University of Economics, Prague

Faculty of Business Administration

CEMS Master’s in International Management

Topic of diploma thesis:

TailorMySuit start-up case:

Is there a potential for online business with custom tailored formal menswear?

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Declaration of authorship

I hereby declare that I have written this thesis without any help of others. I also declare that I have mentioned all used sources and cited them in accordance with established academic standards.

Sihanoukville, 25 August 2013

Signature:..............................
Abstract:

The thesis is focused on start-up evaluation. It analyzes and describes a particular start-up in order to give the most possible prognosis about its business success. In the introduction the goals of thesis are stated and the structure is explained. The thesis is divided into two main parts – a theoretical part and a practical part. The theoretical part includes models for business evaluations, basic introduction to online business, its terms; and it also introduces reader into particular start-up industry and international management realities. The practical part contains business analysis based on real data from the company and the market. Analysis is drawn up based on the theoretical aspects.
# 1. TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TABLE OF CONTENT</td>
<td>5</td>
</tr>
<tr>
<td>1. INTRODUCTION</td>
<td>9</td>
</tr>
<tr>
<td>2. THEORETICAL PART</td>
<td>12</td>
</tr>
<tr>
<td>Entrepreneurship theory</td>
<td>12</td>
</tr>
<tr>
<td>Business plan</td>
<td>12</td>
</tr>
<tr>
<td>Business model</td>
<td>13</td>
</tr>
<tr>
<td>Marketing</td>
<td>13</td>
</tr>
<tr>
<td>General marketing and marketing strategies</td>
<td>13</td>
</tr>
<tr>
<td>Online marketing</td>
<td>14</td>
</tr>
<tr>
<td>International Management</td>
<td>18</td>
</tr>
<tr>
<td>Doing business with India</td>
<td>19</td>
</tr>
<tr>
<td>Introduction to formal menswear industry</td>
<td>25</td>
</tr>
<tr>
<td>Material</td>
<td>25</td>
</tr>
<tr>
<td>The trends in formal menswear</td>
<td>26</td>
</tr>
<tr>
<td>3. EXECUTIVE SUMMARY</td>
<td>28</td>
</tr>
<tr>
<td>4. COMPANY OVERVIEW</td>
<td>29</td>
</tr>
<tr>
<td>5. PRODUCT &amp; SERVICE OVERVIEW</td>
<td>31</td>
</tr>
<tr>
<td>Suits</td>
<td>31</td>
</tr>
<tr>
<td>Shirts</td>
<td>32</td>
</tr>
<tr>
<td>Accessories</td>
<td>33</td>
</tr>
<tr>
<td>Complementary services</td>
<td>33</td>
</tr>
<tr>
<td>Alteration service</td>
<td>33</td>
</tr>
<tr>
<td>Measurement services</td>
<td>33</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Product Refunds</td>
<td>33</td>
</tr>
<tr>
<td>Shopping process</td>
<td>34</td>
</tr>
<tr>
<td>Online shopping processes</td>
<td>34</td>
</tr>
<tr>
<td>Off-line shopping process and service</td>
<td>36</td>
</tr>
<tr>
<td>6. INDUSTRY ANALYSIS &amp; DESCRIPTION</td>
<td>36</td>
</tr>
<tr>
<td>Clothing Industry facts &amp; development</td>
<td>36</td>
</tr>
<tr>
<td>Formal menswear industry analysis in Europe</td>
<td>38</td>
</tr>
<tr>
<td>Formal menswear industry analysis in Northern America</td>
<td>39</td>
</tr>
<tr>
<td>7. MARKET ANALYSIS</td>
<td>39</td>
</tr>
<tr>
<td>Domestic competition</td>
<td>40</td>
</tr>
<tr>
<td>Shirt Competition</td>
<td>40</td>
</tr>
<tr>
<td>Suit Competition</td>
<td>43</td>
</tr>
<tr>
<td>Competition inside EU</td>
<td>44</td>
</tr>
<tr>
<td>Competition from outside EU</td>
<td>45</td>
</tr>
<tr>
<td>Intensity of competitive rivalry &amp; conclusions</td>
<td>45</td>
</tr>
<tr>
<td>8. VENDORS AND SUPPLY CHAIN MANAGEMENT</td>
<td>47</td>
</tr>
<tr>
<td>Production</td>
<td>48</td>
</tr>
<tr>
<td>Fabric Management &amp; Stocking model</td>
<td>48</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>50</td>
</tr>
<tr>
<td>Controlling</td>
<td>50</td>
</tr>
<tr>
<td>Delivery</td>
<td>51</td>
</tr>
<tr>
<td>Service</td>
<td>51</td>
</tr>
<tr>
<td>9. PRODUCT MARKETING STRATEGY</td>
<td>51</td>
</tr>
<tr>
<td>Target group</td>
<td>52</td>
</tr>
<tr>
<td>Customer needs analysis</td>
<td>52</td>
</tr>
</tbody>
</table>
Market size of target group in CZ & SK ..........................................................53
Promotion...........................................................................................................55
Word of mouth....................................................................................................55
B2B - Offline ......................................................................................................56
B2C - Online ......................................................................................................56
B2C – Offline......................................................................................................61
10. BUSINESS ECONOMICS & OVERVIEW ....................................................62
Basic product cost overview.............................................................................63
Turnover Targets................................................................................................64
11. PRIMARY CAPITAL INFUSION ....................................................................65
Start-up financing................................................................................................65
12. RISK ANALYSIS ..........................................................................................66
Scenario 1: the 1st in the market with high market demand .............................66
Scenario 2: 1st in the market with low market demand .....................................67
Scenario 3: Confection stores will lower the price ..........................................68
Scenario 4: The competition from abroad will enter the market .....................68
Extreme scenarios: ............................................................................................68
External factors ..................................................................................................69
Strategy to overcome threats ...........................................................................69
Internal factors ..................................................................................................70
13. FUTURE GROWTH STRATEGY ...................................................................70
Short-Run (1 year) ............................................................................................70
B2B.......................................................................................................................70
Long-Run (2nd and 3rd year) ...........................................................................72
14. TEAM AND ORGANIZATION STRUCTURE ..............................................73
1. INTRODUCTION

TailorMySuit was established only recently in June 2013 following the success of winning a well-known start-up competition in Czech Republic. The idea of the company is simple: to deliver affordable custom tailored menswear and thus to fill in a long-lasting market gap for it. Although the company achieved a solid start and has received initial orders some core questions remain: Is the company capable of seizing the business opportunity? Is there sufficient market demand for the product? Are customers willing to purchase such products online? Will the company able to manage and optimize its cash-flow? What are the scenarios of the possible business development? Will Czech-Indian partnership stand the cultural and economical differences? What are threats to the company’ success and how to overcome them? In worst case scenario is the company able to recover its initial investment?

This diploma thesis tries to find answers to the above questions and it the discusses in general the potential of success of an online start-up. The aim is to sum up the state of affairs of the recently established company, to find the potential areas of improvement in the processes, product offerings and also to evaluate the business model and the chances of the company to succeed.

In order to achieve this aim, the thesis begins with several parts focused on theoretical concepts. Therefore the paper starts with the explanation of business model concept and business plan. It explains the logic behind the business plan and basic business canvas upon the most commonly applied business theories. It follows with a very important international management part, which deals with problems of intercultural management between Europe and India. It sums up cultural barriers, explains its origins and gives some advices how to overcome the possible multicultural business threats. To be able to give this the Hofstede cultural dimensions are used as a base to explain international management challenges.

To complete the comprehension of company business there is also a part dedicated to online business theory. It gives an explanation of some basic concepts of online marketing. It also
explains all the terms and marketing theoretical concepts which are applied in praxis by TailorMySuit. Finally, this part ends with introduction to company’s industry, its development and trends.

All the results and evaluations from practical part are based on the theory given in the first part of the thesis. The practical part starts with introducing the company itself. It explains its production, product positioning, supply chain and service offer. To explain company’s reserves and future improvement opportunities it gives very deep process and cost analysis. It also explains the role of competitors, gives deep competitor analysis and states the position of TailorMySuit among them. Finally it also analyzes potential customer’s demands and needs. Throughout the whole thesis it uses the results from the customer survey so it can answer some important questions about product positioning, consumer shopping behaviour in formal menswear and thus to give answer if the product is marketed accordingly.

The thesis also describes the company’s team, the start-up financing and the models for production. In every part it gives advantages, disadvantages and potential threats of the described factor of the company.

Finally having described and analyzed every part of the company and its business environment the thesis gives the possible development scenarios with conditions under which they would be realistic. It also provides with advices how to be prepared for all highly possible scenarios and thus to be deal with some risks accordingly. Finally the thesis concludes some future plans of the company, some ideas about the market development and the overall company evaluation.

All in all, this thesis shall help the company to overcome initial business problems and to help to boost efficiency both in back-end and front-end operations. It also suggests some improvements in marketing and gives the highly possible business scenarios.
2. THEORETICAL PART

Theoretical part of this diploma thesis is used as a base for its practical part. To assess the company’s potential it is viable to understand how some basic business concepts such as business plan or business canvas approach this issue. Nevertheless for better comprehension of the practical part, there is a chapter dedicated to international management. This is due the international orientation of TailorMySuit as one of the core business pillars is successful international business cooperation. Finally there are also explained the basics of online promotion such as terms and online advertising development.

Entrepreneurship theory

In the entrepreneurship theory the business plan and business model are explained.

Business plan

The core of success of any start-up is a good business plan. It shall be the bible for the entrepreneur to help him evaluate and prepare himself for his idea execution. Most of the entrepreneurs underestimate the importance of business plan or they tend to bias and overestimate their possibilities due to shallow company and market analysis.

Nevertheless, from theoretical perspective it is a basic document for an entrepreneur. It shall state where the company is and where it is heading to. Therefore it shall describe all external and internal factors that affect the entrepreneurship activity and company business performance. Business plan usually has 10 parts: executive summary, mission statement, description of the company and the product, market analysis, description of your management team, product marketing, SWOT analysis, predicted cash flow statement, revenue projections (TIMMONS, 2003). It is also a good tool to measure achieving goals and following targets. It is, however, mainly used as a document to attract possible investors or ask for bank loans. Vojtěch Koráb (KORÁB, 2007) is defining business plan as:
“It is a written document prepared by the entrepreneur, which describes the key internal and external factors affecting the process of the company and its actual set up. Business plan is a basic document, which can define goals of the entrepreneurship activity and the ways of achieving them.” (3, s. 23)

**Business model**

Business model is a term often used to describe the key components of a given business. It is particularly popular among e-businesses and within research on e-businesses. Business models are even subject to patent law. According to Kaplan the business model shall explain how does company create, deliver and capture the value. (Kaplan, 2012). To visualize the business model business model canvas are often used. To explain the above questions they usually include: key partners, key activities, key resources, value proposition, customer relationship, channels, customer segments, cost structure and revenue streams. By stating and interconnecting the key elements of the company the whole canvas shall clearly explain the core of the business and its actual value stream.

**Marketing**

**General marketing and marketing strategies**

Marketing cover the all processes that are performed by the company to make customers want to buy a product or service. These include: market research, customer needs analysis, introducing product innovations, actual selling process, distribution, price strategies and others. International marketing applies the same processes but on international level. The result of any marketing processes is marketing strategy, which shall help the company to satisfy the needs of customers better than the competition does it. Marketing can be done and shall be done on all levels: B2B, B2C or even C2C (auctions for example). (Kotler, 2007)

Every marketing strategy has to have goals set so the strategy can be evaluated. These marketing goals shall be specific enough to be precisely understood, give some numerical target so they can be compared/Measured, they should be also attainable and realistic so they fulfil the motivation function and finally they shall be specified in time. These features of goals are
summed up in very commonly used abbreviation SMART, which was firstly used by George T. Doran in 1981.

“Strategy gives a direction how to meet goals. It defines necessary activities and allocation of resources, which are needed to achieve defined goals and targets.” (Zamazalová, 2010) page 21

Therefore to be able to give a proper marketing strategy all factors affecting product must be analyzed and for its successful implementation a proper marketing plan has to be set.

**Online marketing**

In times that internet was not available companies did not have a possibility of such a precise targeting. They were basically targeting only by the message not by the media-type. The only accurate targeting tool was a direct mail. As it success grew its usage also spread and the targeted consumers started to avoid direct mail. At the moment it is almost not used at all. According to some authors the traditional media-types such as outdoor, TV, radio etc. is not effective for companies with small assortment because the classical media-types are too broad oriented and too general.

“The purchase of advertisement in traditional media such as TV, Radio or outdoor works only for products meant for mass consumption and broad distribution”. (Scott, 2007) pages, 29-30).

Some authors even claim that presence in online is a core of future business success. “Entrepreneurs and companies, who are more active in online marketing, e-commerce and e-procurement are growing faster than their less active competition” (Bočková, 2011).

Online promotion uses through new media possibilities for communication with customers, which are more interactive and a give space also for direct feedback. Thanks to flexibility and accurate measurement of customer reach online promotion is becoming really popular.

According to Philip Kotler e-marketing(online marketing) is:

“E-marketing is a marketing part of e-business. It covers firm´s efforts to inform consumers about its products and services, to promote them and thus to sell them through internet.” (Kotler, 2007) page 182)
The basics forms of online advertisement are than as follows:

**Banner promotion**

This is a graphical online advertisement that usually is the most expensive online advertisement form. The banners can be static or animated. Some of the less popular (among customers) banner forms are Pop-ups. In recent years the internet users started to unintentionally overlook the banner advertisements. This is phenomenon called “Banner blindness” and was discovered by Jan Panero Benway and David M. Lane already in 1998. They came to conclusion that eventhough the banner information might be relevant to the internet user, he will ignore it unintentionally due to over-usage of this type of advertisement and is also reflected in decreasing click-through-rates.

**Context advertisement**

Another form of online advertisement is text advertisement. The most used type is context advertisement. Its principle is that the user will find the pre-paid advertisement directly in context of what he is searching for on internet. The biggest context supplier is Google through his Google Adwords. In Czech Republic it is mainly Seznam through Sklik. This type of advertisement is paid on pay-per-click basis while the banner is paid on view basis (cost per thousands of displays). The abbreviation of this payment form is PPC and therefore context advertisement is sometimes wrongly named as PPC. It is true that most of context advertisement is paid on PPC basis but it is not the general rule. The statistic portal Statista claims that in 2012 for the first time in history of US advertisement the companies spent more on context advertisement than in printed media. (Fiegerman, 2012).

**Search Engine Optimization**

Search Engine Optimization (SEO) is term used for activities, which are done on the web-site in order to make it easier for online browser to find them and connects them to search terms.

“SEO works same as SEM, it analyzes the relevancy of web-site content to relevant search keywords. After a specific keyword is searched, online browsers can give hundreds of web-sites and users do not have time and will to browse all of them therefore they usually check only the first
web-sites given by the browser. The proper SEO can modify the web-site content into such a form that the web-site ranks higher in the results provided by the online browser. This is the reason why companies invest a lot into SEO.” (Soukupová, 2010)

It needs to be added that SEO does not give a stable results. The formulas upon which online browsers rank the relevant web-sites is changing and the exact form is unknown. Therefore SEO providers can only guess how to optimalize the web-sites but with no certainty they can tell until when and to what extend it is valid. Some authors also claim that SEO is losing its importance (DeMers, 2013). The SEO itself has three main components: content, links and social media. While the optimization of the content was the most important for the SEO today the other two parts of it are becoming more important. Especially the web-site traffic and its corresponding virality ratio (through social media) is becoming more important to web-site ranking. Some authors also claim that the web-search will become like a media, what is popular will be also highly ranked. All this conclusions are just professional assumptions because as mentioned above the actual formula for online search remains secret and dynamic.

**Social media as an advertisement and PR tool**

The popularity of social media grows steadily. The most common social networks are Facebook, Google+, Twitter, LinedIn and Youtube. Some local examples from Czech Republic and Slovakia are: Libimseti.cz, Boom.sk or spoluzaci.cz. Every social network is suitable for advertisement however the the form of advertisement and its effect differs a lot. Therefore it is viable for company to use every network differently and with different targets. The most suitable way to use social network is to interact with consumers and keep relations with them. Another (mostly underestimated) way of using them is for market and customer analysis because people share more information on social networks than they would in pre-paid survey. The very questionable issue about social networks is their actual effect on purchases. It is undoubtedly true that they help the overall customer satisfaction and are used as an awesome PR tool but it is still unclear to what extent they contribute to company ´s sales and thus it is hard to measure and justify the paid advertisement on them.
Internet web-sites as marketing and PR tool

The most crucial part of online marketing is to make user buy your product once you get him through paid advertisement to your web-site. No matter how good online marketing strategy for paid advertisement is, once the web-site is confusing, disorganized or in other ways unattractive to the user it is not likely that he will make a purchase and thus all marketing budget is lost. Therefore before planning any paid online advertisement the companies shall focus first on their web-site, its organization, design, SEO and SEM. The web-site is what makes user think about your product and company and therefore all marketing positioning rules are applicable to web-site as well.

There is nothing more expensive in e-commerce than if a customer intentionally visits and e-store and cannot find the desired item due to incomprehensible product category organization. Therefore the golden rule of seven shall be applied. This rule explains that user is not able to remember and orientate himself in more than seven categories in any store (A.Miller, 1955). The web-site optimalization does not end with proper category organization. The company shall always bear in mind who is the targeted customer and how does he/she behave on their web-site. Almost any web-site is built on system that enables tracking the user behaviour on it. One of the most widely used tools to track user behaviour is Google Analytics, which is also provided for free.

The perfect knowledge of the targeted customer agrees with the need of deep market research (Scott, 2007) and thus shows that the web-site like any other marketing tool shall ideally be the result of proper STP (Segmentation, targeting and positioning according to Kotler) (Kotler, 2007).

Customer relationship online tools

Once a customer purchases on e-store the company gains not only revenues but also customer information and it gets access how to interact more specifically with him/her in the future. These can include: newsletters, feedback forms, customer surveys, customized loyalty programs etc. The ways how to work with customers depends on company positioning, targeted customers description and their online habits and also on company’s possibilities. The very interesting customer relationship tool is a blog, which can be a part of the newsletter and it can be
enabled that customer can directly discuss about it and interact with company. Some authors affirm that professional blogs are not about propagation of the company´s products but about the

Some of the customer relationship online tools are stated in practical part.

**Viral marketing**

Viral marketing is a term that is used to explain the phenomenon how people can spread the company´s advertisement for free. The name viral comes from biological viruses that spread among people through human contact. Soukupová states that viral marketing is equal to word of mouth. (Soukupová, 2010). Some other authors disagree with this as the word-of-mouth is not measurable while virality of the advertisement is. The virality than can be measured in number of shares, number of comments etc. In world of heavy marketing communication usage the sociality and virality are key marketing success factors, which make advertisement spent per conversion much cheaper and more effective than non viral campaign.

**RSS resources**

RSS is a technology that enables users to subscribe to news from internet web-sites, which enables RSS technology. News that the web-site publishes can than automatically appear on different portals as well, that are RSS subscribed therefore it is crucial that they include the proper key words.

**International Management**

TailorMySuit is international company from its nature. It connects the excessive supply of fabrics and stitching services in India to excessive demand for customized products in Europe. Therefore it deals with many international management challenges. The core team itself represents three different countries and adding the production part there are four different cultures in total. This makes it extremely challenging for the company management and thus this whole part is dedicated for explanation of the cultural, social and system differences which cause business management obstacles. It also gives best business practices to overcome these barriers.
Doing business with India

According to a recent PricewaterhouseCoopers report, India will be the third largest economy by 2050. A 2010 study by the World Bank called “Doing Business 2011,” which gauged the ease of conducting business worldwide, ranked India 134th among 183 nations. Corruption and cultural differences can make India difficult for some investors, but double-digit growth, the pervasive use of English and a young workforce will keep others India as an attractive region for western investors.

For TailorMySuit it is crucial that India dominates the world market of textiles, with export ratio of 14% of all Indian export and it is the second largest employment segment in India with 35 million directly employed people (The Ministry of Textiles, 2012). The India is also home to the most valuable silk and woollen fabrics such as Cashmere. Although the country is excellent exporter there are business challenges especially for TailorMySuit business model which are stated below.

Cultural effects on business

The success of the TailorMySuit business model heavily depends on cooperation between Europe and India and intercultural management of quality and human workforce. This means the challenges in management of value creation, which is based on European requirements and standards but performed in India and local cultural environment.

To study the intercultural management issues it is useful to use cultural dimensions of Geert Hofstede. Two main dimensions that effects TailorMySuit business are Power Index and Individualism.

The power index describes how the power is distributed throughout the society. Individualism explains to what extent one is responsible for him/her-self and what is more important the person him / her-self as a member of a certain group in the society. These two indexes are of main difference between Czech Republic and India and are studied below.
Power Index and Individualism

The extremely low level of Individualism (Hofstede, 2011) and very high Power Distance Index of India in comparison to Czech Republic are visible in the graph below. There is Germany added as it is TailorMySuit next country to expand.

The Power Index in India is of more than 70%. Formal explanation of this is that people tend to obey to the leaders, which do not necessarily need to be formal (family hierarchy, cast hierarchy etc.). Members of the society not only obey to informal distribution of the power, they also expect it to be distributed unequally (for example still valid although illegal cast system). Power goes hand in hand with the wealth, so the society class and role in society is determined very strictly. So it is understandable that individuality is oppressed significantly. On the contrary Czech Republic, is one of the countries where the PDI is continuously diminishing. Equality and fairness is very important to Czechs and although there are still some inequalities it is in strong contrast to Indian society. In business culture it is visible by maintaining informal behaviour between managers and employees. Therefore it is very hard for Indians sometimes to recognize hierarchy within Western-European company’s management. This can cause insecurity and confusion.
In real life the high Power Index in India is visible in strong family relations. The hierarchy in families and their management can be especially seen on still ongoing arranged marriages and absolutely obedience to the heads of families as in personal as in business matter. This means that also the economic decisions of an individual are decided upon family level and one’s business in India means rather a one family’s business. Also TailorMySuit lends the manufacture with workforce from the family and even thought the manufactory is basically run by the master tailor, all economic activities of the manufactory are decided by the father of the family which hardly works or has any touch with the reality in manufactory. This management structure is good if one wants to invest in long-term solutions but is very inflexible when facing the need of innovation

Long-term orientation

Another very strong difference between Czech Republic and India is the cultural perception of time and long-term orientation. As stated above family and relationships are what matters to Indians. So the family and also the businesses are seen as the structures of relationships rather than processes organised by human management.

So if Indians see the business through relations they are also willing to invest into it in long term (like in relationship). In Europe we have probably forgotten what that feels like; the assumption that next year and the year after and for as far as you can see your business has the potential to grow. In India the company is seen from family perspective as an investment into the future. The best way to explain the Indian view on business bet on future is the description an increasing trend called “The third generation”. This shows the long term orientation of Indian families that do exceed not one but two generations. This means that one generation would sacrifice their entire life and move from country-side to city slum to live in poverty just to try for better future of their children. The first generation usually makes money as street food sellers, prostitutes, cleaners, metal collectors etc. They live in very poor conditions and hardly any of them have real house or place to stay. Many of these people are living basically on the street. Nevertheless the families are trying to capitalize savings so the next generation (males only) can become a small entrepreneurs such as rishaw drivers, barbers etc. – so they can own some small business unit. The children of the second generation usually have basic education and finally can fight for a moderately better future. Although the social status movement along generation is not
certain the “Third Generation” is the reason why the slums are emerging everywhere in India and also why India is the country of the small entrepreneurs, where most population is self-employed.

The disadvantage of this Indian view of the future is that the Indian families/businesses can sometime make irrational decisions in the eyes of European entrepreneurs. The perfect example of this is this is the ironic short term customer orientation. Once having experience of hard work and business investment, the Indian small and medium entrepreneurs look more on actual profit opportunity (which can be immediately re-invested into the future) rather than a long term orientation in customers relationship which also could be of an important revenue stream. Some authors disagree with this opinion giving the example of over-populated regions, where it is more likely that the customer will never return back because he can choose from never-ending Indian supply than there is a chance to profit from long-term satisfaction. Therefore the actual purchase is the only chance for the entrepreneur to maximize his profit. (Ernst&Young, 2013).

In conclusion the long-term orientation of Indian entrepreneurs is rather in company’s investment and bids on future than the customer orientation and this is of major problem of all companies working with Indian textile industry. Although the quality of the fabrics are generally high as they have to meet official standards to be exported the way of manufacturing and especially stitching has to be controlled all the time. Moreover in the case, where the product is custom tailored and its return causes a huge loss because it cannot be re-sold the continuous control is a must. For and Indian entrepreneur there is nothing like a return policy, it simply does not exist.

Therefore if the customer submits an order the entrepreneur tries might not deliver the promised quality. It is very difficult for an European company that works as an intermediary between the Indian manufactory and European market to handle and communicate the quality control properly so it does not abuse the family that owns the manufactory. The aim of TailorMySuit is to work in a harmony with master tailors that have to understand the commitment for TailorMySuit as their investment into the future. The Indian nature demands a personal contacts rather the email communication because the relationship is much more valid to them as official papers.
Uncertainty avoidance

The very interesting difference is also in uncertainty avoidance index. It has deep multicultural routes as India is the biggest Muslim country however the majority are Hindu people. Indians are generally used to see, experience and settle to new things as the country has moved through the rapid cultural and economical period over last century but they also have learned that those who can adapt better win. It is this attitude that is both the cause of misery as well as the most empowering aspect of the India. There is a popular local saying that “nothing is impossible”, so long as one knows how to “adjust”. This makes Indians a very pleasant business partners because even though they might face troubles in adapting to new processes they are very likely to learn and what is more important to be happy with new standards. Moreover they are welcoming and tolerant to other’s habits and cultures.

To give a small practical example how tolerant and cooperative Indians are we use one sexual orientation issue from TailorMySuit marketing communication. Both in Hindu and Muslim religion homosexuality is not accepted. In comparison to Christian religious view where homosexuality is a sin in Muslim religion is not only sin but a reason to be excluded from society or even to be executed. The Hindus are more tolerant nevertheless officially the homosexuality does not exist. It is usually the case that homosexuals are drown into heterosexual marriages just to preserve family from public shame. TaillorMySuit had had a marketing communication for Prague Pride (homosexual festival), the corresponding banners were created in Czech Republic and consequently were also used. The minor promotion was accepted very badly by the Indian side that showed an open inquiry of the offensiveness. After some talks and explanation about customers needs (homosexual=customer) the Indian side was not only tolerant but also shared these banners through social media.
Problem solving

As with anywhere in the world relationships are important, but in India ties of friendship and family are far stronger, longer lasting and have a real impact on the way business is done. The relationship is almost a synonym to business cooperation to an Indian.

Moreover, the history and culture impact the way a business opportunity or problem is approached. This mindset and approach to problems is indicative of the ingenuity of Indian problem solving; nothing gets thrown away without a very good reason. The Indians are ingenious and they will try to make the most of what is available to solve problems that in Europe would normally be resolved from starting afresh. This is very different to Central Europe, where the approach to problems is more time than result oriented. The Indian would spend rather incredibly long time on problem solving and thus delay the project without any notice rather than doing what is best and more attainable with the time given just to meet the deadline. In any case the Indian would not admit or inform his real time needs because this would mean that he might lose the business opportunity. He would also be unlikely to give a realistic time perspective for submitting the result promised when there is no deadline. This might be seen as inappropriate to Central Europeans but this also seems as very responsible to Indians because they are really result oriented. This has to be kept in mind when dealing with Indians and giving time tied business goals or tasks.
Therefore it might not be as negative as it is mostly seen by Europeans. Because if there is an issue and an Indian business partner is committed to it, it is highly likely that it will be solved properly eventhough the deadlines might not be met. Once understanding this, the European manager stands a high chance to schedule proper time-management for business cooperation.

**Introduction to formal menswear industry**

To understand TailorMySuit business model it is inevitable to understand its product. Therefore here is given a brief introduction to formal menswear industry and the basic product features.

**Material**

The common description of wool fabric for suits is 80s, 100s, 120s etc. Super wool. The most popular suits are from 120s Super wool. This however does not mean that material is from 100% wool it only indicates the type of wool used. S-system can be applied to describe materials that include the minimum of 45% wool the rest can be made from synthetic materials. As S-system is confusing for costumer, it is often misused in marketing. S-system originates in England and is used since 18th century as an indicator of wool fabric quality. The S numbers state the fineness of the wool fiber used in the product measured in micrometres. Therefore it can be also understand the thickness of the material. More precise explanation is the fiber diameter per micrometer in other words how much real woollen fiber contains one quadratic micrometer.

As the technical description of wool material is complicated the usage of different ranges is simple. The higher the s number is, the more care the material needs. For example suits made of 180s Super wool needs so much care that once there is a stain on material the whole suit can be thrown away. The optimal trade off between the quality and convenience are numbers between 100 and 120s. The ratio of synthetic materials in such fabric shall not exceed 40% so the material is pleasant and comfortable to wear. (for more see chapter 5 “Product and service description”)  

Although difficult technically, the quality of suit fabric is easily measured. When it comes to shirts more factors have to be considered. Shirts are worn daily and therefore they have to be comfortable and easily maintainable. There is no one factor that describes precisely shirt of a good
quality material. The only rule is that it should contain 100% cotton or at least high proportion of it. The best quality and one of the most expensive cotton is so called Giza cotton.

In recent years the more important than the content of the fabric is the level of maintenance needed. Therefore now is very popular shirt material known as “easy-to-iron”, which is made from thicker cotton (does not necessarily have to be 100% cotton). Another popular material known as “anti-wrinkle” contains high proportion of synthetic materials but on the other hand it needs almost no ironing.

In conclusion the quality of the material is the matter of personal preference, the more natural it is the more comfortable to wear.

The trends in formal menswear

Although not that visible there is also changing fashion in formal menswear. Many trends differ from country to country but in general there are three main formal styles: British, American and Italian.

British gentleman style

This style is also known as British Traditional. The British suits are cut closer to the body. The shoulders are narrow and have jacket has higher armpit so the appearance is more slim in chest part. The jacket have two vents and it does not matter if it is single or double breasted although the double version is not worn as often as in 20th century. In general British jacket have more emphasis on jacket finishing than the other styles they tend to have lower gorge lines (the seam joining the collar and the lapel), heavier cloth, stiffer chest canvas and thicker shoulder pads.

Although trousers have the highest waist out of all three styles they hold better shape than American one and also are better fitting. There are few material differences to other two styles but in general British tailors use more thicker wool for suits which is usually also roasted.

American gentleman style

American style suits are also called “Sack” or “Ivy League”. The American jacket is visibly more rougher and less fitting some also call it “box” style because it is more rectangular and loser. The suit of this style is very different to classical type of suits such as British or Italian because it does not contain obvious shoulder pads and is overally less tailored. It brought simplicity to cuts.
Instead of two vents in the back only one vent is used and the same is for front buttons only single-breasted is traditionally used.

Nevertheless, since its creation in early 19th century the American style went through development and the baggy classical style is almost not used anymore. More fitted and Italian alike suits are becoming more popular although they will remain the loosest of all three types.

**Italian style**

This is the most changing and trendiest style from all. It has always been cut very slim and it has always have emphasis in the breast. The deep V- cut jackets are used and the front buttons are located higher than on the other suit styles. The overall well-fitting look of the jacket is attained by well-padded shoulders. The disadvantage of this style is that it looks especially good on tall slim men but hardly on short or husky men.

The small details add to the stylishness of the appearance such as flapless pockets, silk napkins used in front jacket pocket. The colours are also less conservative than in British or American style. Vivid, bright or even shiny colours can be used. Further the style can be divided into minor styles such as Roman, Neapolitan and Milanese.

*Picture 2 - British, American and Italian styles on celebrities*
3. EXECUTIVE SUMMARY

Tailormysuit.com is an online menswear store. It delivers classic menswear fashion, which is personalised and custom-tailored as per the specifications provided by customer’s. All garments are hand-made products and made of high-quality materials, which are sourced from India. With an efficient supply chain and online ordering processes, the costs are kept at very low level and thus high operational margin is maintained and still the product are sold as “affordable luxury” and thus fill in the market gap for affordable customized menswear. At the moment there is no affordable custom-tailored menswear and potential customers use substitutes from middle/up class confection stores.

At the moment the start-up project is ran by team of 4 young professionals with unique mix of experience from different fields (e-commerce, marketing, strategy, supply chain, IT) and countries. After sufficient corporate experience the team members are dedicated and fired up to prove skills and realize this idea.

The key is to deliver custom-tailored garments online. TailorMySuit processes precise online-measuring system, which is clear and thanks to the instruction videos simple for the user. All measurements and personalisation can be completed within 10 minutes. After submitting the order the garment is delivered to the customer’s doorstep within 21 days – for free.

The e-commerce of custom-made garments is new to European market and therefore there the communication mix is heavily oriented on assuring the security of the ordering process and its preciseness to support confidence in product. This can be done because the online measurement system is very precise, all orders are evaluated before the actual stitching processes and it has already been tested successfully through real orders.

Launching the product first in the Czech Republic and Slovakia, next steps will lead to the DACH region. In terms of expansion, there will be a heavy focus on personal contacts, especially from founders contacts in CEMS network and various corporate companies in abroad. Word of mouth
will be essential for the success in an early phase. This approach will be heavily supported by online marketing mix in order to attract rest of target group where there is no direct access at the moment. It has also been a huge success to buy a domain tailormysuit.com, which is easily searchable.

Custom-tailored suits and shirts have been so far a matter of delicate taste and high expenses. With TailorMySuit, custom-tailored menswear becomes part of every-day gentleman’s life. Nobody has to wear confection anymore, custom-tailored garments come at prices from confection stores.

4. COMPANY OVERVIEW

Kristina Čahojová, a student of VŠE Prague, had been on exchange to Taiwan and since them she has travelled to Asia regularly as a tourist. When working as an intern in a corporate company in Vienna, she realized that formal custom-tailored garments are so expensive and so popular there that it would be worth trying to get them cheaply from Asia and sell them in Europe. It is not a secret that in south-east Asia there are manufactories specialized in production of custom-tailored formal fashion for western tourists. The main travel destinations for this service are: Hoi An (Vietnam), Bangkok (Thailand) and Jaipur (India). Kristina has visited all of them and after her trip to India, she persuaded her friend Ameya Kolambekar to set-up an online business, which connects excessive demand for customized formal menswear in Europe to excessive supply in Asia.

After the end of Kristina´s compulsory internship in Vienna in March 2013 she dedicated all her free-time to put together web-site, resources and a business plan to start a business. To test her idea she signed-up their project for the biggest Czech start-up competition “Nápad roku” and in next month they won the student category. In the whole business ranking she ended on 5th place, which was an amazing success for a basically non-existing project at that time. The company was
than officially registered in July 2013 in Czech Republic as TailorMySuit s.r.o. and started to sell online in August 2013.

The founders are also major share-holders (Kristina Cahojova, Ameya Kolambekar). Pavel Baranyk will receive an equity share according to the e-commerce business growth for which he is responsible and his contribution to start-up financing. The last member of a team is Ondrej Volko who is a paid employer responsible for online graphics, design and programming. Even before opening the web-site store managed to receive sufficient orders of suits and shirts to be able to predict precisely the moment of reaching break-even point, which will be only one month after opening the e-store. This makes it much easier to plan further market expansion and establish a strong position before following market entrants.

Founders decided to reinvest all the 1st year profit into promotion and direct marketing so they can quickly penetrate the Czech and Slovak market and prepare for expansion abroad.

The positioning is to offer affordable and excellent custom-tailored suits & shirts to men that need excellent menswear everyday but at the moment they substitute it with low price/quality fashion from high-range confection stores.

The change from offline to online purchasing of custom-tailored garments is on the rapid growth in US and Canada since 2009. The general prediction is that sooner or later important part of offline menswear business will move online in Europe as well. So far there is none or very little or unprofessional competition in Europe in this field. Therefore TailorMySuit plans to try the business model in small quantities in Czechoslovakia, by doing that the processes will be corrected and prepared for bigger quantities, which will be necessary for 2014 quick expansion to DACH countries and to more countries later. (More about competition from Northern America in Market Analysis)

In 2014, there will be 2 core business units: TailorMySuit Prague responsible for European market and separate business and legal unit TailorMySuit Bombay responsible for production in India. It is planned that the main focus at that time will be to penetrate German market, where there are already some similar services which however offer slightly different products at much higher prices. There will be a clear advantage in price/quality profile, product variety and
measurement processes. There will be different marketing strategy for German market and also slightly higher pricing and the whole business model will be based on purely online ordering process.

In 2015 there are plans to expand further west to Netherlands, France and Northern Europe (high margin countries) on franchise basis. There have already been successful negotiations with potential franchisee partners in 2013 already. The product is obviously on demand and there is short time for TailorMySuit till other competitors will realize a profitable market spot. Therefore the general plans for TailorMySuit are develop strong position in home market and expand largely abroad in Europe.

5. PRODUCT & SERVICE OVERVIEW

TailorMySuit sells custom-tailored suits and shirts for the fashion conscious men. Apart from customized apparel, it also sells accessories and provides small alteration services.

Suits

TailorMySuit collection of suits is being regularly updated. The collection consists of evergreen designs and seasonal styles. Apart from making all suits custom-tailored in means of measurements, every product can also be personalized by wide variety of options: pockets, buttons, monogram, lapel, vents. All suits are made from the best woollen materials. The percentage of merino wool differs from range to range. There are 3 types of suit ranges: Business comfort, Business exclusive and Formal elegant.

- **Business Comfort** is made from 70% merino wool and 30% polyester. The reason for this is that 100% woollen garments are not comfortable to wear during long busy days. Polyester ratio makes it much more convenient because it is easy to maintain and it does not cause as much wrinkles as 100% woollen suits. It also increases the longevity of fabric for day-to-day use. This line is therefore meant for everyday work-life. Suits from this range costs 269 EUR.
• **Business Exclusive** is made from 100% Merino wool and it is meant for special events such as important business meetings, formal social gatherings and all occasions where there is a need for outstanding outfit. Exclusive type of suit is sold for 349 EUR.

• **Formal Elegant** range consists of tuxedos, which are in Czech Republic called smokings. These are made from 100% merino or cashmere wool and have some parts made from silk (lapels, vents etc.). Tuxedos are sold for 399 EUR.

![Charcoal Pinstriped](image)

**Picture 3- TailorMySuit product detail**

**Shirts**

All shirts are made from 100% Egyptian cotton. When customizing a shirt customer can choose from wide range of cuffs (double French cuffs, vertical buttons, simple French etc), collars (BD, Smart, French etc.), pockets and styles (classic, slim fit and super slim fit). There are two shirt ranges: Formal and Business casual.

• **Formal shirts** are primarily meant as a complement to suits and tuxedos. They are made from finest shiny Giza cotton and have lower gram/square meter weight. The cotton is little shiny and needs special maintenance care. Thanks to expensive fabric all shirts are easy-to-iron. They are sold on an average for 59 EUR.
• **Business smart shirts** are also made from 100% cotton but the cotton it is a little bit thicker therefore they are easier to iron and also have less wrinkles. The inner sides of collar, cuffs and buttons are made from different colour cotton to enhance smart and fresh look. There are additional details like colourful threads or shiny buttons that make these shirts different from formal line. They are sold on average for 59 EUR.

**Accessories**

So far, TailorMySuit, offers only ties, black ties, cuffs and napkins. Belts, purses, bags and more cuffs will be added later. The average price for a tie with a same colour napkin and cuffs is 29 EUR. All ties are made from pure silk and are sourced from Thailand. Belts and purses will be sourced directly from Czech Republic. All products bear TailoMySuit brand name and cannot be further customized.

**Complementary services**

TailorMySuit provides two types of services: Measurements and alterations.

**Alteration service**

This service is available to Czech Republic only. TailorMySuit have contracted tailor in Prague who is at service to all customers who want to apply personally 100% guarantee on fitting or want to make an order in person. 100% fitting guarantee which does not require visiting a tailor in person is available regardless country of purchase.

**Measurement services**

These special services are offered to companies only. Only through references TailorMySuit provides personal measurements to companies. These include: company appointments for taking measures, wider choice of fabrics and personal delivery of products. (More in Off-line shopping process and service page 9)

**Product Refunds**

To support the confidence in product there have been established very generous refund policy. TailorMySuit provides “100% guarantee on fitting”. This means that all garments can be
returned and refunded. All customers after submitting order have an online profile created. There are all measurements, shopping history, payment and delivery details. Once the garment is delivered to customer and customer is dissatisfied with it he can apply this policy. The customer is simply asked to visit his online profile a fill in feedback. This feedback consists of exact measurement feedback. The customer fills in the form and gives his opinion, which measurements were wrong and how he would prefer to have them. The customer can decide whether he wants to return the product completely and receive completely new unit or to apply “40 EUR alteration refund”. If he decides for second option, he is encouraged to visit any tailor (as per his convenience) to do the necessary alterations, than he submits the bill to the feedback form and he gets all his alteration costs up to 40 EUR refunded. TailotMySuit asks for valid proof in form of receipt so abuse from competition or customer fraud is avoided.

The alterations are possible because all garments are made so that they have reserves in seams. Usual clothes from retail stores have no reserves in seams to save costs.

If the customer decided to return whole product and he is also unhappy with the new product he was sent afterwards, TailorMySuit refunds the entire amount customer has spent.

**Shopping process**

**Online shopping processes**

Shopping process on TailorMySuit is made user-friendly and optimized so that all site features lead customer to action (purchase). The whole-on site process is made so that all shopping steps are made in logical order and comprehensive form. The extra submitting buttons were avoided so the user-exits are minimized before the goal-purchased is achieved. In every step the user is fully informed about the necessity of the process and advantages of the process steps.

**Customizations & Measurement Manual**

Firstly, customer chooses a style among wide variety of suit and shirt ranges and models. This means that he chooses the cut and the fabric, which cannot be changed later. He is informed about the different ranges and their advantages and social suitabiliy before because the products are organized in comprehensive groups. After user chooses his model, he is asked to customize his choice. He can choose different types of lapels, pockets, inseam threads, linings etc. All choices are
accompanied by a graphical explanation and a comment about social and occasional suitability. Once he is done with customizations, he continues to online measurement manual. Thus manual consists of descriptions and videos organized in several steps that guide the user how to take measurements by himself (he is encouraged to get a help hand from friend because self-measurements are not accurate). This takes up to 12 minutes. After the process the item is put into the shopping basket.

**Cross-selling**

Very special feature of TailorMySuit are in-basket offers. This means that directly in the shopping basket customer has an option to add some item at a special deal price. Example: when customer puts in his basket Navy Blue Suit that costs 349 EUR, directly in his shopping basket he sees that he can add the shirt, which was used for the model picture at the price of 39 EUR instead of original 59 EUR. He can also add tie for a special price. This feature induces extra purchases and brings extra turn-over and profit as the additional item is packed together with a firstly selected item so there are packaging and shipping savings. This cross-selling technique is very successful tool however it is neglected by medium and small-size online stores due to lack of knowledge and comprehension. Very successful cross-seller user is Amazon, which by showing related items to customer who already put one item into basket has grown it share rapidly. Since cross-selling introduction the Amazon increased the turnover by 35% in 2006 (Roggio, 2013).

So far TailorMySuit is the only Central European web-site with formal menswear that uses cross-selling techniques.

**Interaction with customer**

Every single measurement given by user is immediately compared with the previous measurements automatically. Therefore the customer cannot type random numbers. For example if customer types a weigh of 150 kg and then in the following slides he gives a measurement of his waist width of 82 cm, the system automatically detects a mistake and shows a warning. To proceed in the order customer has to give realistic information first. All the data given shall provide a consistent picture to the tailor. When customer submits and pays, the order is checked again by a master-tailor in India. Customer receives an informative email about the order, how to track it and what else TailorMySuit offers him (services, collection latest news etc.). In 24 hours
after paying for the order customer can by contacted by email if the master-tailor in India detects some “might-be” incorrectness. If everything runs smoothly customer receives a product in next 21 days.

The users that are afraid or insecure of using the TailorMySuit system can book an online Skype talk. On the main-site customer finds a link to a calendar, where he can book free hour of Skype-talk for free.

**Off-line shopping process and service**

As the targeted customer (see chapter Product & Marketing Strategy) in Czech Republic is mainly tied to corporate environment and it is only the matter of costs by which channel TailorMySuit attracts its final customer, it was decided to use a special service for corporate partners in Prague only.

**Service for corporate companies**

This service means that a company will be sent a TailorMySuit employee that will measure customers directly in company. They will also have extra choice of fabrics, higher possibilities of personalisation and measuring by TailorMySuit employee in person directly in company’s offices, of course. This service is not promoted on the web-page and is purely based on direct marketing methods and references. The main advantage of this system is that once the measurements are taken and customer is satisfied, there are no needs of personal visits anymore and customer can with confidence order any other product directly online within few clicks. This service is, however, not profitable for a small quantity orders (1 or 2 suits) and thus a corporate hub in Prague is ideal for this. Expansion of this service abroad is purely dependent on its profitability and therefore it is not planned in next 1 year. (This service also mentioned on page 7 in “Complementary Services”)

**6. INDUSTRY ANALYSIS & DESCRIPTION**

**Clothing Industry facts & development**

Clothing& Fashion is one of the leading consumer segments. The world clothing and textile industry (clothing, textiles, and footwear and luxury goods) reached almost $2,560 trillion in 2010.
This industry grows rapidly and steadily. It has always consumed an important proportion of household’s budgets. The women clothing is predicted to grow slowlier than men’s fashion, which has reached immersive growth of 13% by 2012 worldwide and its explanation is due to growth of demand for purely fashionable & expensive male fashion items. The general feature of the whole textile industry is that it has been expanding rapidly online.

The total worldwide online proportion of sales in clothing industry is only 13%, which is not immense number but it has been growing rapidly (Czech Republic apex. 15%) (Young, 2013). This rapid growth is reflected in online offer. There has been immense growth of emerging online fashion stores. Surprisingly online e-commerce of higher importance to smaller non-recognized brands (surprisingly also second-hand clothes) as it is so far the cheapest channel how they can reach their customers within the territory of their stone store (if any). Therefore they put more emphasis on their online user friendliness. On the other hand it is often that well-known brands do not even have e-store. For example out of 100 leading and most recognized clothing brands (such as H&M, Inditex, LVHM group etc.) only 33% are prepared to serve customers online. This means that they have their page optimized for mobile devices or they have developed their own app. This low number is surprising because 50% of all customers use internet as the decision criteria for purchase of clothes. (Tank, 2012). There is a huge room for future improvement and it does not seem that retailers see it.

From consumer point of view an average Czech household spends on clothing 7% of total income. (úrad, Český statistický, 2011). With slight difference this can be taken as a rule in whole Europe. This ratio makes a huge difference in actual sales because income per household differs significantly across Europe.

**Challenges in clothing industry**

As mentioned above, the clothing industry is slowly moving online. Regardless the poor online presentation of most retailers there is one issue why industry is among the last industries to move online- the fitting. It is the most common reason for returning the garment back to the e-store.
Formal menswear industry analysis in Europe

How, when and for how much men wear formal fashion differs significantly from one country to another. What can be taken as common is the proportion of sales of formal menswear in a worldwide textile sales and it is 35%. This high number is mainly due to high cost of such clothing. This number is however slightly affected by financial crisis as the main customers for suits and formal accessories are employees from finance & business management sectors (Report Linker, 2012). The biggest retailers in worldwide formal menswear are: Armani, Hugo Boss, Calvin Klein, Diesel, Ralph Lauren, Burberry, Dolce & Gabbana, and Ermenegildo Zegna. The average number of suits owned by one man is however low. For a man working at a bank the average number is 5, which is also due their high cost and long durability of formal menswear. For example, 100% 120s merino wool suit is to be found for the cheapest price of 350 EUR in Europe and this is in Slovakia. The average price of suit however differs. The suits are usually sold in retail stores. These suits contain high proportion of synthetic materials such as polyester or viscose the proportion is usually between 30-60%. There are also specialized retail stores, where good fabrics can be found but the price ranges are starting at 250 EUR for a synthetic material suit. The lowest price level from Slovakia is applicable to all European Union countries.

It is very hard to say how much of total formal menswear is sold online. There are no available data. The only fact that is obvious is that there are much fewer stores selling such fashion online as formal menswear brands selling garments in real stone stores in Europe. For example the largest British formal shirt retailer T.M.Lewin does not have an online web-site for most countries. The reasons for this needs more data but it can be predicted that men do not tend to purchase suits and shirts online because the most important feature of this product is fit and therefore they prefer to buy them in real stores. In addition the cost of such garment is on average much higher than informal shirt and therefore the risk of purchase is even higher. These conclusions, however, are based on assumptions of store keepers of such stores in London’s Mayfair, Savile Row, which is home for famous tailor masters, who stich suits for celebrities and London’s top society (personal research of Kristina Cahojova London July 2013). The minor player active in this field remain suitopia.com and tailor4less.com (see chapter “Market Analysis”)

38
Formal menswear industry analysis in Northern America

Apart from different fashion trends and product usage the American formal menswear industry is very similar to European. What is different is that the e-commerce of custom-tailored formal menswear has developed significantly in Northern America.

The very leader in e-commerce is Indochino. It was the first web-site to offer high quality custom tailored formal menswear at significantly lower price that it was available at retail stores or tailors. Since its founding in 2007 Indochino has grew and at the moment it is under second investment series of 13 million US dollars. Indochino was the first to move custom-tailored industry of formal menswear online and thus it profited significantly from it (Indochino, 2013). How much percentage of the total formal sales Indochino and its followers (BlackLapel) have acquired is not clear. The turnover of the company remains unpublished. It can only be assumed that affordable custom-tailored products are on demand because Indochino has 112 000 likes on FB fanpage and over 15 000 followers on Twitter.

7. MARKET ANALYSIS

Supply of custom-tailored garments is limited to local tailors and three branded tailor houses in Prague. These products and services are, however, very expensive and seen as luxurious products. As a whole, the market of classic menswear is dominated by confection stores, which sell medium-affordable products. The market is completed from the bottom-price with mixed retailer stores that supply low-quality menswear fashion.

In general if a men needs to wear a suit every day and he does not have 1200 EUR budget for one piece, he has to buy at confection stores. Although there are very good quality confection suits and shirts available their price is still very high in comparison to quality they offer. The main retail brands are: Blazek and Pietro Filipi.

In online competition there are already some similar web-sites in the Czech Republic that provide custom-made suits & shirts, however, they are not operationally extensive (the
measurement consist of only few measures for suits) and are relatively new and very expensive. The market hence is still in its infancy.

**Domestic competition**

In the Czech Republic and Slovakia there is none or very little competition in online tailor-made shirt segment. What is really remarkable that two main sites that have advanced design and professional check-out and thus are supposed to have real-sales appeared just in March 2013, while project TailorMySuit originates in November 2013.

**Shirt Competition**

**Grandesa**

The only mentionable shirt producer from Slovakia is grandesa.sk, which has a very professional web-site and all its products are made in traditional cloth-manufacturing city Bánovce nad Bebravou. Although the web-site offers very high level of customization, it does not provide real models. It uses so called 3D model (see picture 3 below) instead, where users can digitally build the desired garment online. The prices of the cheapest custom-tailored shirt with advanced customization and delivery within borders of Slovakia is of 49.99 EUR the cheapest and the delivery time is 3-5 weeks.

To stitch one shirt there is 3 hours of human labour required (the minimum). The minimum wage in Slovakia for such price is 1,941 EUR (NRSR, 2013), which means that minimal labour cost for Grandesa is 5.8 EUR. The minimal wage in Slovakia is also the lowest within original EU 24 (excluding Romania, Bulgaria and Crotia). Therefore Grandesa has good trading position as it does not have to pay import tax to EU, which might be also better than TailorMySuit. The disadvantage however is the price of the fabric. The main fabric producer in Czech Republic is Mileta. Grandesa might source from Mileta, which also sells fabric to the biggest shirt producer in Britain T.M.Lewine and also to Czech competitor Le Premier. The prices of exclusively good Egyptian cotton fabric, which is used for TailorMySuit shirts, is 8-10 EUR per meter the minimum (under condition that fabric is bought in bulk of the minimum of 50 meters). To produce one custom-tailored shirt 1.25 m of fabric has to be cut and 3 human labour hours are needed. The shirt has to
be put into box and also to be labelled. Therefore the absolutely minimal costs of final product to Grandesa is below 20 EUR (see the box)

<table>
<thead>
<tr>
<th>In EUR per piece</th>
<th>Material</th>
<th>Labour</th>
<th>Box</th>
<th>labelling</th>
<th>Total manufacturing costs</th>
<th>Simplified operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Básica 39,99</td>
<td>8</td>
<td>5,8</td>
<td>1,19</td>
<td>0,2</td>
<td>15,19</td>
<td>24,8</td>
</tr>
<tr>
<td>Famosa 49,99</td>
<td>10</td>
<td>5,8</td>
<td>1,19</td>
<td>0,2</td>
<td>17,19</td>
<td>32,8</td>
</tr>
<tr>
<td>Única 59,99</td>
<td>11</td>
<td>5,8</td>
<td>1,19</td>
<td>0,2</td>
<td>18,19</td>
<td>41,8</td>
</tr>
<tr>
<td>Encantada 69,99</td>
<td>12</td>
<td>5,8</td>
<td>1,19</td>
<td>0,2</td>
<td>19,19</td>
<td>50,8</td>
</tr>
<tr>
<td>Novia y Noche 74,99</td>
<td>12</td>
<td>5,8</td>
<td>1,19</td>
<td>0,2</td>
<td>19,19</td>
<td>60,8</td>
</tr>
</tbody>
</table>

Picture 4 - the minimum production costs of Grandesa per shirt

The costs for material are given upon official pricing of Mileta. Price of the labour can be questionable but it is not likely that tailors in Banovce nad Bebravou would be paid much more than minimal wage but of course cannot be taken as hard fact (could deviate by +20%). Prices per box are assumed upon the cheapest box which is produced by Paketo s.r.o. in Czech Republic for shirt producers, this price is catalogue price when ordering more than 1000 pieces. Finally the price of labelling is very accurate as it is taken from the official pricing of manufactory in Kostelec, where alike shirts are produced and labelled.

In conclusion this box roughly explains the attractiveness of this segment as the average operational margins is always above 100% and this explains why in last 6 months competitors have quickly emerged. Nevertheless, the box does not include taxes such as VAT, handling costs, insurance, stocking cost, variable energy costs etc. but still can be taken as accurate to clarify the core of this business.

From consumer point of view, the Grandesa is oriented primarily on Slovak market (it does not have other language or price option). The web-site exists till March 2013 and yet not all functions are enabled. For example, the site promises than in future customers can order samples for symbolic price or use gift coupons. Additionally, Grandesa uses the 3D model, which is the main disadvantage (see the survey results in Appendix) and it is also believed that recent struggle of Suitopia, the biggest West-European custom-tailor online retailer, is mainly due to 3D model,
which did not reflect the reality of the product ordered precisely (see “Competitors from abroad” page 17). The main advantage, however, is that it has the most elaborate customizations and fabric choice options (more than 90 fabrics) among all three shirt web-sites (tailormysuit.sk, lepremier.cz, grandesa.sk)

All in all, Grandesa is presented as smart middle-price range web-site, which in its positioning coherates with TailorMySuit. The pricing also reflects similar positioning but the strategy is different, while Grandesa motivates users to decide for the medium expensive options by giving only 4 basic fabrics available TailorMySuit simplifies pricing and induce purchases by bundling (2 shirts = free shipping). Finally, it will be interesting to watch how this project faces Slovak market, where most of online purchases are still made in capital city (see survey results in Appendix.)

![Grandesa 3D model](image)

**Picture 5 - Grandesa’s 3D model**

**Le Premier**

Le Premier is Czech store that sells online mainly custom-tailored shirts but it also offers accessories (such as socks, belts, ties, napkins etc.), sweatshirts, polo-shirts and shoes. In their actual retail store, which is located in city centre of Prague customers can buy also suits, which can be customized.

Although Le premier’s web-site is very similar to Grandesa from the user point of view, it differs significantly in positioning. Le Premier is presenting itself as high-end brand. It also re-sells well-known gentleman accessories from England. Its shirt prices starts at 79 EUR for a basic model.
Similarly to Grandesa it uses 3D models, has different shirt quality ranges and various customizations. Surprisingly it offers only 24 fabrics to choose from online. In 6 months this offer has not changed and it is unlikely that it will change in upcoming months. It can either suggest that significant turnover is also generated by accessories or that Le premier is struggling in its supply-chain. According to its shop-keeper Le Premier is about to launch a regular non-custom collection. Whether it is a decision of profit or low demand for online customization can be suspected but the reason also could be that Le Premier has gained the maximum of what it could in Czech Republic. It has profiles of thousands of customers (all measurements and preferencies) and simply it is a profitable user portfolio which, however, is has reached its growing peak and now it consists of regular customers. Therefore the decision of Le premier can be explained as an attempt to broaden business into confection.

From Marketing point of view, Le premier is well-established brand in Czech market, which has very popular menswear fashion blog and over 5000 likes on its Facebook Fan-page. It can be of a thread to TailorMySuit as nevertheless the positioning the customers remain almost same and therefore for less-price sensitive can Le Premier is a brand on the other hand TailorMySuit is completely new to Czech market.

**Suit Competition**

**Edward21**

It is interesting that in March 2013 website edward21.cz was created and it offers to build your custom-tailored suit online. It is relatively small, low-ranked web-site, which is also slow and some features do not work. The model the web-site uses is only 2D and the whole customization process is complicated and slow. When customizing the product some features cannot be chosen because the system announces errors with no reason. In addition, the whole web-site is not coherate. Different fonts and colours are used, which sees very cheap. On top of that most fabrics are dark the web-site background on which fabric samples are displayed is in grey-black, which makes it very difficult for the customer to distinguish between patterns and colours.

Apart from poor web-site quality and below-average user friendliness the pricing is also confusing. The price of the final product depends on customizations therefore the customer has to finish the process first to see the final price. Although the web-site claim to have suits from 200
EUR, the truth is that these suits are polyester and polyamide mixtures available in inconvenient colours as green. The real 100% merino wool suit is 400 EUR the minimum. The whole product has also undefined delivery time, which can be 28-40 days.

In conclusion, the positioning of the web-site is un-readable. The design and overall appearance is cheap and un-professional. The only advantage of the web-site is the clear communication of product origin- Czech Republic, which can be the only threat to TailorMySuit.

**Competition inside EU**

There are two main companies that deal with custom-tailored formal menswear in Europe: Suitopia and Tailor4less. While tailor4less.com (since 2006) is oriented on low-price Suitopia has premium pricing (since 2008). The basic suit at tailor4less (including shipping) costs 199 EUR and on the comparable suit costs over 350 EUR.

Both companies have very similar web-site structure and almost identical customization process. This structure and whole appearance is very similar to Slovak Grandesa. Suitopia is oriented on Northern European market including Germany and Tailor4less originates in Spain and focuses on latin language countries: Spain, Italy, France etc.

Interestingly, there are no official financial reports of both companies. Tailor4less has a budge on web-site claiming to win “best start-up award” but no further information is given. It owes a fashion blog and FB web-site with more than 10 000 likes. Apart from this information the success of the web-site can only be measured in languages the web-site is translated into – 6. Suitopia has only 4000 likes on its FB fan page and has not updated its fabric offer in last 12 months. To give a picture Czech Le Premier web-site has over 5000 likes and is present only in one country.

The expansion of these web-sites is possible. Tailor4less has its own affiliate program to expand abroad. Suitopia on another hand is showing not only no expansion but also no innovation in last 12 months. It is possible that company has difficulties because also recent product reviews reveal that products are delayed by weeks and that the quality of product is poor. On trustpilot.co.uk (the most used web-site for customer product review in UK) it holds only three
stars out of 5, 7 out of 10 and it has only 3 reviews. On the other hand tailor4less with its 500 reviews holds 7.6 stars out of 10.

All in all, tailor4less.com is to be watched because its possible expansion Eastern Europe could endanger TailorMySuit position. Still, it stands for price oriented customers with no emphasis on exclusivity whatsoever. The most competitive feature of tailor4less is delivery time, which is only 15 days.

**Competition from outside EU**

There are two main companies in Northern America (Indochino 80%, Blacklapel 20% of the Northamerican market) are not likely to expand to Europe in next 5 years. The reason for this is huge language barrier (27 languages in market as big as USA) which makes it very difficult to set targeted online promotion in highly fragmented European market. Also huge companies like Amazon moved to Europe only after long and successful history in English-speaking e-commerce space. It is more likely to enter foreign market by buying local competitor (for example Mall.cz bought by South-african company Naspers)

Adding to these cultural problems there are more obstacles in supply chain (EU classical menswear fashion is different especially in fabrics preferred). The problem is also EU tariff rules. While Indochino itself pay no import tax and VAT because these rules differ from one American or Canadian state to another (the final burden if any is born by final consumer) in Europe they would either have to change pricing strategy or pay taxes and import tariffs directly by having an EU headquarter. All in all, expansion to Europe would require heavy investment and company would have to penetrate one country by another and not as single EU market. Therefore the threat of Indochino expanding to Europe remains although it is not likely in upcoming 2 years.

**Intensity of competitive rivalry & conclusions**

It is obvious that there is no competition for affordable everyday high-quality custom-tailored menswear in this segment in Central Europe, however, there might soon emerge or come some company from abroad. Also recent development shows that this segment is attractive and profitable as few alike web-sites emerged in last 6 months in this region. The only competitor from abroad to be watched is low-cost model tailor4less.com, which is competitive to TailorMySuit
especially in pricing and delivery time, nevertheless the materials and stitching quality lacks behind. All other suit competitors are not mentionable only remarkable are shirt competitors whose quality and service is very high and absolutely competitive with TailorMySuit. In below map there is drawn presence of competitors. Although Suitopia is present in Germany, there are not enough customer reviews online to affirm its strong position there so it was excluded.

The main advantage TailorMySuit has against other competitors is the usage of real models instead of 3D models. In this the TailorMySuit is unique and very similar to Canadian web-site Indochino. As also results from the questionnaire confirms, men prefer to see product on real model than to build it on 3D model. This is mainly due the lack of imagination and also the real model makes users more likely to purchase a product (customer survey results see Appendix).

TailorMySuit, where the price range starts at 269 EUR for Business Comfort models, and the delivery is done within 21 days can also compete with offline competition which is indeed more important than online. As mentioned in introduction formal menswear fashion is changing more slowly than all other clothing industry sub-segments. Therefore majority of the purchases are done offline. The quality and service of Tailormysuit is superior to any offline competitor, whose quality is much lower and prices much higher than those at TailorMySuit. (see Formal menswear industry analysis in Europe).

The main business advantage of TailorMySuit is that even with low turnover it can be profitable. Not to disclose business secrets of TailorMySuit, Grandesa profit calculation can be taken as good example though. The offline retail still faces high variable costs from shop-keeping and stock-keeping. The huge advantage of customized products is that no product is manufactured until there is an order for it. Therefore the only stock alike companies keep is material. This is however of low risk because in case of low demand for final product material stock is easily to be sold.

All in all, TailorMySuit can invest from the very beginning into online marketing to support confidence in its products. It is offering very high value for money, which is superior to all offline and therefore is very convenient for gentlemen that want to look and feel good every day at work.
8. VENDORS AND SUPPLY CHAIN MANAGEMENT

The supply chain of similar companies and TailorMySuit consists of three main parts: Production, delivery and service. All parts are equally important to final customer satisfaction. TailorMySuit’s backend product management and operations are managed by the Indian business partner and counter part Ameya Kolambekar.

Once the customer submits an order, it is internally checked in the MIS and forwarded to the India. The actual order process works as follows: The order and measurements are carefully examined and evaluated by the Tailor and if necessary the feedback is sent to the Customer. Only on confirmation, with changes if any, the order is executed for stitching. All the stitching is hand made with careful attention to every detail as requested by the customer. Once the finished product is ready, it’s inspected at two stages; once by the tailor and then by Ameya Kolambekar to ensure high quality standards. The given order is then packed into boxes and shipped directly to Prague HQ, where it is repacked, import taxes are paid and send in new boxes to final customer. TailorMySuit promises the delivery time within 21 days from the day of the order (See “Simplified Supply Chain” in Picture 6)
Production

Production consists of sub-processes: fabric management, manufacturing and controlling. While TailorMySuit is based in India, Tailor4less and Indochino stitch and source in China, Grandesa and Le Premier do it in Slovakia and Suitopia does not disclose this information. Offline competitors stitch mostly in China or Vietnam because in both countries there is cheap labour and silk but what matters the most that there are many suit-oriented factories, which manage material and manufacturing management together and sell the final product to retailers at very low price.

Fabric Management & Stocking model

As explained on Grandesa profit example most costs are incurred in production supply chain part. Generally the most expensive part of product is material. It is also the crucial customer satisfaction factor. Buying fabric for every single suit or shirt demanded is logistically complicated and also very expensive. The cost of fabric when buying in bulk quantities (30 square meters+) goes significantly low in price. The savings on material that TailorMySuit achieved, when it started to purchase fabrics in bulk, went up to 50% or even higher. The Fabric for TailorMySuit is sourced and bought in bulk quantities from one of the leading producers of suiting and shirting fabrics in the world. This is the main advantage of sourcing fabrics in India is that it is the biggest producer of fabrics worldwide, the retailers have very strong bargaining power and the quality of the material is generally very high because of compulsory certification of fabrics produced for export. The woollen fabrics are of superior quality especially from region Cashmere from where the most known wool comes from.

Stocking the material consumes a part of cash-flow but it is also not of high risk as all materials are easily to be sold back to fabric market if necessary. In India the fabric market is big and there are few stages of it (producers to biggest brands, biggest brands to Indian manufactories, producers and manufactories to fabric markets etc.).

The optimal stocking level should consider the average number of orders per package, the time spam between placing the order and delivering it to customer and the fixed cost per one
shipping package. To explain this more clearly see the simplified graphical model of TailorMySuit supply chain.

![Simplified Supply Chain of TailorMySuit](image)

For optimal stocking level TailorMySuits uses the basic order model known as Wilson EOQ Model.

\[ Q^* = \sqrt{\frac{2DK}{h}} \]

\( h = \) monthly carriage costs (all storage, manipulation etc. costs for stocking one unit a year)

\( D = \) monthly demanded quantity (TailorMySuit basic unit is 3 packages of 20 kg/month)

\( K = \) fixed cost per order (cost of ordering and shipping & handling to Europe)

\( Q^* = \) optimal stocking quantity

TailorMySuit uses this model slightly modified into a month ordering model. TailorMySuit tries to keep low stock which equals 3 average shipping packages and thus the stock can cover one month demand. This model has advantage because it is flexible to what customers demands are and thus the portfolio of stocked fabrics can change quickly.

This model is subject of change as TailorMySuit is new project and it has short history of purchases. To optimize this model more orders and more time is needed. So far the small quantity
stocked is flexible and consumes very small proportion of cashflow and this is ideal for TailorMySuit as the minimum resources are tied to stocking and thus more resources can be used for marketing and expansion.

The sourcing, control management and order execution is followed to the tee with strict a strict process and guideless having buffer time and contingency management, which is supervised by Ameya Kolambekar.

**Manufactoring**

The tailoring services are acquired from leading tailors having 30 years of industry experience with an independent production facility exclusively for TailormySuit. This manufactory is located directly in Mumbai. At the same place the stocked fabrics are kept.

The actual stitching process consists of several checks and tailoring stages. First the fabric is cut, than stitched and finally all customization including monogram are done.

TailorMySuit has not only developed an algorithm that controls the orders given to the web-site but also a **unique formula that turns actual measurements into cutting lengths** and thus the tailors are given actual orders with no room for change. All cuts are double-checked so errors are minimized. For keeping the business secret the formula is not to be disclosed. The main advantage of this is that having this formula makes it independent from the manufacturer. All processes are standardized. At the moment TailorMySuit is renting a small manufactory together with its employees. Now, that the formula is developed, it is easy to start own manufactory if the business goes well. The stitching formula is the most valuable intellectual asset that TailorMySuit possess. This formula enables the whole business model to work- to deliver perfect fitting garments through internet.

**Controlling**

At all levels in the Supply chain, TailorMySuit maintain stringent quality control protocols to provide the best product and service to customers. Every product is checked at least 2 times in the process of stitching. Intensive control is necessary because the products are not done in assembly
line but hand-made and every single one contain more than 6 customizations and is done according to more than 12 measurements.

**Delivery**

Promise of 21 days is strong competitive advantage but also hard target to attain. Therefore shipping and courier is handled by one of the top 4 companies of the world, offering reliability and on-time delivery at all times.

The secondary shipping within Europe takes 48 hours and is done by the largest courier company in Central Europe. This 2-step model is based on cost effectiveness. The intercontinental shipping cost depends on the measures of the package rather than its weight. This makes it much more cost efficient for TailorMySuit to re-pack products in Europe. Apart from cost reasons, there is also one marketing “P” factor – box. When packing in Europe it is more likely that the exclusive box that TailorMySuit uses will arrive in appealing form.

**Service**

The features of service were explained in chapter Product and Service overview as they might be seen for customer as part of the final product.

**9. PRODUCT MARKETING STRATEGY**

The name of the web-site: TailorMySuit shall evoke that everybody can be his own tailor. The identity that this brand would like to bear is personal uniqueness is truly possible. The company emphasizes that it produces garments for “modern gentlemen”, by which it is meant that apart from traditional way of producing custom-tailored menswear there is also modern way and smart gentlemen know it.
Target group

TargetMySuit offers high quality custom-tailored menswear to people that want to feel and look good wearing classic clothing both at and outside their workplace for reasonable price. These men, aged 18-40 years, belong to the middle-income class, live in the cities and work mostly in junior or mid-level positions where wearing a suit is a must. These men wear suit on daily basis due to professional reasons. They buy a suit on average only once in 2-3 years due to high price of quality suits. They purchase in confection stores. Their average spent is 400 EUR on suit and 25 EUR on polyester-cotton mix basis shirts. Being technology conscious people, they are used to purchase online. Very important part of target group is segment of young professionals (early proper targeting and conversion of such customer creates long-term revenue stream.)

Another sub-targeted group are fashion enthusiasts. These men know the real price of custo-tailored garments and thus are willing to pay value the most having their monogram stitched on a shirt or suit.

Finally, the last group of customers (although not targeted primarily) are men attending weddings. The reason for this is that usually the only event with which people associate custom-tailored suits is wedding and this is due its high price. Therefore the main key-word” custom-tailored suit” keyword helps TailoMySuit in Google ranking and brings traffic from wedding attendands. Therefore two more wedding suits were added to store.

Customer needs analysis

For the purposes of TailorMySuit the company paid for the online survey, which was carried out on proper male population sample. The survey was distributed through social media as a sponsored news feed on Facebook. The consumers were motivated by the incentive of a coupon worth 40€ for purchase of suit at tailormysuit.com. In online survey 100 males ages between 18-35 from Czech Republic and Slovakia replied to 24 questions about their knowledge of formal menswear, their preferences, their purchasing history and also about the idea of selling custom-tailored formal menswear online.

The most crucial results of the survey affirmed the company’s expectations that people are really willing to try it online but they need a valid guarantee that it can be returned in case of non-
satisfaction. The men also claimed that they like TailorMySuit idea, design and actual web-site. Another important findings were that unlikely the competition all of them (90%) prefer the real model to 3D model. This feature is the main difference to all TailorMySuit competitors.

The results did not differ among the countries. At the time of writing this thesis only 100 replies were available but as the answers were generally repeated and thus it is not expected the outcome will differ once 500 respondents will take part in the survey.

From consumer purchasing behaviour it is important to mention that all men above 25 years have purchase at least one suit in last 3 years and they own at least 3 suits. These men are also aware of fashion trends and realize that tailor-made garments are expensive over 400 €, nevertheless their last suit purchase was in price range 200-350€.

12. Který obchod byste upřednostnil?

<table>
<thead>
<tr>
<th></th>
<th>Skutečný model</th>
<th>3D model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>26</td>
<td>3</td>
</tr>
<tr>
<td>Percentage</td>
<td>90%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Graph 2: Results of the customer survey in CZ; 90% prefer real model to 3D model

Very last fading, which is mentionable for the purpose of this thesis is that generally people like the TailorMySuit idea and they are also aware of fit main competitive advantages such as fitting and pricing as affordable luxury and thus they would be willing to purchase on the web-site. For most of respondents the fitting was the most prioritize decision factor when purchasing suit and they would prefer good fitting suit to the suit of their desired colour and material.

Market size of target group in CZ & SK

The table below is based on data from Czech and Slovak statistical office. The assumption that junior and middle management takes 80% of all office workers is used to determine the numbers in columns. It was also assumed that male office workers make up 65% of total number
of employees. The final numbers reflect the pessimistic scenario where men buy working suit once in 3 or more years.

TailorMySuit pessimistic scenario is to achieve 4% of all market in Czechoslovakia in 12 months after opening e-store. This pessimistic scenario means a production of 450 suits and 11200 shirts. Taking into consideration that company’s breakeven is set at 80 suits units sold even pessimistic scenario brings excellent profit.

<table>
<thead>
<tr>
<th>Czech Republic</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>III. Sektor</td>
<td>2800000</td>
<td>100%</td>
</tr>
<tr>
<td>University education</td>
<td>980000</td>
<td>35%</td>
</tr>
<tr>
<td>Male business graduates/year</td>
<td>7000</td>
<td>9%</td>
</tr>
<tr>
<td>Total male office workers</td>
<td>75000</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Slovakia</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Business graduates/year</td>
<td>8000</td>
<td>9%</td>
</tr>
<tr>
<td>Total male office workers</td>
<td>37500</td>
<td>3%</td>
</tr>
<tr>
<td>Total market potential of CZ + SK*</td>
<td>37500</td>
<td>100%</td>
</tr>
<tr>
<td>incl. male business graduates</td>
<td>7500</td>
<td>20%</td>
</tr>
</tbody>
</table>

*assumption of purchase frequency 1 in 3 years

<table>
<thead>
<tr>
<th>Total market share of middle and higher confection stores</th>
<th>11250</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TailorMySuit target 1st year</td>
<td>450</td>
<td>4%</td>
</tr>
<tr>
<td>TailorMySuit target 2nd year</td>
<td>900</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Picture 8 - Market size assumption**

1 Based on data generated from web-sites of Official Slovak and Czech statistical offices
Promotion

TailorMySuit is purely online project, which however has some offline activities too. As an online store its success depends absolutely on promotion and as discovered recently also on PR. The actual execution of promotion strategy can help to continue its rapid growth therefore it was carefully planned. In TailorMySuit Kristina Cahojova is responsible for marketing and promotion (see team member profiles in chapter 11). She has already prepared few successful online campaigns and she contributed hugely to early execution of a project, where she brought her initial ideas and planned the whole Web-site before actual competition. Her extensive experience in e-commerce together with analytical skills of media planner Pavel Baranyk, who has splendid knowledge of Google products as its former employee, are the main cornerstones for online success.

Word of mouth

Considering the fact that in the Czech Republic and Slovakia there is basically no online custom-tailored garment market, TailorMySuit have to build confidence and trust in the product in the first place and thus the PR and word of mouth have contributed incredibly to quality recognition.

Especially at the beginning of TailorMySuit's journey, the key factor for success was word of mouth. The incredible thing about TailorMySuit start-up project is that it is unique in its product offer and although there are some competitors they are fairly recognized (apart from Le Premier in CR). The real danger is offline competition. The project nature and execution also brought the start-up price for best Czech student start-up and also the 5th best start-up of 2013 in Czech Republic. This shows how attractive the idea is. The competition brought so much needed publicity and thus thanks to this free PR it created a direct access to Czech corporate companies and word of mouth started to spread rapidly as all customers were amazed by the quality and exclusivity of products delivered. Following this fact, TailorMySuit has had a rocket start that is a dream for all start-ups.

To increase the effectiveness of word of mouth TailorMySuit is currently trying to put together a collection of references of well-known people that have been satisfied with its
products. The references come from high managers of international corporate companies seated in Prague, communal politics from Bratislava and few more high managers from abroad.

In addition, to increase word of mouth the TailorMySuit is being preparing a blog about fashion and practical advice on cloth maintenance.

Finally, to support trust in product quality and fitting accuracy the 1st online promotion campaigns will stress 100% fitting guarantee.

**B2B - Offline**

The only offline service that it is going to be provided will be to companies only. This service is mentioned in product & service overview (Chapter 5) and it is measuring company’s employees in person. The huge advantage of this is very quick market penetration, establishing precise database of employees measurement profiles. Therefore, if run properly and with average orders of 30 per measurement appointment, it would be also the cheapest marketing channel (at the beginning). By having a solid base of online customer’s profiles it is much easier to reach them in future. Their next purchase can be done within few clicks online and they will be 100% sure that the garment will fit. At the moment (July 2013) TailorMySuit has already had some appointments at companies set.

**B2C - Online**

It was agreed that all current profit will be smartly re-invested into online marketing. The TailorMySuit team from the very beginning does the design, campaigns and marketing tools differently from the Czecho-Slovak marketing average in online industry. The team has a very good base for doing it as they have very splendid online marketing experience from abroad. Kristina Cahojova has an experience of editing magazines and writing paid online blogs from previous internships, some of her blogs were top read in Slovakia in 2007 already, she has also lead some very successful online & PR campaigns. Ondrej Volko is the author of the most viral travel video from Slovakia and Pavel Baranyk has worked from e-commerce since his bachelor studies and his deep knowledge of marketing channels and achievements brought him to Google as an intern.

The mix of these three team members is a very solid base for successful alternative channel strategy at TailorMySuit. So far TailorMySuit has established the following channels and tools:
Search engine optimization (SEO)

Without any question, search engine optimization (SEO) is one of the crucial issues that needed to be addressed. For these purposes TailorMySuit uses advices of industry experts that consult progress and strategy (not all names to be disclosed). This is mainly thanks to team professional connections in online industry in companies such as Google or other online marketing consultancies and start-ups. SEO is a basic for online traffic but it is not the core of online TailorMySuit’s marketing.

Blog & Blogging

One would not believe how many people google “how to tie a tie”, but it really is one of the most commonly searched “how to” questions. TailorMySuit is keen to use alternative and creative marketing channels to lower the cost per customer reached and to win the point of difference. Especially in Czech Republic and Slovakia brand blogging and descriptive videos are hardly used for online marketing at all. There is only one moderately read fashion blog helping gentlemen how to dress provided by Le Premier company.

Through TailorMySuit blog there will be consecutively addressed all of the major issues and channel its readers to TailorMySuit website. The titles of blogs are: How to Wear tuxedo, How to choose the right lapel, What is hot in Hollywood, What jackets to wear in Summer, Modern ways how wearing a bow tie etc.

It will also be of great importance to try to establish a relationship with other popular fashion-focused blogs and magazines that could write about unique model and create a buzz. Motivation through an opportunity to experience (and keep) products seems as a reasonable step solid potential on the way to get in touch with opinion leaders.

Youtube Channel

The official blog includes also a Youtube channel connected directly to Web-site. Especially for SEO reasons also few videos Were prepared: how to tie a tie, how to iron a shirt etc. The videos Were chosen to be made because these keywords questions rank to top searched on Google across all languages and thus add to recognition of TailorMySuit. This is also very cheap and creative way how to get Web-site traffic.
### Newsletter

Another important channel for communication with existing customers and to attract new customers is newsletter. TailorMySuit will motivate new users through a 15€/suit and 5€/shirt discount on its first purchase after newsletter subscription and also motivate current users to spread the word and get their friends shopping at the Web-site through 10€ promotion for a new customer brought.

The newsletter will generally features new product arrivals, seasonal trends, promotion offers etc. It will also be a tool to analyze customer preferences and behaviour. Newsletter strategy is based on less frequent messaging but with more interesting content and call-for-action orientation. All newsletter recipients after opening shall be tempted to click on the link sent as part of the “surprise” strategy. The recipients are divided in three main groups according to purchases they have made. The 1\textsuperscript{st} group consists of “Interested Ins” customers.

Definition of three groups is important as it enables more personalisation in newsletters and also the call-for-action to be used more specifically. For example a newsletter for “Interested Ins” will contain information and promotions that shall induce the 1\textsuperscript{st} purchase action. Such newsletter can include special offers such as: “Buy your 1\textsuperscript{st} suit this month and get a shirt for free” or “Send us your address and get a measuring kit for free”. The offers and information for “Interested Ins” is tailored to move subscribers of this group to “Potentials”.

On the other hand work with potentials is more difficult as average time spam for repurchasing a suit is three years. Therefore the newsletter for this group is specifically oriented to maintain interest in “classy” dressing and induce more purchases. It therefore tries to inform about additional new ways of wearing a suit, seasonal trends and also wedding offers. The information of such newspaper could be: “New ways to include a bow tie to your daily routine” or “Every gentleman shall own a tuxedo”.

Finally last group is especially important to TailorMySuit. “Loyals” have a shopping history of more than 500 EUR in last 12 months and they mainly consist of corporate employees with need of everyday formal fashion supply. Therefore newsletter for this group tries to continuously remind of TailorMySuit features, bundling offers and especially the advantages of subscription program. Example of this newspaper message would be: “With TMS Modern Gentleman
programme you save 20 EUR on every shirt” or “Subscribe to Modern Gentleman today and receive a shirt for free”.

The main advantage of the newsletter is that it enables easy tracking of conversions and this it can help to prepare better strategy for all three groups. It is enables also easy measurement of responsiveness and customer behaviour. On the other hand the disadvantage of the newsletter is its low opening ratio (how many subscribers actually reads newsletter) but this is a general problem of all mailing systems. To minimize this problem TailorMySuit will send once in not less than 5 TailorMySuiteks.

Subscription programme

TailorMySuit’s subscription programme will be called “Modern Gentleman” and will be released six months after e-store is opened. Customer can choseed among three choices: Surprise, Classy and Premium.

In surprise programme the subscriber commits a regular monthly payment of 39,99 EUR for next 6 months and in exchange he will receive every month a shirt or anything else which will be of a surprise. The minimal value of such present is of 39,99 EUR but usually a customer gets shirt for 59 EUR. Customer cannot choose exact shirt or present but only a style of a product (business classy, business smart or conservative).

The target is to get users subscribe to Regular programme, which is of the highest price/quality ratio. In this programme customer commits to pay 79,99 EUR bi-monthly for what he gets 2 shirts every second month and a 30% discount on suit purchase with a gift.

The premium group is for fashionists. They commit to pay 159 EUR bi-monthly for what they get a fashionable jackets, shirts and accessories regularly and a 50% discount on selected suits.

The exact subscription program is still in development so above mentioned description is just a first scratch of planned strategy. The actual programme has to reflect the purchasing behaviour of customers so a purchasing history is needed in first place. It has to be tailored carefully and based on calculations and data provided by customers so it attracts sufficient people to join.
As every subscription business also this subscription program brings a lot of advantages to business. First of all it makes easier planning of supply chain. It also brings stable turnover and thus better cash-flow management. Finally it is an ideal marketing tool to communicate with customers and to try new products. All in all, subscription program is on top of marketing strategy that cannot be pursued without loyal customers already therefore other marketing tools are prioritise in the beginning.

**Paid search and social networks**

Core of paid online marketing is huge presence in search. Due to business secret the exact search keywords are not to be disclosed but all of them have more than 800 unique searches a month in each of two main starting countries. It can also be disclosed that a minimum month spend on Google AdWords is 2000 EUR. The planned strategy is so that 1000 visitors equal at least one conversion.

The very different strategy is used on social network as it generally generates almost no conversion but increase brand recognition and trust. Therefore the promoted statuses are more to build relationship with users than to call for action. This does not apply to FB offers which are very TailorMySuitiful tool to boost sales in short term. They work in a way that they create cheap viral marketing and boosts sales because users are usually curious about what the offer might be and they also attract one-time purchasers so called “deal seekers”. Also people not interested in purchasing a product will try to get a deal only because they are curious in nature of it. The FB offers are not a final solution to boost sales because of their relatively high cost and brand delusion (TailorMySuit has a policy that it shall not offer discounts but rather adds more value for the same price)

The most expensive online marketing tool is re-marketing. Despite its high cost it is a very TailorMySuitiful tool with a high conversion ratio. The exact re-targeting strategy will be decided once the user behaviour on Web-site is tracked and analysed. This is needed because once it is known where customers exit the most and why they do so than it is cheaper to fix it and alter the Web-site first than pay for re-targeting which would be useless. When the Web-site is optimized and maximally user-friendly than it is a time to plan and pay re-marketing.
Another way to drive traffic to TailorMySuit’s website, TailorMySuit want to use are microsites about some of the niches connected with suits (Types of suits and its use, Ties and bowties etc.)

**Coupon sites**

Discount coupon code TailorMySuit sites are very popular especially in Germany and Austria. The biggest Web-site of this kind is Groupon. Its biggest Czech version is Slevomat. The cooperation with these sites usually is very expensive. The average price for every successful offer-taker is 50% of revenue. Therefore it brings a lot of customers but the profit is very low or none.

TailorMySuit has a policy of no discounts so the offers on these sites will be used only in the beginning for quick market penetration and as a advertisement. The actual offer will not be a discount but will rather represent a chance to get more for the same price. The example of such offer is that customer buys an offer that costs 26 EUR(out of that 13 EUR goes to coupon site and 13 EUR to TailorMySuit) and gives him a right to buy two shirts for the price of one. Nevertheless, as explained above it is not very profitable marketing tool, it helps brand recognition but is not suitable to be used in long term because it can easily cause brand delusion.

**B2C – Offline**

TailorMySuit plans to be active also in offline word. Leaflets available at universities, company premises, employees education centres with „Launching discount coupons” shall increase the brand knowledge and also lead new customers to the TailorMySuit page.

The most mentionable tool out of all is “travelling tailor”. This is a stall that will be used time to time for job-affairs or even shopping-malls. It will work in a way that customers can either book a tailor-measurement appointment there or if they are lucky they can just walk in and get measured. This tool is not planned yet because it requires more resources and its need real validation (if it is really needed and demanded) but is definitely kept as a future option to get more customers.

TailorMySuit is planning to get also “Brand ambassadors”: fashion enthusiasts that would dress products and be motivated to spread the word through a system of next-purchase discounts they will receive for a product sold. This is also part of future plans and will not happen in next 6 months due to lack of resources.
From the very first moment of TailorMySuit has tried to spread a good word about its service and product that is why a positive buzz around it was created. Giving away suits to good-looking models was solution that lead to the win-win situation: they got very cheap suits and TailorMySuit got photos and people spreaded the word quickly. Thanks to this move, TailorMySuit was able to collect 20+ orders on suits even before opening the e-store itself. This is also how a very interesting marketing channel was invented. Casual model posting his TailorMySuit store pictures on social network brings new customers and also raised attention incredibly.

What more, since co-founder Kristina Cahojova is part of CEMS network, she has a direct access to big international companies where wearing a suit every day is a common practice.

10. BUSINESS ECONOMICS & OVERVIEW

TailorMySuit functions on the fundamental of providing a unique product and service mix to clientele in Europe. It provides garments at very affordable prices without compromising on quality. At the same time, it makes it a very viable and profitable business venture with a close to higher operating margin as textile industry average.

The higher profit margin is possible due to following tactical and strategic decisions:

a. Cutting the costs into half by having most of the production units in India.

b. Keeping operations only limited to Czech Republic and Slovakia within the first year

c. Limiting the number of ‘stock keeping units’ initially and hence saving costs.

d. It’s an E-commerce business venture hence there is minimal to zero CAPEX and hence almost no depreciation either.

e. Working on ‘Economies of Scale’ and buying (fabric) material in bulk quantities and also negotiating the best deals with the vendors with a ‘Minimum order quantity’ commitment.
f. Spending very frugally on promotional, marketing and advertising expenses

g. A very resourceful international team, with varied skill sets enables to do most of the jobs and tasks ‘in house’ without having to employ anybody and pay high initial salaries.

With an initial start-up investment of around € 11,000, it would recoup the money and break even with profits out of selling 80 suits and 100 shirts (first 2-3 months).

Also in the business transaction cycle, it always holds the advantage of been paid before the product/service is delivered/rendered to the customer and get a credit period of between 30-45 days from vendors. Hence it will be always working with a ‘positive cash flow’. That enables to use operating profit timely and more efficiently.

**Basic product cost overview**

All costs so far can be directly assigned to the final product. Some costs directly: stitching, material, stocking, packing, import tax, VAT. Some costs are assigned indirectly according the ratio of the cost per 1 euro of final price of the product. Examples of these costs are: intercontinental shipping, insurance, return ratio cost, promotion costs, administration or design.

<table>
<thead>
<tr>
<th>Master Pricing Sheet (Unit)</th>
<th>Cost saving opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Stitching</td>
<td>by -30%</td>
</tr>
<tr>
<td>Avg Cost of Fabric</td>
<td>by -30%</td>
</tr>
<tr>
<td>Import tax 12% of import value</td>
<td>depends on production cost</td>
</tr>
<tr>
<td>International shipping</td>
<td>none</td>
</tr>
<tr>
<td>Local shipping &amp; handling cost</td>
<td>by -15%</td>
</tr>
<tr>
<td>Secondary packaging</td>
<td>none</td>
</tr>
<tr>
<td>Value added tax VAT 21%</td>
<td>none</td>
</tr>
<tr>
<td>Administration</td>
<td>depends on economies of scale</td>
</tr>
<tr>
<td>Promotion 10% of final price</td>
<td>depends on effectiveness</td>
</tr>
<tr>
<td>Return rate</td>
<td>by -50%</td>
</tr>
</tbody>
</table>

*Picture 9: Cost saving opportunities*
As seen in table above 50% of the final costs are stable and there is no possibility of lowering them. These costs include VAT (value added tax - 21% of the final price), shipping costs (the shipping has been optimized to highest level possible given the quantity for the 1st year and cannot be further lowered because the conditions have been negotiated and contracted. This includes shipping from Asia to Europe and local courier delivery to final customer), stitching costs (TailorMySuit does not want to lower the costs of stitching to the lowest level possible because it values its local tailors and even at the moment the local tailors are paid on average much more than in any alternative employment. What is possible is to higher the quality of stitching so the less control is needed and thus costs are saved), packaging (the boxes have been bought for first 500 suits and shirts and thus this costs is stable for the 1st year). On the other hand there is still room for improvement especially in production. There is still possibility of lowering costs in material (with some solid record of orders the stocking model can be more optimized and further economies of scale can be achieved), return rate (this is general problem of all textile industry online so lowering is always possible and TailorMySuit alteration policy can help in this). Lastly local shipping and handling costs absolutely depends on the quantities sold so the costs can be lowered and it is estimated by 15%.

All in all, most of the costs are dependent on quantity produced and sold so if the basic plan of producing at least 30 suits a month is followed, the operation margin can be higher by additional 30% the minimum.

**Turnover Targets**

To meet the pessimistic scenario TailorMySuit shall produce 15 suits a month. Pesimistic scenario will recover the initial costs in half a year. According to actual sales TailorMySuit believes in more optimistic scenario which is the production of 30 suits a month in off-season and 80 suits a month in peak season. By doing this and maintaining return rate at 15%, the company will be able to capitaly prepare itself for German market expansion with no need of external investment.
11. PRIMARY CAPITAL INFUSION

The actual setting up the web-site is the matter of hundreds Euros. The most costly part of the whole business is using the real models instead of 3D model. As TailorMySuit takes it as the ground of the success, the investment in this direction was the largest. One model displayed on the web-site costs TailorMySuit approximately 300€ at least (reflecting all costs: shipping, stitching, photoshooting, additional design work, modeling).

<table>
<thead>
<tr>
<th>Establishing costs</th>
<th>Before online store opens</th>
<th>Explicitly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical (web-site, technique)</td>
<td>3000 EUR</td>
<td>Web-site costs, domain expenses, maintenance of the web-site, technique for photo-shooting</td>
</tr>
<tr>
<td>Design (photo &amp; video material, models)</td>
<td>3000 EUR</td>
<td>Photographer salary, cameraman salary, photo studio rents, model salaries</td>
</tr>
<tr>
<td>Promotion</td>
<td>2000 EUR</td>
<td>The creation of blog videos, promotion materials and promotion costs for 1st 2 months</td>
</tr>
<tr>
<td>Equipment and stocking</td>
<td>2000 EUR</td>
<td>The pre-paid stocked fabrics, monogram machine rental, packaging boxes</td>
</tr>
<tr>
<td>Legal</td>
<td>1000 EUR</td>
<td>The legal payment for setting up legal entity</td>
</tr>
</tbody>
</table>

*Picture 10 - Simplified start-up budget*
Start-up financing

<table>
<thead>
<tr>
<th>Capital</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own capital</td>
<td>11,000 EUR</td>
</tr>
</tbody>
</table>

The primary capital infusion originates from the shareholders funds the whole capital investment comes from founders.

**12. RISK ANALYSIS**

The TailorMySuit product is new and so far the consumers in Central Europe have been hardly in any touch with such product. This can be a great advantage as it might be a really unique value proposition but it also brings a great danger that there probably is no demand for it at all. Because the product itself might be so new and so innovative for Central European market that it might not get sufficient online orders to bring sufficient revenue to the company. These problems and opportunities are evaluated in scenarios below.

**Scenario 1: the 1st in the market with high market demand**

This scenario counts with the optimistic circumstances: product is demanded and people are willing to buy it online. The product has low return rate due to 40 EUR alteration refunds policy. The operation margin is growing due to diminishing costs (returns to scale) and the promotion effectiveness is increasing due to good reviews and word-of-mouth. The corporate orders are also growing and solid base of client profiles is set.

Conditions to fulfil this scenario that product is on demand and people are really willing to pay for it is the matter of marketing research. Although the research is very positive, the actual
consumer behaviour can never be predicted 100%. The only thing that TailorMySuit can affect is the perfect product delivery, absolutely optimized cost per customer conversion in promotion, optimal level of stocking and successful product management decisions.

In this case scenario it is also very likely that some followers will try to copy the business model or that the competitors from abroad will spot the market opportunity in this region. There is no better advice for this that to start with absolutely excellent execution of customer orders. Once a customer is satisfied with a company, and the product fits, it would be of great risk to him to switch between the companies (he faces a risk of not-fitting).

At the moment TailorMySuit has invested into domain purchases so all main countries of potential future growth are secured and also some attractive domains that followers might be interested in to buy are purchased. Therefore TailorMySuit will spot the first if somebody is trying to expand to this region.

**Scenario 2: 1st in the market with low market demand**

This scenario is still little bit optimistic. It counts with excellent execution in all levels of production, promotion and customer relation however the demand for the product is still low. For this case TailorMySuit shall be prepared accordingly. First of all, TailorMySuit shall recover all its initial investment after 4 months of opening e-store. To minimize the expenses on online marketing it shall focus on corporate orders. By executing corporate orders quick revenues will come into the company, the promotion cost per order will be minimized and what is most important the company will receive valuable references. According to the market research the product is on demand and customers would be willing to buy it but the main issue is missing online references. Therefore by executing the company orders TailorMySuit will receive so needed references, which can be easily used on the web-site and the online revenues will complete the company’s revenue to reach breakeven point in 4 months.

Following the recovery of the initial investment and obtaining references, the company still might receive insufficient orders. Therefore the company shall stick to golden rule of promotion and never over-invest in it. This means that company shall never invest into product promotion more than the actual profit of the conversion. Ideally it shall invest only 20% of the final profit per purchase.
If there will be any extra profit generated it will be saved for franchise expansion into western-Europe and there will also be no additional expenses on local online marketing. All local turn-over will be let on SEO but the future potential will be still watched. At the moment TailorMySuit has been in contact with two potential franchisors from Netherlands and Russia.

So all in all, TailorMySuit shall be under all circumstances recover the initial investment.

**Scenario 3: Confection stores will lower the price**

The prices of substitutes to TailorMySuit product which are sold as confection have been maintained on very high level for a decade. There has never been an offering, which could be of competition to price/quality ratio of TailorMySuit. However, there is still a possibility that confection stores will sacrifice their high profit margins and they will lower the prices. The idea of TailorMySuit was based on long-term unavailability of affordable high-quality formal menswear. In case that confection stores would significantly lower the prices this advantage would be lost and the only advantage of TailorMySuit would be high level of customizations.

**Scenario 4: The competition from abroad will enter the market**

Even when not likely to happen there is still a possibility that the competition will try to penetrate European market. The only strategy for that is collaboration. If Indochino or Blacklapel will decide to enter and invest into European markets then it will be of highest interest of TailorMySuit to collaborate with new entrants or to be sold at reasonable price. TailorMySuit does not have human or capital resources to face competition from abroad. To be able to collaborate or to be sold, TailorMySuit has to set-up quickly a solid base of customers so it has something to offer. Therefore the only preparation for this is again marvellous execution from the very beginning, quickness and low return rate, if any.

**Extreme scenarios:**

There are also some extreme scenarios such as the orders will exceed TailorMySuit capacity or that the execution of the project will be badly managed, some fraud will occur etc. All this extreme scenarios are possible but it is impossible to be prepared for all of them. TailorMySuit founder took the responsibility of the project and thus they are aware of the risk of losing all their money invested.
## External factors

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the 1st on the market and great chance for rapid growth</td>
<td>Potential entry of new competition</td>
</tr>
<tr>
<td>DACH market penetration with higher margin</td>
<td>Slow growth due to distrust in new distribution channel</td>
</tr>
<tr>
<td>Low initial investment</td>
<td>Low rate of repeated purchases</td>
</tr>
<tr>
<td>Corporate contacts set successfully due to competition “Nápad Roku” and CEMS network</td>
<td>20% return rate (average return rate in online textile industry)</td>
</tr>
<tr>
<td>Collaboration with supplementary service providers (washing services &amp; wedding saloons)</td>
<td>The possible lowering price of substitutes (confection stores products)</td>
</tr>
<tr>
<td>University employment and job affairs</td>
<td>Customer fraud in applying for alteration refund fee</td>
</tr>
</tbody>
</table>

### Strategy to overcome threats

- Re-investment of all profit into company growth in order to get stable 1st on the market recognized position.

- Providing 100% per cent refund guarantee on fitting of the garments, which will be heavily communicated in online campaigns and thus strengthen customer trust in product and encourage him to try it.

- Buying fabric in bulk and attaining economies of scale. Getting exclusive direct contracts from tailors (no intermediary) combined with high control of production directly in India.

- Heavy direct marketing during the first year to gain the confidence of target group (relatively small but very profitable). Once that their company provides them the option
that we can measure them in person they need only few click to make every other next order without us!

**Internal factors**

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>More elaborate customization possible</td>
<td>Production capacity of 50 suits a month in early months</td>
</tr>
<tr>
<td>Growth of operation margin by 30% by economies of scale attained by the pessimistic scenario</td>
<td>Supply chain delays caused at custom office</td>
</tr>
<tr>
<td>Experience of founders in online marketing and promotion</td>
<td>Excessive traffic on web-site</td>
</tr>
<tr>
<td>Excellent web-site &amp; design execution</td>
<td></td>
</tr>
</tbody>
</table>

13. **FUTURE GROWTH STRATEGY**

**Short-Run (1 year)**

**B2B**

Once B2C operations are settled, focus will shift towards B2B market. Being a serious challenge to enter, B2B markets can easily became sources of revenues on a regular basis. In particular TailorMySuit would like to “dress companies”, meaning to provide its employees a comfortable way how to purchase high quality tailor-made suits and shirts (no uniforms) for reasonable price. In upcoming year TailorMySuit will also focus on PR strategy and to get as many relevant references on web-site as possible.
**Sourcing shirt fabrics from Vietnam**

By moving part of the production of shirts to Vietnam, costs could be decreased significantly due to cheaper silk and Giza cotton. At the moment Vietnam is top producer of shirt worldwide. Therefore TailorMySuit consider this option in a mid-, long-term as well. As a major pitfall TailorMySuit perceive a lack of capacity for on-place checks and personal dealing with local tailors that can result into serious inefficiencies.

**Flixfit**

Being a winner of Pioneers Festival, London based start-up Poikos recently attracted a lot of attention. It’s app Flixfit uses revolutionary solution that is able to precisely measure one’s body measurements in less than a minute just by using a web-camera or smartphone. TailorMySuit are in touch with Poikos and wait for further development on both sides. Successful cooperation with Poikos would bring a strong competitive advantage, since it would effectively suppress the biggest challenge in business model – self-measurement. Besides that, it would be an amazing tool for PR and attention attraction.

**Expansion**

After trial in Czech Republic and Slovakia TailorMySuit would like to try to enter German market (already working on web-site), there is obvious demand for such products. On German market there is Suitopia.de wit very similar concept and they are rapidly growing. Suitopia is slightly differently positioned and has terrible customer reviews also its pricing is double of the prices of TailorMySuit.

<table>
<thead>
<tr>
<th>average per month</th>
<th>Pesimitic</th>
<th>Neutral</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shirts</td>
<td>Suits</td>
<td>Turnover</td>
</tr>
<tr>
<td>2013</td>
<td>10</td>
<td>8</td>
<td>2990</td>
</tr>
<tr>
<td>2014</td>
<td>15</td>
<td>12</td>
<td>4485</td>
</tr>
</tbody>
</table>

*Picture 11 – Turnover scenarios*
Long-Run (2\textsuperscript{nd} and 3\textsuperscript{rd} year)

Market Expansion

In a long-run, TailorMySuit wants to expand to other countries in order to offer products, leverage system, prove business model in different regions and, of course, increase revenues. As next step markets, TailorMySuit consider Switzerland and Scandinavia.

Own manufacture premises in India

Considering production costs and a wage of the tailors, it seems more than reasonable to start own manufacturing premises directly in India. Currently, TailorMySuit don’t have stability for such a move, but once TailorMySuit reach breakeven and have a solid demand for products, it is definitely preferred approach.

Profits reinvestment

In a short-run but also in a middle-run, TailorMySuit want to reinvest all the profits into product development. Competition is slowly increasing and it is important to be among the first-comers/early entrants, to create a good name and loyal pool of users. TailorMySuit believe this can be done through offering better product, service and experience.

Promotion

The key to success is getting loyal satisfied customers who’ll spread positive word of mouth. Therefore, TailorMySuit have to provide the best fabrics, stitching quality and reliable shipping for the low price. India is a perfect market where to start, but there are more opportunities in Asia. TailorMySuit plan to move part of production later to a cheaper country – Vietnam, and thus be able to reduce costs by 30%, yet keep same level of quality. At the moment production is not based in Vietnam because of the lack of contacts with suitable tailors there.

TailorMySuit would also re-invest all initial profit to get rapid growth and in future (2\textsuperscript{nd} year) TailorMySuit would shift promotion focus on German speaking countries, where the margin could be double.
All in all, the start will be in CZ and SK to try the business model, test it, improve it, learn from the mistakes and the markets, and then expand to the West.

14. TEAM AND ORGANIZATION STRUCTURE

Coming from three different countries and having diverse backgrounds, team members of TailorMySuit creates a unique mosaic combining particular skills necessary for a start-up success. The team consists of Kristina Čahojová (SK), Ondrej Volko (SK), Ameya Kolambekar (IN) and Pavel Baranyk (CZ). International character of the team and experience of its members from different CEE countries is a sound prerequisite for the success in international arena.

The connecting point of the whole team was Kristina Cahojova. Long before TailorMySuit she recognized Ondrej Volko’s talent when she was working on some small online projects where sticking to budget was the top priority. She quickly recommended him to other online businesses so he quickly gained professional experience just as a teenager. When she came up with TailorMySuit idea there was no better experienced online designer, programator and a colleague that could have better understood what she meant by the project and was willing to help her for very reasonable price.

The second member of a team Ameya Kolambekar came through as Kristina met him in Germany and consequently in India. They both had a lot of common. Kristina knew that local touch and control is a cornerstone of success so having someone bound to the project who is trustworthy, honest and smart is the key.

Finally Pavel Baranyk had been a very long friend and colleague of Kristina. He also had same CEMS background and most of all he had very good working habits and very deep experience from online advertising. In addition to that he was also willing to invest into the project too.

In future Kristina Cahojova will be responsible for team enlargement in Europe and Ameya Kolambekar for all back-end management and resources.
Current team

Current team has four members.

Kristina Čahojová

Kristina is a final year student of CEMS program with work experience from consulting (A.T. Kearney; Germany), brand management (Henkel, Austria) and the various online project management in Czech Republic & Slovakia. She is also experienced in online marketing and speaks fluently three foreign languages. She has lead few successful online projects and planned various web-sites. Finally she was an editor for student magazine.

Pavel Baranyk

Pavel Baranyk is a current employee of Google in London, who however spends whole his free time optimizing campaigns for TailorMySuit. Being a student of CEMS as well, he collected his work experience in Germany (MTV), explored the start-up world from Vienna (Ciuvo) and intensively works on his own projects (Freestyle Union). Having travelled and worked on so many projects Pavel brings in extensive network of contacts connected with strong online promotion and e-commerce expertise.

Ameya Kolambekar

After graduating in Mass Media (Advertising) and completing his Masters in business Administration (Marketing) from Welingkar Institute of Management (Mumbai) he got an international placement with Jumbo Electronics (Dubai), where he handled a profile of 28 m USD for Sony. With an industry experience of >5 years and a sound knowledge of product management and strategy, it makes him a solid bet to handle the entire back end operations in India.

Ondrej Volko

This baby faced wonder boy makes up in talent what he lacks in experience. Currently studying applied informatics at Masaryk University in Brno, he taped the most successful promotion video of Bratislava (more than 100 000 view in one weekend), won a car by creating
the best student video in Peugeot Slovakia competition, designed a logo for one of the Henkel promotion campaign or made various official promotion videos for Chamber of tourism and Google project to promote Slovakia as a country. He also designed and programmed few websites. Polite, focused and hardworking, his passion and knowledge drives TailorMySuit website, videos and everything that meets customer´s eye.

Future team development

Demanding front and back end development has to be reflected also in human workload planning. It was decided to strengthen sales forces of TailorMySuit, which had been represented by Kristina Cahojova only. The next member came from CEMS background as well with very wide corporate connections and extensive and successful sales background. Stepan Mejzlik will initiate new corporate relations and will handle also a part of business development to get more revenue streams from corporate world.
The goal of this thesis was to assess the business success potential of TailorMySuit. Based on theoretical concepts, models and realities the company was analyzed together with all factors that influence it.

Starting with validating the business opportunity the wide customer research affirmed that there is definitely a demand for accessible custom-tailored formal menswear. What is more important customers are even willing to purchase it on-line. If TailorMySuit will deliver what it promises and not many competitors would emerge in first two years the success of the company is undoubtful. The prognosis of the whole industry is also very positive. The demand development shows that e-commerce of clothing is booming. There is also a high trust in clothing e-commerce and very importantly the huge proportion of total e-commerce sales goes to this industry (and this proportion is growing).

TailorMySuit has also good team perquisites to seize the business opportunity. Most team members have deep marketing, advertising or e-commerce experience. Nevertheless it is an obvious obstacle that the team lacks experience in the specific formal fashion industry. Moreover there are reserves in production. Because the production processes were benchmarked they still generate high maintenance costs. These costs have a possibility of being reduced by 50%, which shows that there is a huge space for production improvements. Nevertheless on the account of higher initial costs the quality of the final products is maintained very highly and this quality exceeds what the retail competition from offline offers. Nevertheless this means that at the moment, the company is not allocating its resources optimally, delivers good quality but further improvements can be made.

One of other detected threats is the lack of resources. TailorMySuit has only limited resources for start-up marketing communication so its marketing spent is partly dependent on revenue stream generated from corporate clients. This puts the company into a complicated position, where it has to move part of its human resources into sales force instead of focusing on
quick business development. This also makes it difficult for company to explore more online channels and thus to realize more quickly what is and what is not efficient. Because of the limited resources it is bound to use the general best practices in e-commerce without investing a lot of money. No additional budget is planned for more creative marketing channels and communication, which might also work and since this is a completely new business model to Central Europe, they would also catch the consumer’s attention. Because it is expensive to test them TailorMySuit does not plan to go out of ordinary in terms of online marketing. Nevertheless even best practices of team members are much more than average in Czech Republic and Slovakia.

The most important general advantage of this new businesses model is the high operational margins. Thanks to this and low establishing costs of the company the breakeven point would be reached few months after opening the e-store. This helped to raise the team’s confidence and also motivate the founders to re-invest all the profit back into the company. Just continuing what company does at the moment generates moderate profit so in none of the cases it can lose the money invested into it.

Adding to the positive revenue stability of the company it has to be stated that the model itself is not hard to copy. Once a competitor from abroad enters the market and has much more marketing resources than TailorMySuit., the company will probably stop producing or will only supply to its current corporate clients. Its current strength and financial possibilities do not allow to stand the competition from United States. Nevertheless, the possibility that they enter the Europe in next two years is very low and the only competitor in Europe works on franchising model and TailorMySuit has secured some domains of their interest so even this enter is not highly possible in next two years.

All in all, if TailorMySuit can execute well what it promises it stands a good chance to become a moderately large e-store in Czech Republic and Slovakia. This is a good base for company’s expansion to markets where there is demand for such products. If the product will be successfully sold in CEE market and the company gets some profound sales history, then it is prepared to expand on franchise model and has already some potential partners and investors from abroad interested and waiting for the company development. The interest of the franchisors and investors shows that this idea is on the demand so TailorMySuit shall execute this well.
16. APPENDIX

Slovak online market analysis survey

1. Koľko máte rokov?

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-21</td>
<td>30</td>
<td>50%</td>
</tr>
<tr>
<td>21-25</td>
<td>18</td>
<td>30%</td>
</tr>
<tr>
<td>26-30</td>
<td>3</td>
<td>5%</td>
</tr>
<tr>
<td>30-35</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>35-40</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>More</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

2. Aké najvyššie vzdelanie ste dosiahli?

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Základná alebo stredná škola</td>
<td>38</td>
</tr>
<tr>
<td>Bakalárska</td>
<td>9</td>
</tr>
<tr>
<td>Inženierska, Magisterská, Doktorská atf.</td>
<td>5</td>
</tr>
</tbody>
</table>

3. Koľko oblekov vlastníte?

<table>
<thead>
<tr>
<th>Number of Jackets</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>24</td>
<td>48%</td>
</tr>
<tr>
<td>2</td>
<td>19</td>
<td>37%</td>
</tr>
<tr>
<td>3</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>4-5</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>Viac ako 5 a menšie ako 10</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Viac ako 10</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>
4. Aký typ práce vykonávate?

- kancelárska (ekonomia a management) 12 23%
- kancelárska IT 2 4%
- kreatívna práca (grafické umenie, plamienie, atď) 1 2%
- pracujem mimo kancelóre (lekár, obchodník, súkromný živnostník atď) 14 27%
- len študujem 23 44%

5. Ako vyzerá Vaše pracovné oblečenie?

- neformálne (jeansy a tričko) 19 37%
- semi-formálne (casual nohavice a košeľa/polo) 27 52%
- formálne (formálne nohavice, sak a košeľa) 6 12%

6. Ako často nosite oblek do práce?

- nikdy oblek nosím len na spoločenské udalosti 19 37%
- raz mesačne 5 10%
- denný-denné 9 17%
- len na dlhšie stretnutie alebo prezentácie 19 37%

7. Ako často si kúpite oblek?

- často: viac ako 80€ 8 15%
- veľmi často: viac ako 80€ 8 15%

8. Koľko ste zaplatili za svoj posledný oblek?

- menej ako 200 EUR 34 65%
- 200 - 350 EUR 19 19%
- 350 - 500 EUR 7 13%
- viac ako 500 EUR 1 2%

9. Koľko podľa Vás stoji oblek na miaru?

<table>
<thead>
<tr>
<th>Cena (EUR)</th>
<th>Počet respondentov</th>
</tr>
</thead>
<tbody>
<tr>
<td>150-200</td>
<td>5</td>
</tr>
<tr>
<td>500-600</td>
<td>6</td>
</tr>
<tr>
<td>viac ako 500</td>
<td>1</td>
</tr>
</tbody>
</table>

10. Uprednostníť by ste oblek na miaru pred oblekom z konfekcie, ak by ich cena bola rovnaká?

- Áno: 48 92%
- Ne: 4 8%
11. Ktorý oblek by ste uprednostnili?

- Kúpim si oblek, který mi dokonale padne: 44 (85%)
- Kúpim si oblek, ktorého farba a materiál sa mi viac páčia: 8 (15%)

12. Ktorý obchod by ste uprednostnili?

- Skutočný Model: 44 (85%)
- 3D model: 8 (15%)

13. Níže sú uvedené základné typy klóp pre obleky. Ktorú z nich by ste si vybrali pre Vaš Smoking?

- Klasické: 13 (25%)
- Šklové: 3 (6%)
- Ostré: 6 (12%)
- Slim: 30 (58%)

14. Koľko stála košeľa, ktorú ste si kúpili naposledy?

15. Aký typ rukávov na košeli najčastejšie nosite?
16. Ako je Vaša obľúbená značka pánskej konštrukcie?

<table>
<thead>
<tr>
<th>A. Armani</th>
<th>B. Dolce &amp; Gabbana</th>
<th>C. Prada</th>
<th>D. Versace</th>
<th>E. Zegna</th>
<th>F. Gucci</th>
</tr>
</thead>
</table>

|
| --- | --- | --- | --- | --- | --- |
| 35% | 20% | 15% | 10% | 5% | 5% |

17. Kedy ste si naposledy kupili košeľu?

<table>
<thead>
<tr>
<th>Rok</th>
<th>Procento</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tento mesiac</td>
<td>37%</td>
</tr>
<tr>
<td>Pred 3 mesiacmi</td>
<td>30%</td>
</tr>
<tr>
<td>Tento rok</td>
<td>25%</td>
</tr>
<tr>
<td>Niekedy si košeľu</td>
<td>3%</td>
</tr>
</tbody>
</table>

18. Kolko podľa Vás svoji košeľu na mieru?

<table>
<thead>
<tr>
<th>Cena</th>
<th>Procento</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 €</td>
<td>50%</td>
</tr>
<tr>
<td>300 €</td>
<td>50%</td>
</tr>
</tbody>
</table>

19. Ojednali by ste si cez internet košeľu alebo oblek?

<table>
<thead>
<tr>
<th>Oblek</th>
<th>Procento</th>
</tr>
</thead>
<tbody>
<tr>
<td>Áčka</td>
<td>50%</td>
</tr>
<tr>
<td>Nízka</td>
<td>50%</td>
</tr>
</tbody>
</table>

21. Kolko by ste za oblek ciez Internet bol ochornej zaplatili?

<table>
<thead>
<tr>
<th>Cena</th>
<th>Procento</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 €</td>
<td>50%</td>
</tr>
<tr>
<td>200 €</td>
<td>50%</td>
</tr>
</tbody>
</table>

Company logo and basic info
17. LITERATURE AND RESOURCES


Ernst&Young. (2013). Doing business in India.


Indochino. (21. march 2013). *Indochino*. Získáno 2013, z indochino.com:


18. **LIST OF GRAPHS**

Graph 1: Cultural Dimensions according to Geert Hofstede; In vs. Cz and DE .................................20

Graph 2: Results of the customer survey in CZ; 90% prefer real model to 3D model ............................53

19. **LIST OF PICTURES**

Picture 1: TMS banner used for promotion for gay people in Czech Republic ........................................24

Picture 2 - British, American and Italian styles on celebrities .......................................................................27

Picture 3- TailorMySuit product detail ........................................................................................................32

Picture 4 - the minimum production costs of Grandesa per shirt .................................................................41

Picture 5 - Grandesa’s 3D model ....................................................................................................................42

Picture 6 - Competitors presence ..................................................................................................................47

Picture 7 - Simplified Supply Chain of TailorMySuit ....................................................................................49

Picture 8 - Market size assumption ..............................................................................................................54

Picture 9: Cost saving opportunities .............................................................................................................63

Picture 10 - Simplified start-up budget ........................................................................................................65

Picture 11 – Turnover scenarios ..................................................................................................................71

Picture 12 - Team: Ondrej Volko, Ameya Kolambekar, Kristina Cahojova, Pavel Baranyk ......................75