

Sophia Rondon

12/13/2022

Entrepreneurship

Business Plan

Private label clothing brand that follows innovation and sustainability

Executive summary

Introducing a private label brand with a physical and online store that works only by pre-orders would create new opportunities and innovation for the fashion industry. The main focus of the brand would go directly to the physical store because it creates a more personal experience for the customers and also establishes consumer relations. The online store would be prioritized as well for those who want to buy products from the brand but don't have a store in their country or state. The brand wants to introduce a store that has the most recent technology in the industry, providing new fitting room experiences, self-checkout, QR codes that provide transparency of the materials used to make the garments, and virtual showrooms. The brand will also offer VIP membership to consumers which will allow them to join Signal Label's exclusive community which gives them early access to new collection drops, and exclusive discounts and allows them to be part of events. This gives the brand's customers exclusivity among products which creates a community.

Advertising and marketing the brand are very important when targeting the right consumers. Signal Label wants to build up something that becomes a huge trend by collaborating with influencers, and creating content on Instagram, but mainly TikTok because it allows the brand to target a wide range of the targeted audience. Transforming the store into not just a

shopping location, but also an immersive and innovative experience. Giving the right aesthetic and implementing new technologies like AI would give the brand great recognition.

Having Signal Label only work and sell by preorders allows it to produce the exact amount of products, which mostly helps the environment with the reduction of waste, which is the brand's main focus, helping the fashion industry to become more sustainable. This also provides the opportunity to gather consumer data, which helps it to forecast and predict sales for every collection made. The pre-order model is attractive because it gives the brand an advanced response to forecast their investments in production. In the past, they would have had to manufacture products and hope that people have a positive relationship and reaction to the products. In the store, there would be samples of every piece ranging from XXS - XXL for the customer to try on. When new collections are introduced the brand will have a sale of old samples and/or use them for future collections as recycled pieces. However, having new technologies in the stores would also allow the consumer to virtually try on the pieces.

Problems

1. Product Waste: Garments that don't sell cause plenty of contamination and end up in landfills.
2. Lack of Technology: Many brands are not incorporating new technologies in the production and retail process and this can be outdated.
3. Buying methods: Pre-order brand models mostly work by online selling. Not a physical option to the customer.

Solutions

1. Reduce waste: Sell products only by pre-orders to know the exact amount of items that need to be produced. End of collection: sell the samples at a discount/use them as recycled materials for future collections.
2. Technology: Incorporate new technologies both in the physical and online stores to provide new innovative experiences to the customers.
3. Pre-orders: Open several physical locations around the country. Customers can see product samples in person, try them on and decide whether they order them or not.

The Opportunity

When thinking of the white space of the business plan idea, the first thing that comes to mind is having a physical store that works by preorders. Many of the brands that have done this do it through their online websites and for a higher price. Creating an in-person experience allows the consumer to try on the product, see if they like it and if it's worth it to make the purchase. The fashion industry is growing rapidly with the new technologies that are being introduced, which is why creating Signal Label to implement these technologies and grow along with them in the future before it becomes a thing where everyone does it. Also, the brand wants to prioritize sustainability in production and enhance and reinforce the importance of having sustainable manufacturing in every fashion process.

Target Market

Gen Z males and females from 21 to 30 years old who like to express themselves in the way they dress. These people are young professionals who belong to the middle-upper-income class. They like to wear a mix of luxury and streetwear brands.

From 2019-2025, consumers ages 18-25 increased the percentage of the market share from 8%-20% according to a study by Bain & Company. Luxury brands have started to shift and make an approach to this audience by evolving their values as the world is paying more attention to issues of diversity, equity, and inclusion. Also, including celebrities' partnerships in their brands helps them to tie in hip-hop culture which is one of the key factors in the birth of streetwear. This type of style and products make it feel more authentic to Gen Z which is why they feel more related to the product and why luxury brands have started to target this new generation.

Gen Z consumers like to shop for higher quality items while also being on top of cultural trends. They are an omnichannel generation, shopping wherever best suits them at the moment. They are 56% more likely to have shopped for fashion in-store over the last three months and 38 percent more likely to have shopped online in the same timeframe.

Market Validation

Customers and brands have started to take into consideration the importance of sustainability in the fashion industry and how the damage can be decreased. Ever since the pandemic, they have started to support brands that follow sustainable practices. This allows the brand to appeal to these types of consumers who are looking to support and promote eco-friendly

practices in the fashion industry. Allowing the brand to pursue sustainable practices in production and retail that motivate the consumer to support and become a loyal customer.

Competitive landscape

Kith is one of the main competitors of the brand. Since 2020 they have started to redevelop their signature fabrics through sustainable processes. Creating shirts with a blend of organic and recycled cotton. They have clothing samples in their stores but they don't sell by preorders. Revolve launched sustainability badges on their website to help customers discover and shop for more sustainable fashion. They recycle 100% of all cardboard that comes into fulfillment operations and are working with paperless returns and recycled poly bags. Moda Operandi offers exclusivity to its clients by presenting new designer collections. Ssense is using e-commerce packaging made from recycled content, supporting and supporting organizations that support environmental causes. Supreme, on the other hand, it's a private-label brand that provides both physical and online shopping. However, they don't have any sustainability updates or reports. Farfetch is also a big competitor, they are creating clothes that only exist in the digital world that can be pre-ordered to get products to consumers faster. They have teamed up with brands like Balenciaga, Off-White, Oscar de la Renta, and others to offer customers a chance to secure in-demand items before they hit the market. Their main idea is to develop a "true pre-production proposition," providing brands with a way to help manage inventory and reduce waste within the industry. Farfetch is doing something different and innovative, however, there are multiple reasons why Signal Label differentiates. First, they don't have a private label, they work only with other brands. Secondly, they don't have a physical store, they work digitally to sell their pre-ordered products. Lastly, the profit they made has to be distributed among the

brands. Certainly, these three points give the brand a unique selling proposition and a space to create something different and grow along with the new technologies the industry is facing.

Incorporating a private label physical/online store, with new technologies and using old samples as recycled materials gives the brand a great competitive advantage. Existing brands do work by pre-orders for certain and upcoming collections, however, most are sold online only. Signal Label's main focus is to introduce a new opportunity for consumers who are very fashion driven, to shop the brand's label and be able to try on the garments before ordering them. Online ordering will provide a virtual fitting room through their phone cameras so that they can see how the pieces look. VIP memberships will customers early access to new collection drops, and exclusive discounts and allows them to be part of our events. The brand's primary focus on consumers is to offer exclusivity among products and community for less while implementing innovative and sustainable practices.

Vision and mission

S:GNL LVBEL mission is to provide innovation to consumers while at the same time creating a model that enhances the importance of sustainability in the future. The brand's vision is to help the fashion industry to become more sustainable. Working by preorders allows it to produce the exact amount of products, reducing waste and reusing old sample materials.

Strategy

Advantage

Working by preorders allows the brand the opportunity to gather consumer data, which helps to forecast and predict sales for every collection made. Also gives it an advanced response to forecast investments in production. Introduce a new opportunity for consumers who are very

fashion driven, to shop our label and be able to try on the garments before ordering them. The brand will offer the customers exclusivity among the products and community for less.

Advertising & Marketing

Collaborate with influencers via TikTok and Instagram to gain recognition among the target audience. Create a campaign event that people in the fashion industry attend for the launch of the brand, store, and website. Collaborate with press and PR agencies to work with send-outs and invitations to create an impact in social media.

Sizing and products

In the store, there would be samples of every piece ranging from XXS - XXL for the customer to try on if they don't want to use the virtual fitting room feature. Clothing, shoes, bags, and accessories will be available. Price points will range from \$30-\$250.

Technology

Work with a software company to implement innovative technologies in the store. As well as construct and provide an easy-to-navigate website to consumers. Virtual fitting rooms will be implemented in the physical and online store. QR codes will be integrated into clothing sample tags to provide material and production information. A virtual showroom will be provided at the store, with touch screens to easily browse and ask for products. Lastly, samples that do not sell will be used to create new garments.

SWOT

Strengths

1. Offer exclusivity to consumers for a lower price than other competitor brands.
2. In-house production.

3. Focuses on sustainability practices both in retail and production.
4. Provide innovative shopping experiences to consumers.
5. Provide exclusivity by working only with pre orders both online and retail.

Weaknesses

1. A new brand entering the market.
2. Small consumer community.
3. Strong competitors

Opportunities

1. Availability to grow its community due to its sustainable approach.
2. Opportunity to open more brick-and-mortar stores around the country in the coming years.
3. Keep growing its technology implementation over the years.
4. Become a very exclusive brand due to its preorder and limited model.
5. Grow on social media and create a strong marketing strategy.

Threads

1. Slow pace orders and sales at the beginning.
2. Large investments and low revenue.
3. Competitive location

Marketing Plan

1. Audience

Gen Z from 21 - 30 years old is part of the middle upper-income class. These people are fashion-driven, young professionals who study and work. They like to wear a mix between

luxury and streetwear. This audience enjoys their time on social media, especially Instagram and TikTok.

2. Objectives

Gain recognition on social media platforms and grow audience. Be able to drive people to the store either physically or online to become part of the brand's community and consumer exclusivity. The brand's first store will be located in New York City, driving locals and tourists to visit the store and be part of the experience is one the brand's main goal. They may not place any order at the moment of their visit but it will also create the opportunity to drive traffic to the website and e-commerce platform.

3. Market Position

Customers and brands have started to take into consideration the importance of sustainability in the fashion industry and how the damage can be decreased. Ever since the pandemic, they have started to support brands that follow sustainable practices. This allows the brand to appeal to these types of consumers who are looking to support and promote eco-friendly practices in the fashion industry. Allowing it to pursue sustainable practices in production and retail that motivate the consumer to support and become a loyal customer.

4. Tactics

Social Media

Create a presence on TikTok and Instagram to generate followers and consumers. Collaborating with influencers via both of these platforms will help the brand to gain recognition among the target audience. A campaign will be created to have an event that people from the fashion industry and influencers attend for the launch of the brand, store, and website. This will

help the brand to gather a voice and awareness among the desired customer range. Collaborating with press and PR agencies to work with send-outs and invitations to create an impact in social media.

Out of home

Place billboards around NYC, especially close to the location of the brick-and-mortar store to pull people to visit the brand's physical location.

PR

Send out invitations to influencers for the brand's launch event. Influencers will talk about the brand on social media and create content for the event. This will generate reach and impressions on the brand's social media accounts and website.

Operating Plan

The brand's distribution channel will be direct to consumers. The delivery service will be up to the customer, it can either be shipped directly to them or they could have the option to pick up their order in the physical store.

Stylists and designers will work together to create new collections every two to three weeks. One sample of each size will be made to display at the store for consumers to try on and test the product. If the consumer decides to buy it, the employee will take their order and charge them. The order gets processed by the management team. After that step, orders are sent to the manufacturer of fabrics to make the product. After the product is complete, a notification will be sent to the customer to pick up their order in the store or have them shipped.

The online store will work digitally with consumers. Virtual fitting rooms will be available on the app and website for the consumer to try on the product and decide if they want to place the order. After this, the following steps are similar to our physical store procedure.

Financials

Profit will be gained by product sales. Price points will be from \$30 dollars to \$250 depending on the product or collection. VIP memberships will be another form of revenue, offering exclusivity to the consumer, they would be able to join the exclusive membership which gives them early access to new collection drops, and exclusive discounts and allows them to be part of our events. The VIP membership program will cost \$30 monthly, estimating that only 10,000 people join the program in the first year would make the brand 3.6M in profit. Lastly, collaborations with brands will be a future form of revenue for the brand. This will allow the brand to gain more in product sales by generating and gaining exposure from customers of the collaborative brand.

Management team

1. CEO: Owner and director
2. Designers: Will design collections
3. Stylists: Work with designers to style products and take care of the styling and placement of the store.
4. Social media manager: Create content, stay in touch with influencers, community management, work with PR agencies.
5. Management: Take care of orders, supervisors of the store and employees.
6. Store employees: Greet consumers and help them throughout their shopping experience.

Appendix

Income Statement 2023

S:GNL LVBEL INCOME STATEMENT FOR THE FISCAL YEAR ENDING ON DEC 31, 2023	
	2023
RETAIL SALES	\$14,160,000
TOTAL SALES REVENUE	\$14,160,000
LESS: COST OF GOODS SOLD	\$6,000,000
GROSS PROFIT	\$8,160,000
LESS: OPERATING EXPENSES	\$646,311
DEPRECIATION EXPENSES	\$50,000
EARNINGS BEFORE INTEREST AND TAXES	\$7,463,689
LESS: INTEREST EXPENSE	\$171,656
EARNINGS BEFORE INCOME TAX	\$7,292,033
LESS: INCOME TAX	\$2,287,615
NET INCOME	\$5,004,418

Operating Expenses

Operating expenses yearly	
Rent	\$263,004
Interiors/store elements	\$15,000
Staff	\$206,592
Branding	\$500
Domain	\$15
Fabrics	\$100,000
Insurance	\$1,200
Utilities	\$60,000
Total	\$646,311
Revenue (product/ membership) yearly	
Tops (\$50)	\$1,200,000
Pants (\$80)	\$1,920,000
Skirts (\$50)	\$1,200,000
Dresses (\$65)	\$1,560,000
Hoddies (\$250)	\$3,000,000
Shirts (\$40)	\$960,000
Accessories (\$30)	\$720,000
VIP Membership (\$30)	\$3,600,000
Total	\$14,160,000

Citations

Cernansky, R. (2021, August 5). Customers care more about sustainability post-lockdowns. now what? Vogue Business. Retrieved October 7, 2022, from <https://www.voguebusiness.com/sustainability/customers-care-more-about-sustainability-post-lockdowns-now-what>

Chitrakorn, K. (2021, August 30). How to make fashion pre-orders work. Vogue Business. Retrieved September 26, 2022, from <https://www.voguebusiness.com/consumers/how-to-make-fashion-pre-orders-work-farfetch-dressx-lncc-dipetsa>

O'Connor, T. (2021, November 19). Farfetch teams with brands including Balenciaga, Khaite for launch of pre-order service. The Business of Fashion. Retrieved September 26, 2022, from <https://www.businessoffashion.com/news/retail/farfetch-teams-with-brands-including-balenciaga-khaite-for-launch-of-pre-order-service/>

The global destination for Modern Luxury. FARFETCH. (n.d.). Retrieved October 7, 2022, from <https://www.farfetch.com/stories/positively-conscious/sustainability-criteria.aspx>

What is a moda operandi trunkshow: Moda operandi: Moda operandi. What Is A Moda Operandi Trunkshow | Moda Operandi | Moda Operandi. (n.d.). Retrieved October 7, 2022, from <https://www.modaoperandi.com/editorial/what-is-a-moda-operandi-trunkshow>

Corporate Social Responsibility | Ssense. (n.d.). Retrieved October 27, 2022, from <https://www.ssense.com/en-us/customer-service/corporate-responsibility>

Measuring Streetwear. Streetwear market statistics & global trends. (n.d.). Retrieved October 27, 2022, from <https://strategyand.hypebeast.com/streetwear-report-market-statistics-global-trends>

Parisi, D. (2022, October 26). As fashion moves toward sustainability, streetwear's major players are notably silent on environmental impacts. Glossy. Retrieved October 27, 2022, from <https://www.glossy.co/fashion/as-fashion-moves-toward-sustainability-streetwears-major-players-are-notably-silent-on-environmental-impacts/>

PayPal, V. B. for. (2021, August 20). Gen Z shopping trends uncovered. Vogue Business. Retrieved October 27, 2022, from <https://www.voguebusiness.com/consumers/gen-z-shopping-trends-uncovered-pay-pal>

Sustainability. Revolve Group, Inc. - Social Impact - Sustainability. (n.d.). Retrieved October 27, 2022, from <https://investors.revolve.com/social-impact/sustainability/default.aspx>

Why luxury brands are targeting Gen-z with streetwear icons. Glossy. (2021, September 5). Retrieved October 27, 2022, from <https://www.glossy.co/fashion/why-luxury-brands-are-targeting-gen-z-with-streetwear-icons/>