothes, which are available in the store that

the sales staff is working in. This will give the customer inspiration on how to combine the clothes in the stores.

The retail stores should have a nice environment and it should be easy to find one's way around the store. The staff has to keep the store and dressing rooms tidy in order for the customer to feel more comfortable, when shopping and trying the clothes. The stores should be decorated with TV screens showing advertisement for the brands. While the advertisements are running on the screen music has to be played. The music should correspond with the image Bestseller is trying to create of each brand so the customer can associate the music with the brand.

When Bestseller opens a new store or launches a new collection. Bestseller should continue promoting it with DJ's and special discounts for the customers, who are attending the opening or launching of the new collection.

6.1.6 Process

The process from design to the customer can purchase the clothes in stores must be short. In order to keep customers' attention. Bestseller shall not only focus on the design process, but also the process in the store, examples of process in the stores could be the waiting time for the cashier and the dressing rooms. The staff s has to make the waiting time as short as possible in order to give the customer the best service. This is not only a task for the store staff, but also for Bestseller as a company, because the company chooses employee budget, hence decide how much sales staff can be at work.

6.1.7 People

Store staff should have the same training, no matter which market the employees are working in, in this way the customer will get the same service no matter which retail store the customers are entering. Vero Moda retail stores' sales staff is considered to be stylist; this means the customer can book a stylist, who will help the customer find suitable clothes. Bestseller shall expand this idea to the only stores, in order to get potential customer a better service in the stores and in this way influence the customer to buy more.

6.2 Key Factors for Success

In order for bestseller to improve the market position in the Canadian market, Bestseller needs to improve the parameters. The changes will make Bestseller more likely to succeed in Canada. The four parameters that Bestseller has to change are place, product, promotion and service.

Firstly, Bestseller should expand the online sale to Canada in order to reach a bigger populated area and the potential customers in the peripheral areas. It is not a drastically change for Bestseller, because Bestseller already has online sale to most European countries operating in. Secondly Bestseller has to locate a designer closer to the Canadian market, preferably in Los Angeles. In this way Bestseller will be able to mix the Scandinavian design with the latest trends from North America. Thereby Bestseller can respond faster to the market. Thirdly Bestseller has to increase the marketing budget for the brands, because Bestseller needs to start branding the brands in the Canadian market. This will make the customers more aware of the brands. The result of more customer knowledge of the brands will increase sale and market share. Lastly, Bestseller needs to have a high service level in the retail stores and give the customer a good experience when shopping in a Bestseller store.

If Bestseller makes these four changes in the parameters, it would be more likely for Bestseller to improve the position in the Canadian market.

6.3 Recommendation Conclusion

There are many opportunities for Bestseller in the Canadian market, but currently Jack and Jones is the most successful brand. In order for Bestseller to make the other two brands more successful in the Canadian market, Bestseller needs to change the parameters.

Bestseller should take advantage of the opportunities by changing the combination within the parameters. One thing Bestseller could change is the online sale. Currently Bestseller does not have online sale in Canada. An expansion of the online sale to Canada is a great opportunity for Bestseller to reach potential customer in peripheral areas and in this way increase the sale.

Jack and Jones is as mentioned the most successful Bestseller brand in the Canadian market. Therefore it would be an opportunity for Bestseller to launch a new menswear brand. In this way Bestseller will maintain the customers, who have left Jack and Jones' target group. Bestseller should not launch another women's apparel brand, because the two women's brand

in the market have not been able to get a strong position. Therefore, it would not be an opportunity for Bestseller to launch another women's apparel brand.

Bestseller is known for the quality of the clothes and lies in the high-end of the low. Bestseller should continue producing clothes after the strategy value-for-money. In order to stay in the same price range as Bestseller is in now. Bestseller has the opportunity to get a stronger position in the Canadian market, but before Bestseller can do this. Bestseller has to locate a designer in North America and preferably in Los Angeles, because it is in Los Angeles most North American fashion trends starts. By having designers in North America Bestseller will be able to make a twist between the fashion from Scandinavia and North America.

Bestseller has as mentioned three brands in the Canadian market, but there is not created much attention about the brands. Therefore, Bestseller needs to promote the brands more and in this way create a brand name for the brands. Bestseller should promote the brands on billboards and in magazines. The brand that needs the most branding is Only, because "only" is a common word in English and often has negative associations. To turn this around Only needs more branding, so customer will associate the brand with a negative thing, but instead associate it with the newest fashion. Bestseller should apply the same stylist strategy in the Only stores as Bestseller has in Vero Moda. Bestseller is well known for the service level in the retail stores. Bestseller should continue giving the customer a good service in the retail stores.

7. Conclusion

Bestseller did not enter Canada in the conventional way as the theory describes. The entry happened without a long planning process and was entrepreneurial driven by Bestseller's partner Michael Muirhead. Furthermore, Bestseller is experienced in entering foreign markets as well as a big amount of know-how. Therefore, the entry to Canada did follow the same entry mode as for other entered markets; the Greenfield investment. Bestseller has a high level of control over the activities in Canada and since the company has many resources to make the investment it has been a good choice for Bestseller to establish a subsidiary. The Canadian market is attractive since a given number of macro factors have influenced the country in a positive direction. These factors are the ease of doing business in Canada, the increased

population growth and the high skilled workforce. The Canadian economy has been performing well and has experienced growth. In general the business climate in Canada is favorable for establishing a company. Bestseller's decision of entering Canada was therefore a favorable decision when it comes to the business climate.

The increased globalization of the clothing industry has resulted in heavy competition. In Canada the market competition is even more competitive than what Bestseller has experienced in other foreign markets. Therefore Bestseller should focus on optimizing the value adding activities that are not generating a competitive advantage. The focus should be to optimize the sales and marketing functions to create recognition for the consumer and thereby establish the brands in the market. Bestseller has problems with responding to the fashion trends in the Canadian market since the designers are located in Denmark.

Bestseller has its strengths in being a large scale company and thereby creates economies of scale in the clothing production. The company is very experienced in the whole process of designing and producing the clothes. Bestseller is an agile company and people are quick to come up with new ideas and bring them to life. Nevertheless, Bestseller needs to improve where there is a lack of consistency in the different processes of the value chain. It is important that the design, marketing and sales all have the same image and idea of how to create the brands' image.

Bestseller has been very successfully introducing a men's brand to the Canadian market. In Canada it is not common to have stores only with clothes for men. Therefore, Jack and Jones is the star of Bestseller's portfolio. Moreover, the two women's brands face more competition and have to work harder to achieve recognition from the consumers. Moreover, Bestseller has a strong organization that should be able to make the required changes, which will make Bestseller become a success in Canada. Bestseller needs to focus on optimizing the marketing mix in order to create three Bestseller brands and not only being another clothing company in the Canadian market. The company needs to allocate more money to marketing and thereby make Bestseller strong in Canada.

Bestseller has made the right decision to enter Canada, but now needs to make the required investment in order to make the brands succeed in Canada. Bestseller needs to hire a designer that can catch the North American trends and then make additional styles to the overall collections made in Denmark. The production should be in Mexico, who is a member of NAFTA. When having production in Mexico the time-to-market will be short.

Moreover, Bestseller needs to pay big attention to Only which needs to get recognition in the customers awareness. In particular the problem is the name of the brand and Only. Only needs to brand the word as in being unique and cool. Vero Moda is new in Canada on a retail level and should continue with creating the image as being a boutique brand.

Finally, Bestseller has good chances of succeeding in Canada because of the good market conditions and Bestseller is a strong company with the right capacity to be successful in Canada.

7.1 Concluding Remarks:

The thesis has considered how Bestseller entered Canada. Globalization in the fashion industry has made the production of clothes cheap and consumers like to buy new styles as the trends change. Therefore, global companies can take the opportunity to operate in many different markets since the overall fashion style is the same globally. Nevertheless, there are differences in taste when it comes to style, fashion and trends and Bestseller has to adapt to the Canadian market.

Bestseller has taken the opportunity to enter North America by entering through Canada. Moreover, if a company wants to enter The United States, the company often uses the Canadian market as a stepping stone. It is said that if a company can succeed in Canada, the company can also succeed in The United States. If the company fails in Canada there is little chance that the company will find its way to The United States. Now as Bestseller has entered the Canadian market it would be logical to see Unites States as the next potential market to enter. The two countries have many similarities and many trends in Canada come from The United States. However, The United States is harder to enter than Canada. The entry to The United States will require a well-developed strategically plan. Bestseller should turn to get professional help in from a consultants that could help with developing the strategically entry plan for Bestseller. The United States and Mexico are also members of NAFTA and therefore, it would be a good idea to have the clothes produced in Mexico. Bestseller will not have large amount of additional costs, because Bestseller does not own the production facilities in the other production countries. This reduces the time to market for Bestseller. This strategy of having production close to the market has been followed by other big Danish companies as LEGO and Grundfos, who have seen the benefits of production in Mexico.

The United States is an attractive market since “The United States represent around 25% of the total world market for all products”⁵. The United States and Canada also have many similarities when it comes to culture. This is shown in Geert Hofstede’s cultural dimensions. The two countries score close in all the dimensions. Nevertheless, The United States has a multicultural population as in Canada. The market in The United States has a great potential. Therefore, Bestseller should get well established in Canada and then enter The United States.

⁵ International Marketing, Anne-Mette Sonne

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9. Appendix

See enclosed CD with Jack and Jones guest lecture and meeting with Adrienne