

# An Uplifting Customer Experience for Vince Unfold

Strategy Building 2019





## **Project name: Vince Unfold**

Elevated overall customer experience for Vince's rental business, Vince unfold by introducing 3 different subscription plan, more seasonal selections and new accessories assortment. The business plan that includes a pop-up store event, YouTube collaboration and discount promotion was built upon thorough market research.



VINCE. unfold



find  
your  
essentials

FSH 637 - LIU

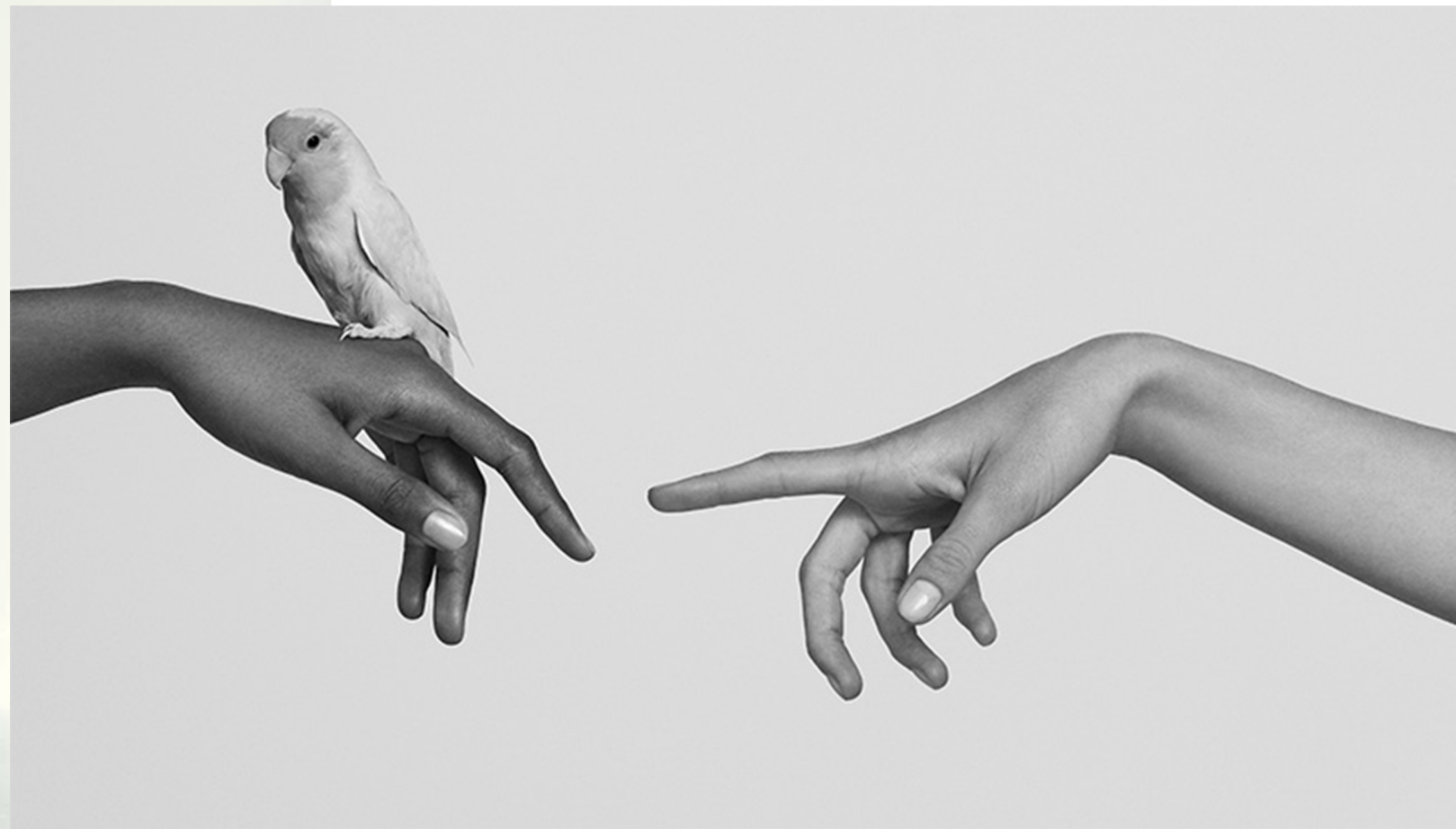


to be continued.





Connect with us  
At our pop up store



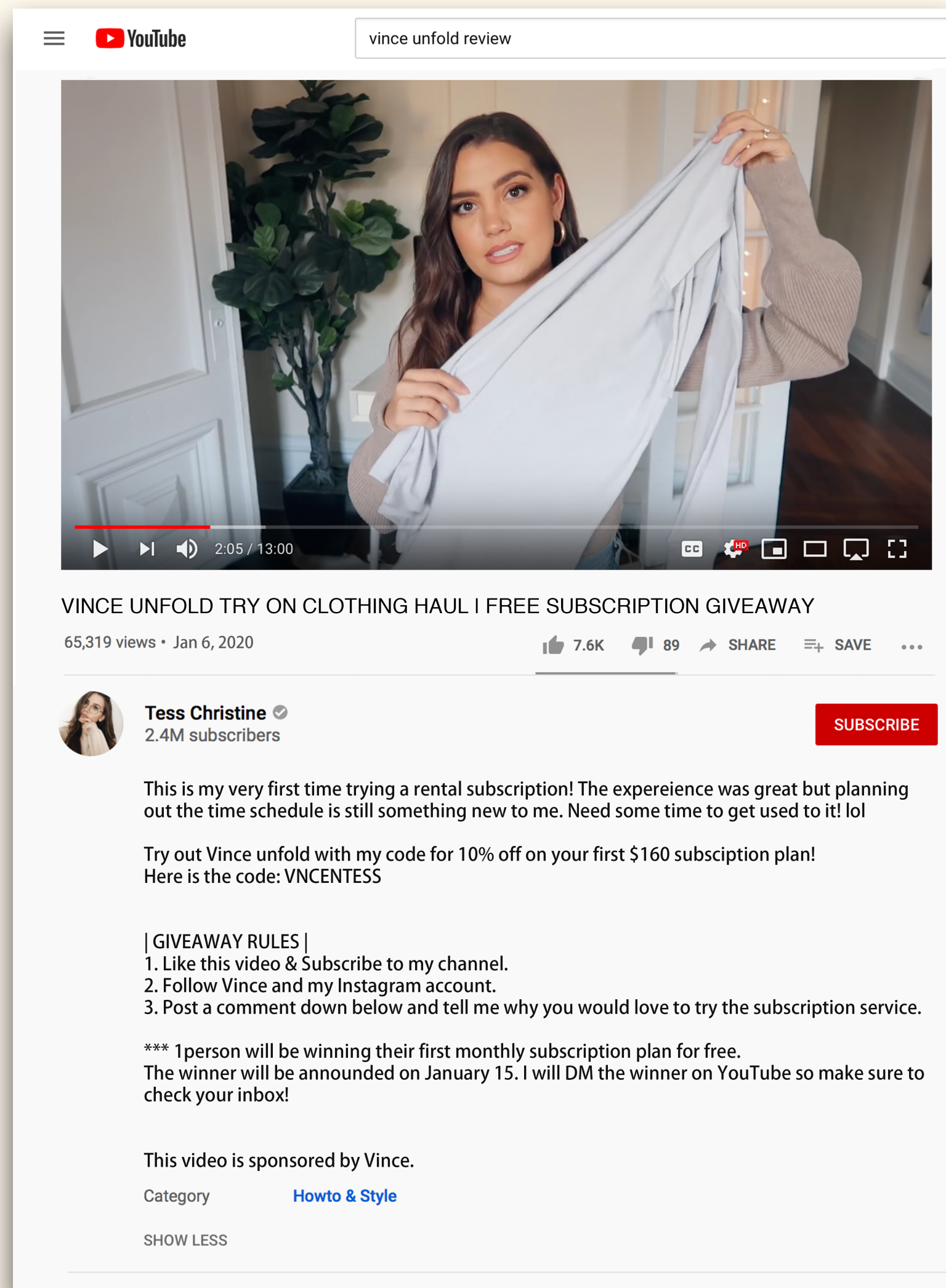
**VINCE.** unfold

More information on [VinceUnfoldPopup.com](https://VinceUnfoldPopup.com)

This 1-year pop-up store event takes place in 4 cities and runs 3 months each.

The venue serves as a showroom to introduce customers the subscription service and what it offers as selection.





Through both online and physical channels  
to better promote Vince unfold  
to reach a wide range of customer.

(left) YouTuber collaboration post mockup; (right) Promotion card designs





## MARKET RESEARCH

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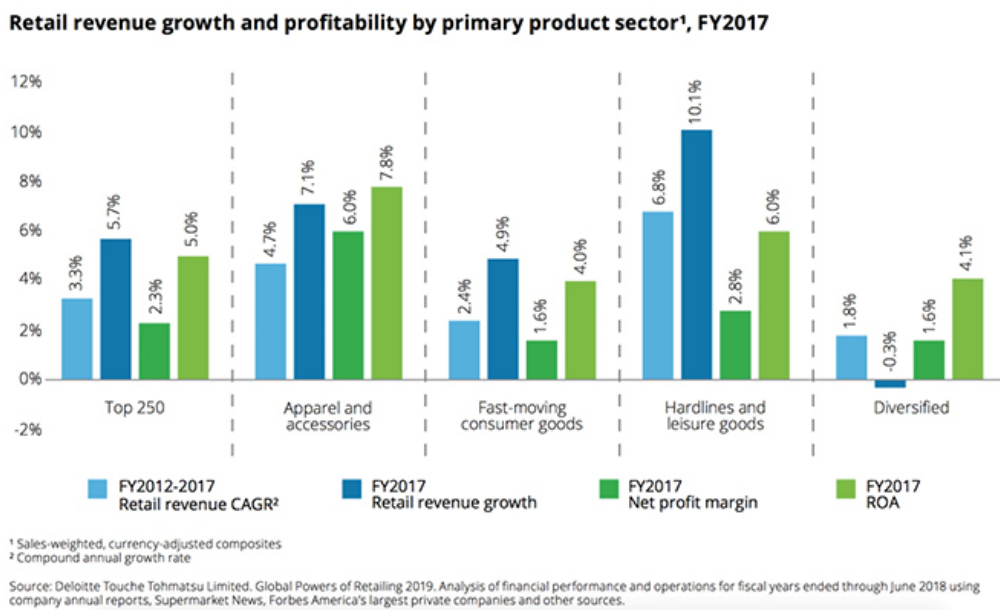


# Global Business Retail Scenario

In 2018, economic growth slowed down in major markets like Europe, China and the US. Higher energy prices, higher valued currency and trade uncertainty were some key problems that hurt the economic. These issues added purchasing power for consumers like slower consumer spending growth, higher consumer prices and disrupt the global supply chain. And this change was partly brought by a policy change in the US.

Retail revenue for the top 250 companies was US\$4.53 trillion in FY2017. In other words, this would roughly translate to an average size of US\$18.1 billion per company. In order to be in Top 250 in FY2017, companies required retail revenue of at least US\$ 3.7 billion, compared to FY2016’s US\$3.6 billion. Overall, companies were focusing on improving economies of scale, operational efficiency and generating revenue from e-commerce channels. And about 2/3 of the Top 250 companies operated outside their home country.

The apparel and accessories sector continued to be the most profitable sector among all the primary product sectors, with a retail revenue growth of 7.1% in FY2017. Most retailers of this sector also had a strong international presence and held the largest global footprint of product sectors.



Europe had the highest number of Top 250 retailers, with 87 based in the region. Germany had the largest companies with an average size of US\$ 24.7 billion. European retailers were the most globally active since they searched for growth outside of their mature home markets. Nearly 42.3% of their combined revenue was generated from foreign operations in FY2017. North America on the other hand, had 1/3 of companies in Top 250. The region didn’t have the highest amount of companies that made into the Top 250 but the average size of one company would be US\$25.6 billion which is the highest among all. However, North American companies had a relatively low level of globalization, only 14.1% of the combined revenue was generated from foreign operations in FY2017.

50 Fastest-growing retailers, FY2012-2017

Growth rank	Top 250 rank	Name of company	Country of origin	FY2017 Retail revenue (US\$M)	Dominant operational format	FY2012-2017 Retail revenue CAGR <sup>1</sup>	FY2017 Retail revenue growth	FY2017 Net profit margin
1	15	Albertsons Companies, Inc.	US	59,925	Supermarket	74.4%	0.4%	0.1%
2	92	Vipshop Holdings Limited	China	10,939	Non-Store	73.8%	37.4%	2.6%
3	20	JD.com, Inc.	China	49,088	Non-Store	52.4%	39.6%	0.0%

Among the Top 50 fastest growing retailers, Chinese e-commerce retailers Vipshop Holdings Limited and JD.com listed as Top 2 and 3. Vipshop delivered close to 335 million customer orders in 2017. This was an absolute increase from 2015’s 193.1 million orders and 2016’s 269.8 million orders. As for JD.com, their active customer accounts increased from 226.6 million in FY2016 to 292.5 million in FY2017. The success was primarily from attracting new active customers and generating repeat purchases from existing customer accounts.



# Industry Trends

There are 7 trends in the retail business. This includes using customer-centric data to understand in-depth customer behavioral habits, customers becoming more and more price-savvy, the arise of human-like robots, experiential retail is becoming a powerful tool, planet friendly consumes, social media is embedded in many customers' purchasing journey and service provider is becoming more important for business.

First of all, customer-centric data. Hyper personalization will be the next step for retailers to see real time behavioral data to understand customer's emotion level. Also, AI recognition and mood analysis will further help brands understand customer's attitude, reaction and shopping pattern. Having the informative data on hand for retailers could help them better compromise customer's need and make the experience personal and unique for them.

Second, consumers are getting price savvy. 81% of shoppers do online research before actually purchase the product or service. They don't want to pay full price and do not afraid to share their opinions.

Third, people are getting more comfortable on communicating with robots. More and more smart speakers and voice assistants are adopted by consumers. This opens up a new door to retailing. Voice controlled shopping is even estimated to grow to US\$40 billion in 4 years, by 2022.



Forth, experiential retail. The desire of experiences rises and customers like Millennials are looking for retail stores where they can buy products and make memories at the same time, especially ones that could be shared on their social media. Millennials are the driving force behind this shift.

Five, planet friendly concept or sustainability. It's not just about setting the goal or building up beautiful campaign about sustainability. A brand has to really adopt the concept to their operations if deciding to being sustainable. Consumers are now shopping with their emotions and values instead of considering the price.

Six, the use of social media. Social media ads are becoming more and more important since most of the Generation Z and Millennials rely to it as a tool to connect with brands and companies nowadays. The ads appear on social media could also target a more specific group based on demographics, interests, behaviors and more. Moreover, Instagram and Snapchat has both launched e-commerce on their platform, allowing customers to directly shop from the tool.

Last but not least, service provider platform. More and more companies are creating their own service tool or platform to connect directly with customers and provide better service for them. This new business model will start to shift the retail industry where traditional business models might have to get involved directly as well. This could be collaborating or partnering with other systems to develop a platform to drive higher efficiency.



## Specific Industry Statistics

Women's clothing market growth was slow, at an increase approximately 2% but consistently growing in the past 5 years and is expected to do so in the next 5 as well. The market is projected to surpass US\$184 billion by 2024. The increasing numbers of women living individually would be a benefit for this market because they may have more disposal money to spend on clothing. Another positive fact is the growing number of varied and diverse female population in the US. This brings in more opportunities because they're asking for different needs and have various preferences.

Womenswear market of today is still very overstocked and consumers are demanding more than ever. They're hungry for newness that speak uniqueness and values to them. Also, they gravitate toward stylish and versatile clothing that they can wear for different occasions. Thanks to the transparency concept that is very well spread today, young women are interested in sustainably sourced and produced clothing and the circular fashion industry itself.

There are more and more young female that are interested in trying new ways of shopping. This includes buying secondhand and even not buying at all. Meaning, they would rent or borrow items. These new options of purchasing goods make premium items more affordable to a broader group of potential customers, especially trend-focused young female customers. And these new methods response to the customers' behavior of today. It's unique, trend-forward, affordable and resourceful at the same time.

Leaders of this sector would be The RealReal and Rent the Runway. The former is a luxury reseller filed for IPO in June 2019 and the later is a clothing rental service that surpassed US\$1 billion valuation in March 2019. Rent the Runway even announced March 2019 to partner with furniture retailer West Elm to offer its users access to furniture rentals. At the same time, they're planning on adding children's clothing to give their users more opportunities to rent for a shopping need.

To compete with these new players, traditional retailers entered the rental business as well such as American Eagle, New York & Co., and Ann Taylor. This move shows a signal of the demand and interest in the market and perhaps more and more other retailers will join the competition in the future as well.

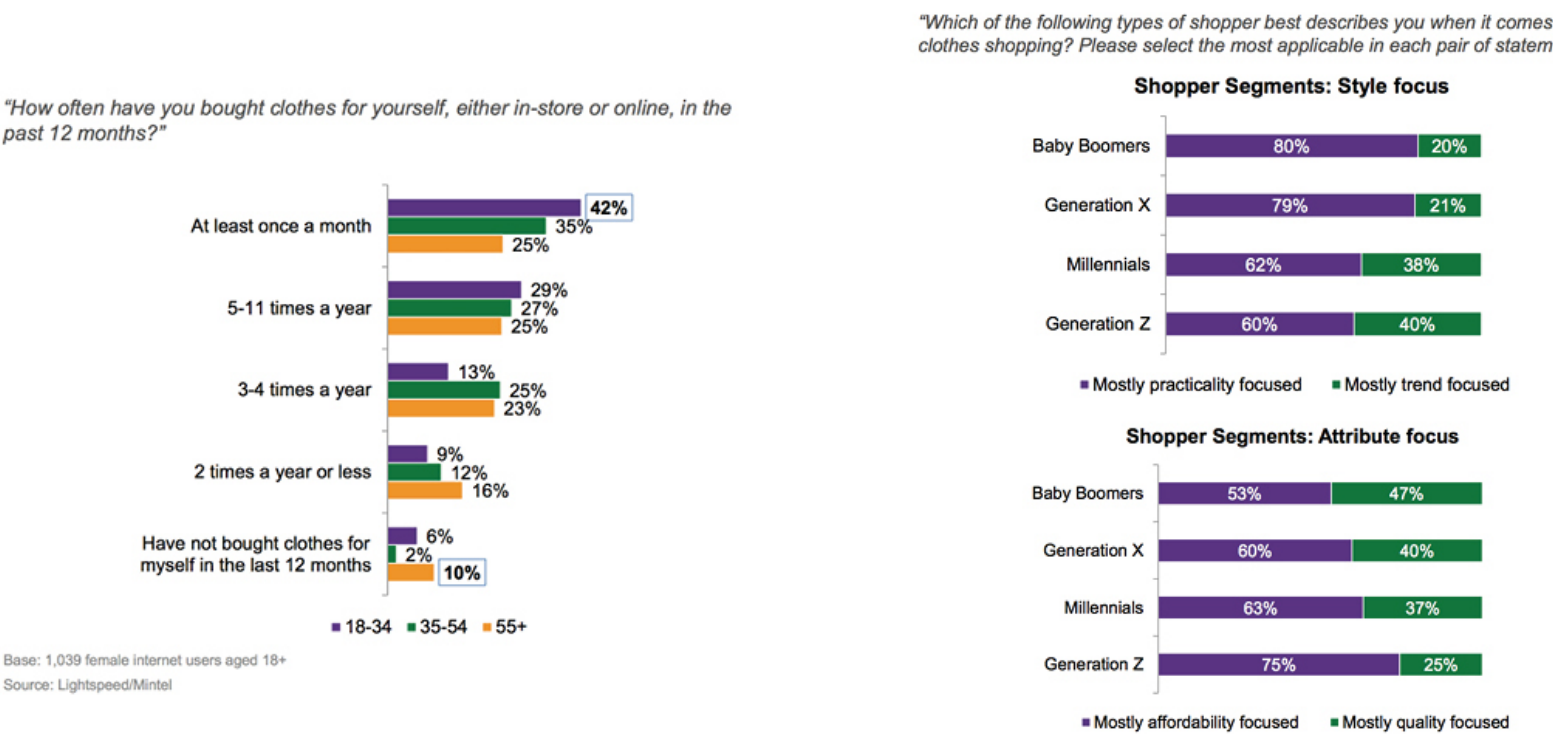
While influencers continue to make big influences on customers' purchasing decision on social media, brands are not just creating another ad-like contents anymore. Instead of using influencers as the brand's spokespeople, brands are giving the designing power to them. Collaborating collections with influencers are emerging all over clothing category. For example, Aimee Song from Song of Style released her own line with fast fashion retailer, Revolve.



# What Do Customers Buy & How Do They Behave

Casual items were the most purchased types of clothes in the last 12 months, beating items like dresses. The majority of women prefer casual clothing for versatility since informal or relaxed dress code is becoming a norm today.

Around 42% of women age between 18 to 34 shop at least once a month, followed by 35% of women age between 35 to 54. As women age, their shopping frequency decreases. However, frequency doesn't equal to spending amount. Although younger female customers are more likely to shop every month, they're also more value driven. Whereas older generation are more quality-focused. And in general, women focused on affordable clothes more than quality ones. Meaning, most women shop with a value-dominant approach.



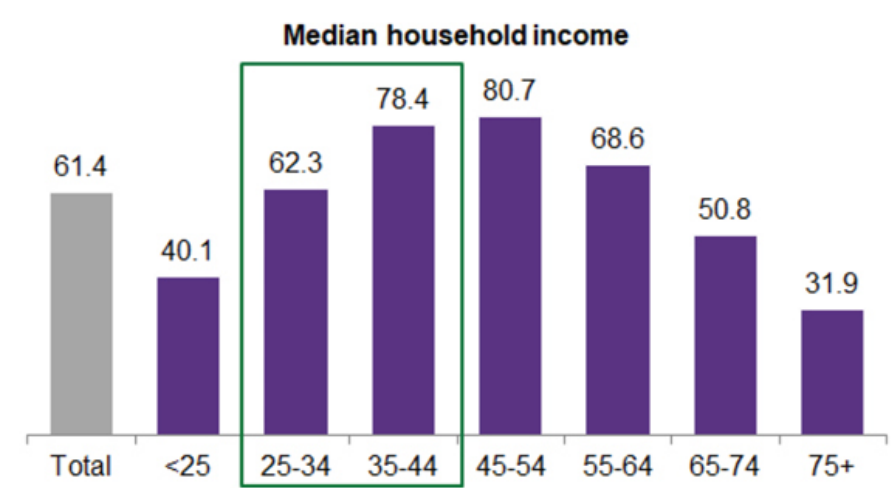
The most popular items sold online are the cashmere products since the company kicked off its fame with cashmere hoodie at the beginning. There's a separate section named 'cashmere' for both men's and women's merchandise on Vince's e-commerce site. From the popularity of the products, we can understand that Vince's customers are looking for functional items that are casual yet stylish.



# Demographic Analysis & Population Profiling

Millennials that age from 25 to 42 whom represent more than 80 million consumers and about 1/4 of the US population. This generation can further divided into younger Millennials aged 25 to 32 and older Millennials aged between 33 and 42. More than half of them are married and starting families. 3/4 of Millennials are employed even the ones that became parent are mostly working compared to older generation at the same age. This means that they would have to face childcare challenge.

FIGURE 18: MEDIAN HOUSEHOLD INCOME, BY AGE OF HOUSEHOLDER, 2017



Notes: Millennials are approximated by people aged 25 to 44, "householder" defined as "the person, or one of the people, in whose name the home is owned, being bought or rented. If there is no such person present, any household member 15 years old and over can serve as the householder."

Source: US Census Bureau, Current Population Survey, Annual Social and Economic Supplement/Mintel

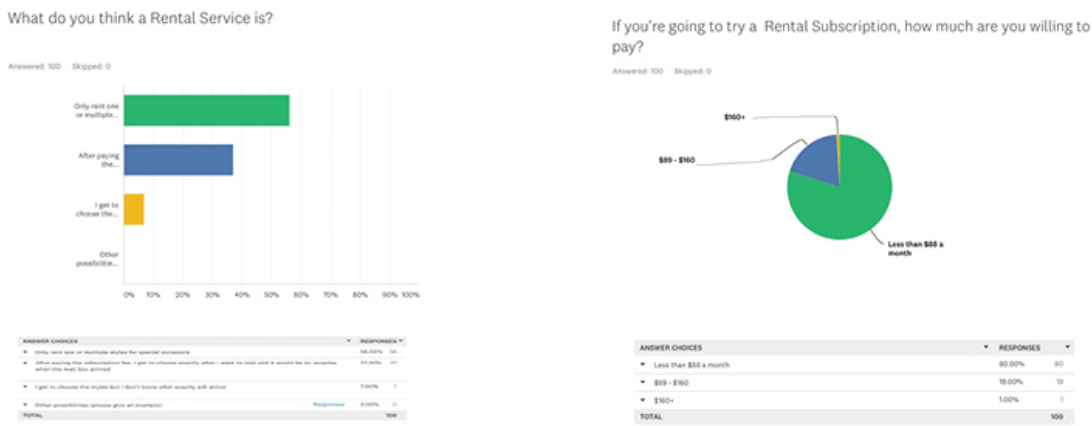
As for their financial status, the Millennials have lower earnings, fewer assets and less wealth than generations before them when they were the same age. Some facts that causes the problem are the fast increase of healthcare and college tuition. Although their average income is now higher than the national income of US\$61.4K per year, most of these payment go after their debt.

Almost half of the debt comes from student loans and credit card. This could also be why 35% of them still live with their parents. Some of the cities that are preferable for Millennials to live in are Chicago, Philadelphia, Manhattan, Boston and Washington.

# Primary Survey Results

Respondents: 100  
22% are under the age 25, 70% are in between 25 and 32, 5% are in between 33 and 42 and 3% are over the age 42. 82% of them are female and 18% of them are male.

From the survey, we can understand that most of the people shop at least once a month, over 65% of the respondents say so. And 66% of them have heard of rental service before taking the survey. When asked about how they think of rental service, 56% of them think it's a service to rent one or multiple styles for special occasions only. And 44% of them understand that it's a service of paying a subscription fee to rent certain amount of styles every month. Around 37% of these people think they will get what they picked in the mail box. This explains how people want to have the selection of choosing what they want to rent instead of getting something unknown.



As for the fee that they are willing to pay each month, 80% of them chose less than \$88, 19% are willing to pay from \$89 to \$160 and only 1% would like to spend over \$160. And for the service itself, nearly 80% of people chose to have the options of unlimited exchanges but with only 4 styles on hand as always instead of having 6 styles on hand but no exchange policy. Around 48% of people do not care if the rental service is single brand or not if the site offers great merchandise. However, 42% of them prefer a multi brand rental service website. And only 10% of them are okay with single brand but only if its a brand they like very much. Lastly, about the attractive reasons for them to try rental service would be changing up their wardrobe without committing to something new which is 36% and trying a different style to see it's suitable for them or not which is 33%. 46% of them would like to understand more about the rental service and 32% would even like to try it out themselves.



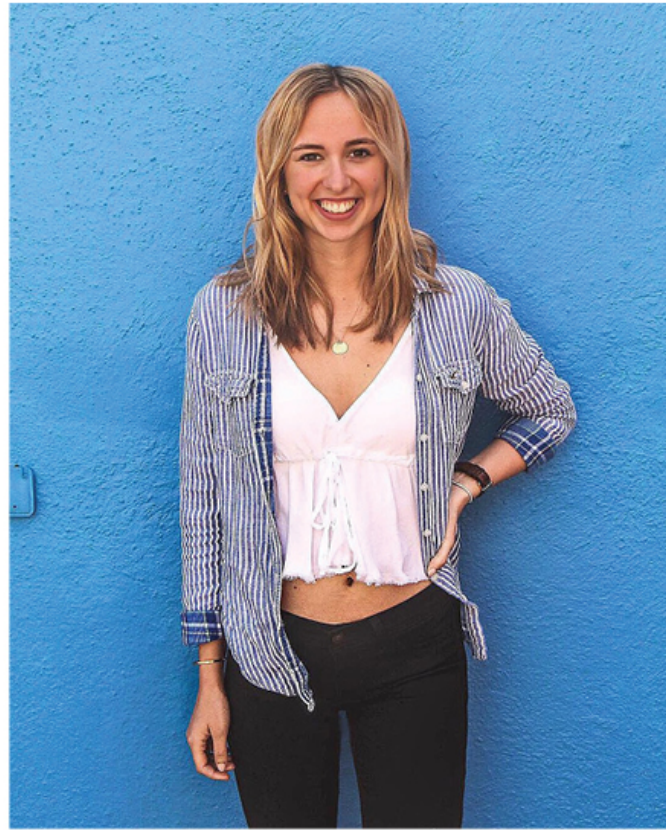
# TARGET BOARD

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# Primary Target Market Persona



Name: Louise  
Age: 29  
Education Level: Bachelor degree  
Job: Interior Designer  
Income: \$56,000  
Location: Los Angeles, California  
Ethnicity: White

Louise is a Canadian girl. She moved to Los Angeles for study and stayed ever since. She loves the Cali weather where she gets to enjoy a lot of the sun. She also likes the fact that it's easy to get to the water because hanging around the beach always gives her some inspiration. She does a lot of window shopping in the city as well because this is a way for her to seek inspiration too. She especially pays attention to the clothing stores like Anthropologie where the installation blows her mind every time.

As much as Louise enjoys traveling, she tends to save the money then to spend it. When it comes to buying new clothes or essentials, she likes to buy them online because they offer better deals. However, she prefers quality over quantity. She would either spend her money on something that could last a long time than something that can only be used a few.





## Secondary Target Market Persona



Name: Sammy  
Age: 35  
Education Level: Bachelor degree  
Job: Senior Executive Assistant  
Income: \$62,000  
Location: Chicago, Illinois  
Ethnicity: Asian

Sammy used to live in the West Coast but moved to Chicago with her husband after their marriage. Even though she misses her family and friends back home, she enjoys the city atmosphere that is so different from Southern California. Another thing she likes about Chicago is the difference between seasons. This is not something she could experience in California where summer is always in the corner. This gives her excuses to dress herself up and buy clothes for various occasions.

She likes to cook and experiment new recipes with her husband. She also likes to invite friends over to their place to spend some quality time during weekend. Sometimes, Sammy and her husband would go out in the City or even drive around to explore new cafes. These are something that doesn't need to spend much money on but brings Sammy and her husband joy and happiness.







# PRODUCT DEVELOPMENT

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PRODUCT & PRICE STRATEGY



# Merchandise & Service Plan

## Concept

Rental service is not just simply a trend but a service that more and more people are interested in trying and using. Although Vince already offered the rental service, Vince unfold, the system needs to be further developed and improved.

## Objective

In order to raise the number of subscribers for our rental service, Vince unfold, we would like to improve the backend of the system to build a more user friendly service for customers.



## About the Service

1. Currently on Vince unfold, there isn't enough current season options. To further attract existing and potential customers to become subscribers of the service, we have to extend the variety of clothing options. Update the inventory monthly and follow up with the season as well.

2. Build up the inventory by category. There isn't enough sizes and amount per style for customers to rent right now. Therefore, customers have to set up a wardrobe of 10 styles on their end to get the subscription service going. Meaning, if they do not have up to 10 styles in the wardrobe, they can't even rent their 4 styles. And this 4 styles are going to be randomly selected according to the inventory. This is extremely unfriendly for the customers and decrease the want of trying the service. So to increase the stock amount for each style by sizes and colors to enable customers to directly choose what they want to rent, instead of building a wardrobe first is crucial to the business.

3. There is currently one subscription plan which is \$160 per month with 4 styles. In order to attract more users of different customer base with various needs, we would like to offer a new plan that is \$100 per month with 2 styles and an one-piece only plan for \$60. Customers do not need to pay a high amount of subscription fee to try out the service. They can test it out by selecting the one-piece only or 2 styles a month plan.



# Place

The service is going to be offered online with the marketing actions that would take place on social medias, through in-line stores and pop-up stores.

# Price Strategy

As written above, the subscription plan will not only be offered in \$160 but in \$100 and \$60.

Subscription Plan	Styles amount	Service Description
\$160	4	Unlimited exchange during the month
\$100	2	No exchange
\$60	1	No exchange

# Merchandise Collection

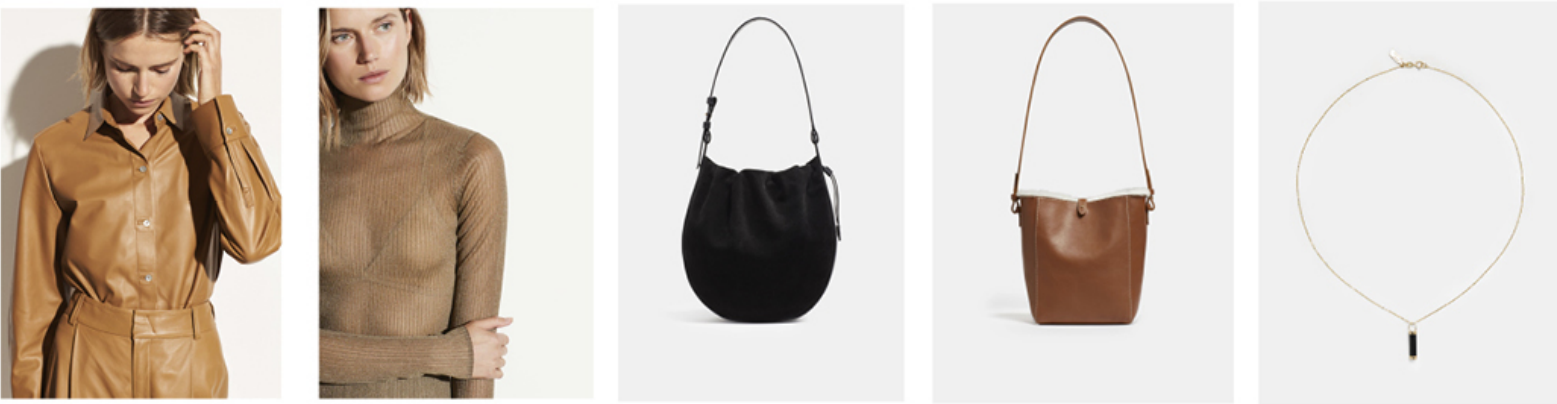
Due to the reason that Vince has been adding on the spending of costs in recent years, it is possible that the company is paying a lot to vendors and manufacturing. Therefore, for the selection of the merchandise that is going to be used for both Vince and the subscription service, Vince unfold, we’re going to source from different factories that offer lower price point.

Also, to add on attractive selection for Vince unfold, accessories would be added to the category. This includes handbags, necklaces and belts.

Service Plan	Category	Description
\$160	Clothing & Accessories	At least one clothing piece has to be selected to allow accessories selecting
\$100	Clothing & Accessories	Accessory can only be selected if the second piece is a clothing option
\$60	Clothing only	No accessory is allowed to rent for this service plan

# About Collection

Current Collection	Future Collection
416 Tops (Sleeveless and short sleeves shirts take 40%)	500 - 520 Tops (5-10 styles from Vince’s latest release will be selected to add into Vince unfold each month. For example, more leather and prints option will be available)
155 Pants & Shorts (35% are shorts)	200-250 Pants & Shorts More seasonly appropriate options, including suede pants, denim and printed styles. 3-10 styles from Vince’s in-store distribution will be selected to distribute to Vince unfold each month.
101 Skirts	110 - 120 Skirts Add in various silhouettes and materials of different kinds like satin and leather. 3-5 styles from Vince’s in-store distribution will be selected to include in Vince unfold each month.
56 Dresses & Jumpsuits	60-65 Dresses & Jumpsuits Add in various silhouettes and materials of different kinds like satin, leather and seasonly appropriate ones. 2-4 styles from Vince’s in-store distribution will be selected to include in Vince unfold each month.
70 Outerwear	75-80 Outerwear 2-5 styles from Vince’s latest release will be selected to add into Vince unfold every month. This include more seasonly appropriate options, either more percentage on lighter jackets or heavier coats.
	40-50 Accessories Add in the selection from what Vince’s currently offering then introduce more options from the same vendors. New selections from new partners will also be shown here.







## MARKETING ACTIONS & RECOMMENDATIONS

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## Marketing Objectives

To gain a higher awareness of the rental service that Vince is offering and to gain more sales at Vince. Also, as a more sustainable brand and encouraging people to try used clothes, we would also like to take focus on building a better world for our next generations.

1. To increase 10% of the users on Vince unfold in 3 months.
2. To increase 15% of transaction from Vince unfold to Vince in-store in 6 months.
3. To increase 20% of transaction from Vince unfold to vince.com in 6 months.
4. To reach 5 million of sales for Vince unfold at 60% margin.
5. To donate 5% of total revenue to Unicef to empower girls around the world.

## Marketing Slogan

Find your essentials.

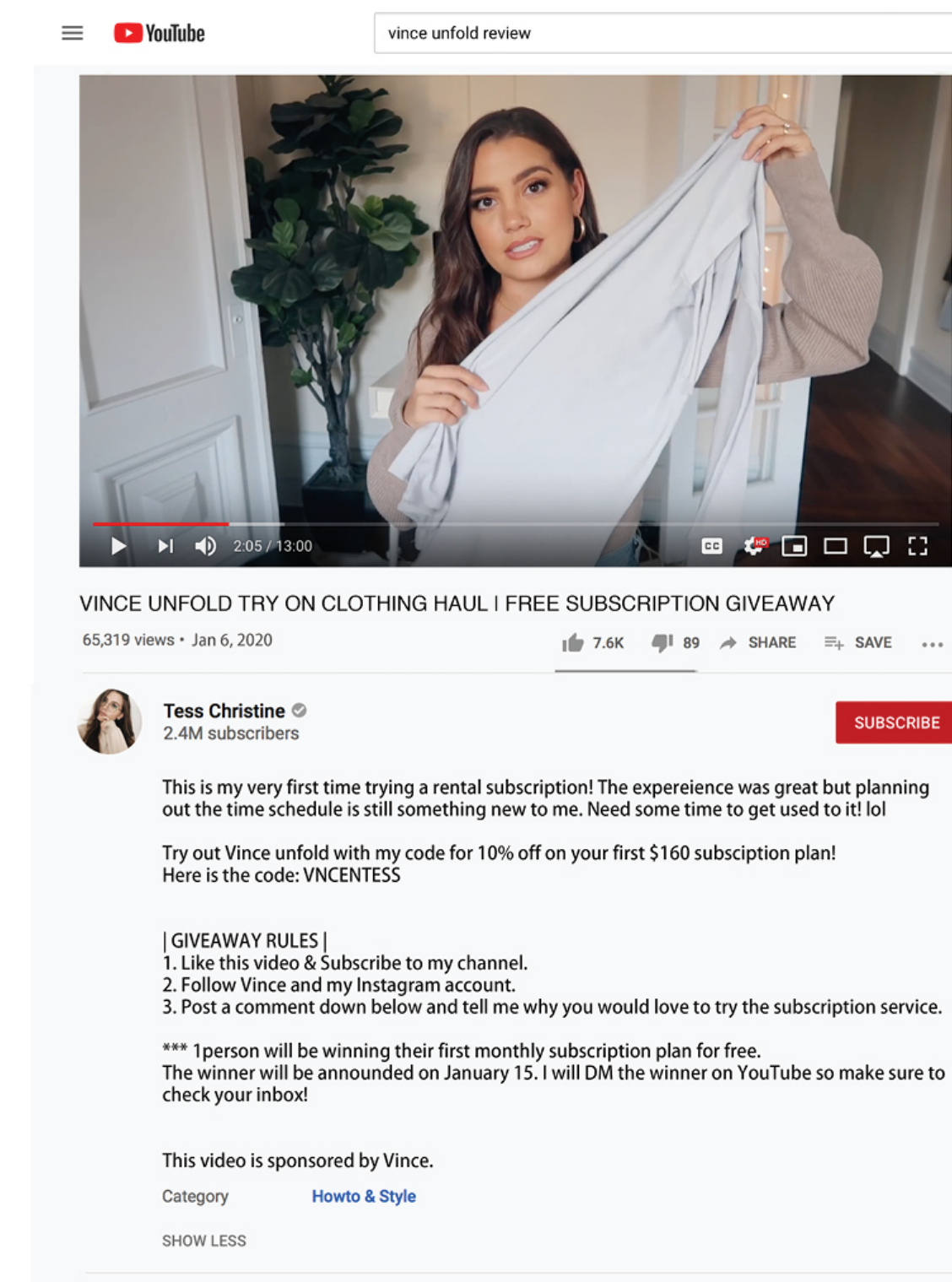
## Marketing Action Plan

(1) Influencer collaboration:

Time: 6 January 2020 - 15 January 2020

There is not much information online about the rental service, especially the reviews for Vince unfold. This is an opportunity for Vince to promote its newly established service and to better explain to the audience how to utilize the service. The influencer collaboration is mainly going to focus on YouTube. We're going to partner with 10 YouTubers and provide them a free subscription box with 4 styles of their choice. They're going to experience the whole process like an usual customer and reveal their honest review in their video. Each YouTuber will get a specific date to post their video. 10 videos will take 10 days to finish posting.

In addition, we're also giving away 10 free subscription box for these 10 YouTubers to hold contest and giveaway for their subscribers. The winner will need to enter the promotion code provided to start their first free of charge subscription. And all the viewers who watched the video will get a 10% off promotion code for their first \$160 subscription service. The detailed rules of the contest or the usage of this additional free subscription box will be adjusted according to the YouTuber's need.





(2) Promotion card:  
Time: 6 January 2020 - 28 February 2020

With each of the subscription box sending out, a promotion card of 20% off with full order purchased at Vince in-store/ online will be provided. This could further increase the transaction made in-store or online.



(3) Vince unfold pop up:  
Time: 16 January 2020 - 15 January 2021

The pop up store is going to be a full-year campaign. One pop up store is going to last for 3 months in a city. A total of 4 cities will be visited, including Seattle, Los Angeles, Boston and Chicago. Instead of working as a store that sells clothes, Vince unfold pop up will serve as a showroom where customers can come to see, feel and try on the clothes before actually go online and pay for the subscription service.

The pop up store will change up its store inventory monthly according to the current styles offering on vinceunfold.com. Customers who are interested on site to try on the service could start to apply for it directly at the pop up store. A staff will be assisting them to finalize the subscribing process. A 15% off discount would be offered at the pop-up store if the customer decided to pay for the subscription right away. They get to choose any kind of the subscription service.



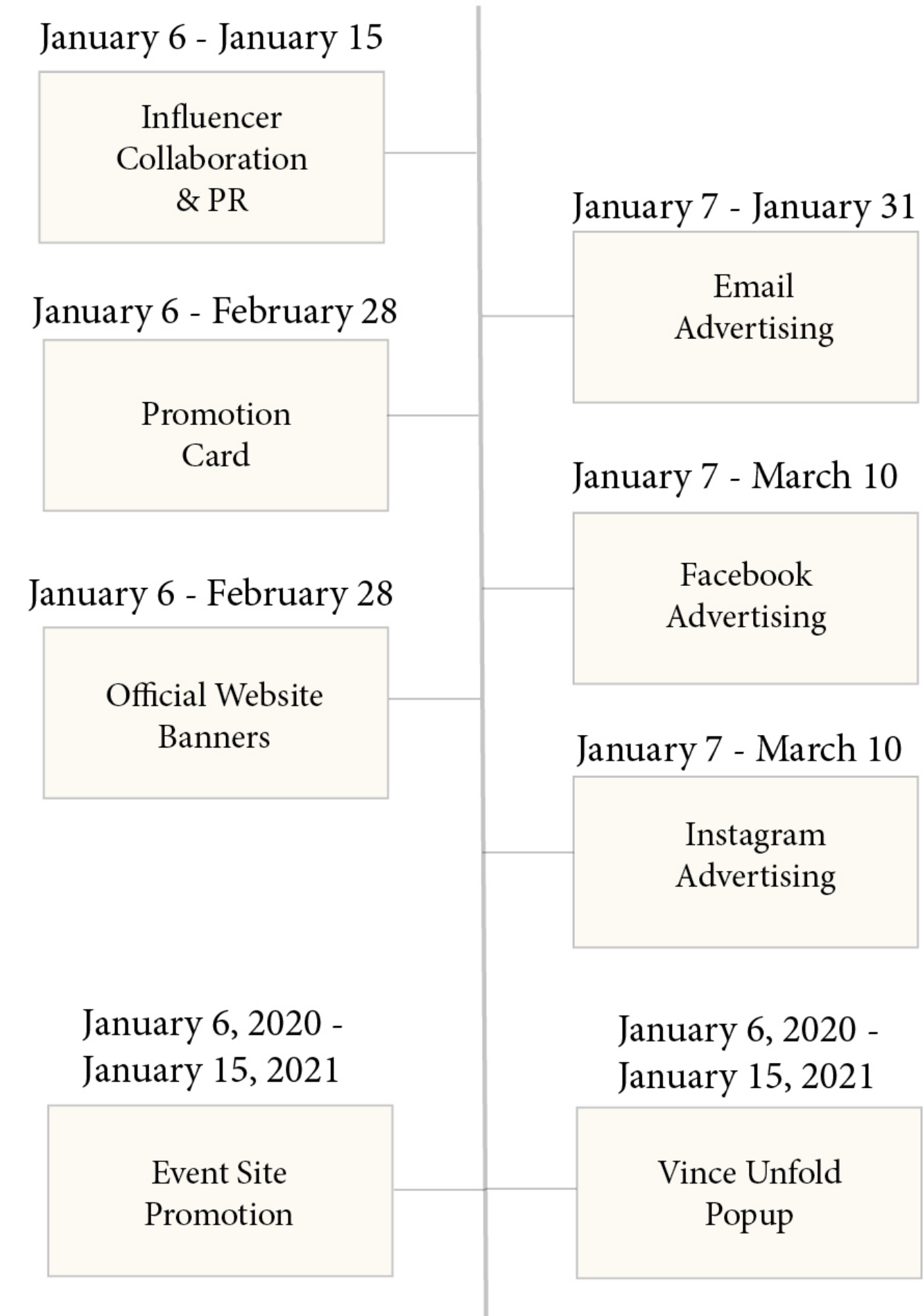


## Marketing Channels

- Official Website: Banners will be posted on the official website. Once customers click in, they will see the current theme, promotion and Vince unfold banner at the very top. They can directly link from the official website, vince.com to vinceunfold.com from clicking the banner.
- Event site: This is a website where customers can see the 10 YouTube videos. The information about the pop up store could also be found here as well. There will be links to vinceunfold.com if they would like to understand more. This is not a website for them to shop or to subscribe the service.
- Social Media - Facebook: Short clips of collaboration video will be posted on Facebook. A total of 10 videos that are less than 1 minute will be posted once per week which will last up to 3 months to finish posting.
- Social Media - Instagram: For this channel, the focus will be the Instagram story. Short video clips that are posted on Facebook will also be utilized here on Instagram story. People who are interested in understanding more could swipe up to watch the full video on our event site. Thus, they can also get further information about the whole campaign.
- PR: This will be the collaboration with 10 YouTubers, from micro to macro. Their audience base will be our potential customers who might be participating the contest or simply use the promotion code of 10% off.
- Email: Information about the pop-up store and the 10 video links will be provided to our existing customers. Basically, this will be an email that will link them to the event site and vinceunfold.com.



## Marketing Calendar





Work Cited: Hoover's Company Records, WWD, Sourcing Journal, Fashion United, Deloitte, KPMG, Drapers, Business Insider, Investor's Business Daily, Mintel, Vince's official website, Vince's social media (Facebook and Instagram), Instagram (@zhang), Vince Unfold's official website, YouTube (@Tesschristine123), e.m.a. Japan's official website, Methodology's official website, Shashi's official website, Vayu's official website and Unsplash.

Software used: Photoshop, InDesign and Dimension