

BUSINESS PROPOSAL: SEOULITE

SEOULITE

FM 120: Business Fundamentals
Prepared for: Julie Berg
Presented by: Tiffany Yoon

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EXECUTIVE SUMMARY



Seoulite will be an e-commerce based retailer of Korean trending fashions available for local consumers in Vancouver, British Columbia. The goal for Seoulite is to educate fashion forward young woman on the trendy and fashion forward culture of Korean youth fashion that they may be unfamiliar with. The brand will attempt to showcase qualities of Korean pop culture and fashion that Western culture may be unfamiliar with, and that there is more to Korea's trends than K-pop and widely popularized television dramas.

Vancouver's ever-growing Asian population will aid in the success of Seoulite establishing itself in the local fashion market. With the increase in the Asian demographic also comes with the increase in Asian influences in food, lifestyle, entertainment, and most easily emulated and obtained, fashion.

It operates as a sole proprietorship and focuses on operating as an online shop, although a showroom/storefront will be available as well. The brand will aim to serve customers on a personal level, through fast response times to inquiries via email or social media as well as personalizing each purchase made on the site. Details such as 'thank you' notes with each package sent out and personalized styling tips are a few ways that Seoulite will appeal to its market.

Because the brand operates as a sole proprietorship, all management and marketing responsibilities will be with the owner/founder. Social media will be the main platform for advertising and communicating with customers. Daily Instagram updates and replies to Direct Messages and Facebook messages along with emails will be monitored so there is a minimum wait time within business hours.

Products offered would be completely Korean made and sourced from wholesalers that carry authentically Korean made designs. Because of this, many silhouettes, textures, and color usage that differs from mainstream Western fashions will be at Seoulite's advantage. Each product will be showcased on Instagram through styling with other items the brand carries. The products will be categorized so that customers can easily navigate through the site's inventory, not only through main categories of apparel type, but through the styles of each item as well. (Ex. Feminine, sporty)

The e-commerce industry is constantly growing and evolving as the Internet continues to expand with more features and user friendly options for business owners,

thus giving Seoulite a vast amount of related e-commerce sites to rival with. However, Seoulite will focus on catering to local Vancouver shoppers and offering a unique concept of fashion trends that other brands in Vancouver do not offer.

This as well as offering personalized customer service, something larger and more established retailers cannot offer their customers, will be what sets Seoulite apart from the many other fashion forward mass retailers.

Seoulite will aim to sell towards young women with an individual sense of style looking to expand their wardrobe with statement and investment pieces that are harder to find in Western retail shops. Pricing will depend on the wholesale purchase price but will retail from 2.5-3 times the price bought wholesale. Because the target demographic is quite young and trendy, most advertising will be done through aesthetically pleasing photos posted on Instagram and Facebook. Business cards will be given out to Korean community concentrated areas around Vancouver to garner attention.

Financially, Seoulite will be funded through personal income and savings so the first few months of operation will have a strict budget that will mostly be used towards website maintenance, rent, and obtaining inventory. Because most of advertisement will be done through free social media outlets, it will cost barely anything. (The only fees for advertisement will be for the business cards printed).

Seoulite's mission statement is to "offer high quality and unique styles..." that can be found on the streets and magazines of Korea that will also attract Western customers. It is crucial to filter out styles that won't be popular to Western audiences even if it is something frequented in Korea. Because it is appealing to both Asian and Western consumers, both audiences' tastes will have to be compromised when curating pieces together. Through this and personalized treatment for clientele, Seoulite is confident in becoming a reliable source for Vancouver locals interested in K-Fashion trends as well as Asian residents who cannot get styles they enjoy and are used to as easily in Vancouver.

BUSINESS OVERVIEW



“Offer high quality and unique styles for western markets made popular by Korean trends.”

The idea for Seoulite began with the founder’s personal experience in online shopping for Korean fashion. Many online retailers that offered products made in Korea were based in Korea or Hong Kong and had high shipping fees. Because of this, the idea for Seoulite; an affordable outlet to purchase Korean trends locally and quickly, began. The ultimate goal for Seoulite, apart from offering edgy and on-trend styles with unique twists is to raise interest and buzz for Korean trends and fashions that seem to be catching on in the fashion industry. Though many high fashion brands and designers are aware of Korean trends and utilize a lot of Korean influences in their works, mainstream fashion and consumers aren’t quite as aware of what Korean fashion is. Seoulite aims to change this through a comfortable and easy-to-navigate site.

With the increasing importance and presence of technology in society, many aspects of everyday life and habits have changed to accommodate the mechanical and technological advances. Included in this is the way many people approach viewing and purchasing goods. The online shopping experience has exceptionally affected the way consumers browse and buy clothes. Brands offering e-commerce shopping options available attract many customers with its conventional and convenient ways to browse product at home in comfort.

Seoulite will have an advantage to other bricks and mortar independent stores located in Vancouver because of the ease of access an e-commerce site offers. For customers who prefer a physical shopping experience, a small showroom will be available where all items listed on the site can also be viewed and purchased in person.

At the moment, there is no Vancouver based, or even Canada based, source for Asian fashion products online. Many sites ship merchandise to Canada but have costly shipping fees or have a long ship out date because products are coming from overseas. Seoulite aims to be the first outlet for the growing Asian market and fashionable women interested in the Korean trend to have easy access to merchandise and styles that otherwise are hard to obtain in western countries. Seoulite will aim to offer timely shipments and optimal customer service in both English, the primary language in Canada, and Korean, the primary language for the second target market, Koreans residing in Canada.

Currently, fashion houses and makeup brands have taken an interest in Asian influences in their products, especially Korean trends. K-Beauty (Korean Beauty) has been classified as a separate trend and featured in many brands as a subcategory. (Ex. Sephora, Urban Outfitters) Seoulite will take advantage of the influx of Korean trends in fashion and beauty by offering styles that are popular in Korea and are inspired by modern Korean street-styles. Seoulite will offer classic and street wear fashions; dresses, knitwear, bottoms, as well as accessories (bags, wallets, costume jewelry) and shoes.

As do most of the western market, casual and comfortable clothing is what is worn most on a daily basis. Seoulite will offer signature graphic tees and casual skirts and sneakers that Koreans enjoy as their form of dressing down. For customers in need of an office outfit or those

that prefer to dress up, sundresses and drop waist dresses will be key items to be offered along with interpretations on the classical button down shirt. All items available on *Seoulite*'s e-commerce site will cater to the western market's preferences such as the items and concepts listed above have.

Seoulite will be operated under a sole proprietor, where management, advertising, finances, and merchandising will all be taken care of by the founder.

Because all finances will begin from the accounts and monthly income of a secondary income source, there is no risk for falling into debt before the site begins to take off and advertisement will be done through personal Instagram accounts made under the company username so costs for advertising will be low.

Being a sole proprietor, it will be difficult to time manage all the tasks that are required in maintaining *Seoulite* as an online shop; recording inventory and finances, shipping out products, purchasing goods, etc. The lack of a team to share responsibilities is a weakness *Seoulite* will have to overcome. Possible solutions are to start out small, with a few products only to keep track easily, or to set a limit on orders by having an order form for a set number of items so that shipping out products and recording the changes in inventory will not be overwhelming.

PRODUCTS AND SERVICE



Primary source for Seoulite's inventory will be obtained through international wholesalers, particularly suppliers from South Korea and regions of China. It's a source to get products at a cheaper cost price with quality that justifies a higher retail price, while being offered in large whole sale quantities as well as providing a large selection of styles that are difficult to obtain through western suppliers. Online providers such as 86whole.net and wholesale7.net offer many styles that are currently in demand in many south East Asian countries for cheaper bulk prices. One issue with these providers is that many Asian styles are offered in small or one size only options. But because *Seoulite's* goal is to make internationally trending styles available to local consumers, only items that are offered in a variety of sizes will be offered and all items will be measured and have accurate measurements listed on the *Seoulite* site. A secondary source will be buying, in person, from merchants at Korea's Dongdaemun marketplace. An initial visit to Dongdaemun will be made at the start of the launching of Seoulite to establish a relationship with suppliers as well as to scout out appropriate styles and products to be sold. Throughout the year, in addition to having merchandise sent from personal sources in Korea, around two round trips will have to be made in order to view, curate, and bring back merchandise for each season. (Twice because once for S/S and once for F/W.) The trips to Dongdaemun will be made at least two months in advance to the release of each seasonal collection. (Ex. For launching the S/S collection in June to run throughout June to end of August, flights should be made in at least April.)

Seoulite will offer styles that are currently trending and popularized in Korea and Korean pop culture while focusing on styles that, while following those criteria, will have a greater appeal to the western market that Seoulite is targeting. Merchandise will be organized into separate themed concepts customers will be able to browse through according to personal preference. (Ex. Classic, street wear, formal, etc.) For classic styles, variations on button ups and white collared shirts, both very popular in Korea, are examples of products to be offered, as will graphic t-shirts and crew necks will be in the street wear category.

The site will differentiate the items into separate categories with appropriately labeled product names. For example, feminine blouses will be under the category 'Lucy' and any item available in this sub-collection will have the appropriate labeling. (Ex. The 'Lucy' dress) Casual graphic tees will be under the name 'Jessica', contemporary and more sophisticated blouses and loose fitting trousers under 'Anne', and mature and tighter silhouetted merchandise under 'Cheryl'. Seoulite will have all inventory spread out into these four sub-collections; Lucy, Jessica, Anne, and Cheryl; names taken from the personal styles of the founder's closest friends who inspired the styles curated. With each item purchased from each collection, the customer will receive a small comment card with information on the muse of the collection as well as the overall concept of the collection. This information will also be available on the site and at the homepage of each collection. This will categorize the clothes in an interesting manner as well as placing clothes in a specific category that will make shopping for a certain or preferred style much easier. If the consumer wants something sexier, they can click into the 'Cheryl' collection, and the same can be done for someone looking for a unique graphic shirt by clicking into 'Jessica'.



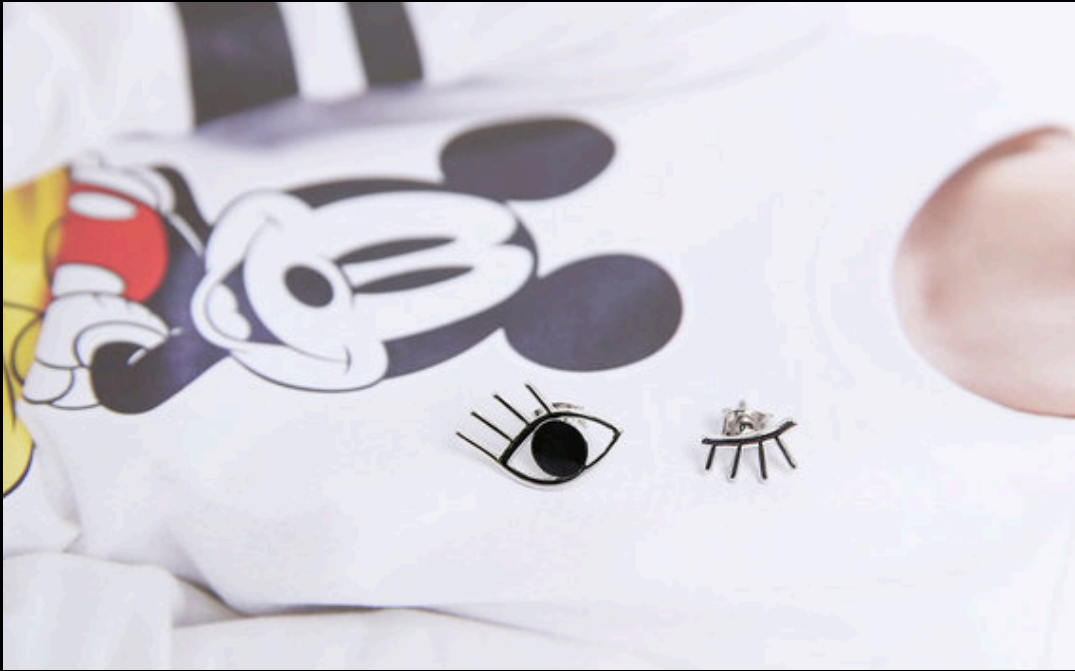
Seoulite will be at a disadvantage in the retail market because of the constantly growing and quickly evolving fashion industry and mass retail competitors who have already established a name and position in the market. However, Seoulite will be able to offer high quality products in terms of fabric and convenient and personalized service that larger companies cannot offer. Seoulite will take advantage of the fact that the company is just starting up and promote that because of this, every customer will be considered an important client that receives personalized styling tips when items are purchased and quick replies to any email or letter inquiries.

While the quality of Seoulite will match that of Zara or higher priced merchandise found at H&M, the prices will be lower than those brands, so the overall quality consumers get for a price slightly higher than that of fast fashion brands like Forever 21, will ensure a higher rate of satisfaction, despite the fact that many items will be over twenty or sometimes forty dollars, dependant on the type of product.

Short personal styling tips will be offered with the purchase of every item over twenty dollars CAD through a polaroid photo of their item styled with other items that can be purchased on the site that will be printed onto a postcard with item information and a “thank you” message on the back. For purchased fewer than twenty dollars, a “thank you” card will still be included. In all purchases, a small informational card that educates buyers on the muse and overall concept for the collection of their item (Lucy, Anne, Jessica or Cheryl)

The brand will be marketed through social networking sites, primarily Instagram as well as paid advertisements on Facebook and Google ads. Instagram will be personally maintained and updated regularly with new items, suggestions on styling, and promotions and events that Seoulite will have. Using the “hashtag system” and incorporating local specific words (Ex. #vancity, #vancouverfashion) will generate higher local traffic so people in Vancouver who can personally view the items and enjoy the quick delivery the site promotes can be aware of the brand. Clothes will be modelled by acquaintances that are willing to volunteer for no charge so that fees for advertising can be minimal to none for the starting few months.

Because the business will be primarily online based, most of the advertisement done will be handled online and through social media. The only form of printed advertisement that will be used for at least the first year of Seoulite’s launch will be business cards with the logo, site and contact information available. These business cards will be spread around Vancouver in areas with a concentrated Korean population (Ex. Robson in Downtown Vancouver, Lougheed in Burnaby) as well as campuses where young and fashion forward consumers are likely to be interested in easily accessible and fashionable clothes. Along with the website link and encouraging shoppers to visit the site, the availability of a showroom will also be advertised for people who prefer viewing merchandise in person. Because the showroom will also be in the same area as much of the inventory, customers will be able to purchase in showroom as well and view the entire inventory online in person as well.



INDUSTRY OVERVIEW



Currently, e-commerce shopping for many businesses, retail fashion in particular is growing in popularity due to its ease of browsing and purchasing in comfort. Because the industry is growing quickly and expanding at an equally speedy rate, Seoulite is in danger of being another online shopping site that gets buried under the larger, established brands' sites.

Because of this threat, Seoulite will focus on niche branding and cater to the local Vancouver market as opposed to a national or even provincial audience.

Along with the expansion of e-commerce businesses, the mass retail industry is also constantly growing with fast fashion and frequently changing trends. Because of this, it is getting more difficult to follow trend changes as well as it becoming harder to predict which trends will be popular in the next season. Seoulite will make sure to pay more attention to curating products that will become a classic piece or follow styles that will last for more than one cycle of seasons. (Ex. Classic blouses, black ankle-boots) This will combat the fast-paced trend changes and focus more on creating timeless pieces that will consistently sell as opposed to selling quickly exhausted styles.

Seoulite's competitors, in terms of the ease of online shopping and similar target markets of young women are the brand, Forever 21. In addition to being an established brand with a strong presence in the foreign market industry, Forever 21 also offers a user-friendly shopping experience on their e-commerce site with merchandise that follows the fast fashion trends for very cheap prices. The advantage for Seoulite will be that the newly established brand will offer higher quality and unique styles that can't be obtained from Forever 21, as well as more personalized experience for Canadian shoppers.

Another possible competitor, because of its large range of styles (teens to mature, girly to sporty) and broad price range that appeals to a vast audience, is H&M. H&M also has a strong foreign presence and is well known but currently does not offer online shopping for all countries, even though retail storefronts are in many countries. Seoulite, again, has the personalization factor as an advantage as well as offering unique styles from Asian (particularly Korean) influences that H&M has yet to regularly offer.

Customers will be able to buy online as their primary source for shopping as well as visiting the showroom located in an apartment in Downtown Vancouver. E-commerce will be an advantage for Seoulite because the target markets of women in their twenties to late thirties spend most of their time in front of a computer screen, whether it be writing papers for classes or working in the office.

The greatest threat to Seoulite will be establishing a strong presence in the e-commerce industry. The brand will begin small by working to become defined as a niche brand in Vancouver and work to gain loyal clientele that are also locally based and will be interested in shopping regularly because of the personalized customer service and speedy delivery and access to new unique styles.

MARKETING STRATEGY



Seoulite will aim to cater women in her twenties to late thirties; enough income and sense of style to purchase pricier and higher quality clothes that will last longer than fast moving trend cycles.

The Seoulite consumer will have an individual style that they enjoy and are loyal so that pieces that are purchased emulate their style for a longer period so that investment pieces are justified. Younger women (early to late teens) won't have the income to continue shopping Seoulite's products or be able to follow the trendier styles made from fast fashion, so products and advertisements will not be aimed towards this age demographic.

One specific target market will be the Korean and Asian demographic that are quickly growing in Vancouver's demographic. With the increase of Asian descendant immigrants and citizens, having Seoulite, a local source for fashions and trend alerts that are easily accessible in Vancouver, will be a plus for that demographic who can't go back to their home country easily for shopping. Seoulite will act as a temporary and easily accessed source for Asian fashions during their stay in Vancouver.

The second main target market will be the customers interested in Korean trends and have never had a chance to purchase many products because of the difficulty in finding Canadian based Korean fashion retailers. In addition, Seoulite will also try to appeal towards those who are interested in trying new and unique styles that are not available through local or western designers.

By appealing to consumers that are familiar with Korean trends and are both of Asian and Vancouver based demographics, Seoulite will broaden their possible customer base and at the same time, work towards its mission of raising awareness of K-fashion and K-Beauty trends in Western retail fashion.

Along with categorizing all of Seoulite's products into sub collections of four names (page 7; paragraph 3), the e-commerce site will offer promotions in the first two months. The first month will offer a free accessory item with any purchase over \$100CAD chosen at random and based on what suits the item that was chosen. The second month will offer a 1+1 promotion (buy one get one for free of charge), a popular marketing strategy used in Korea. This will apply to all accessories under

\$20CAD available on the Seoulite site. Through this second promotion, it will also be showcasing a part of Korean culture's promotional strategy. Western audiences are familiar with BOGO (Buy one get one) sales, but they usually do not see it worded in the way that Korean retailers do. (1+1, 2+1, etc.)

Marketing will be done primarily online through the social networking site, Instagram, where posts will be regularly updated with new merchandise, current and upcoming promotions, and reminders to check the site as well as the downtown showroom. Along with this, business cards will be spread around Vancouver to existing but unrelated businesses (Ex. Restaurants) to avoid coming off confrontational or competitive if it were given to similar clothing retailers. The business cards will be simple with just Seoulite's logo and the contact and location information as well as the website address.

A subtler method of advertising will be having close acquaintances to wear garments and accessories available at Seoulite. This will help to showcase the still unknown brand and hopefully get interested people to comment or ask about the brand and product.

To celebrate the opening of Seoulite as well as promote the brand right at the start is to have a small opening party at the showroom where possible customers can view and purchase items if they are interested as well as get to know what the brand is about through informative speeches and mingling with the founder in person. The showroom will continue to be open for purchases during a set amount of business hours for locals interested in buying in person.

Seoulite's USP will be to offer an easy and quick shopping experience for local Vancouver residents as well as offering bilingual customer service; English and Korean. These two languages are important to the Seoulite brand because English is the main language of the targeted niche while Korean is a language that the second major target demographic speaks or is interested in. Seoulite will also offer personalized styling tips with each purchase, personally selected and styled by the founder who operates every part of the business. Though clothes can be bought from many places, free styling tips specified for each item is something only a small business can efficiently do.



Seoulite will be focusing on keeping most of its productivity and promotions online where the main source of purchasing will be done. Along with promoting personal and Korean trend inspired styling for consumers, Seoulite will aim to continue keeping a personal relationship with each customer to make them feel like an important client for Seoulite. In the vast e-commerce industry of fashion, the personalized experience Seoulite offers will be what helps the brand become popular with local shoppers.



OPERATIONS PLAN



Seoulite is operated under a sole proprietorship so all operations will be preceded by the founder; Marketing, purchasing, site and showroom maintenance, inventory, and finances will all be handled by the sole proprietor.

Seoulite will mainly utilize its e-commerce site to sell its items but will also offer a showroom where locals can browse and purchase in person. The showroom will be a section of the founder's studio apartment, sectioned off from the living area of the apartment. The apartment will be located in Gastown in Downtown Vancouver where many independent fashion and local businesses are located. The residents of the neighbourhood also will be easier to announce new businesses to as the lifestyle of the area frequently experiences.

The showroom will be placed in a roughly 650-800 square foot studio loft, sectioned off from private areas during the hours of 9am-5pm on weekdays where it will be open for showing.

One corner of the studio apartment will be sectioned off to store inventory until orders have to go out. After the first year, dependant on the success, if expansion of product is needed, a secondary storage space may be rented away from the apartment. If this happens, the showroom can expand to more of the apartment and storage for extra stock will be kept at the secondary collection

All items will be bought wholesale through either third party sites or in person in Korea's large Dongdaemun market. (Page 7) Items bought for twenty dollars or less (casual tops and accessories) will be sold for triple the original wholesale price. (Ex. Shirt bought for \$8CAD will be sold for \$24CAD). Items bought for \$20CAD and up which will also be made of higher quality fabrics and with more interesting silhouettes and details will be sold for 2.5 times the original wholesale price. Some items in this category are outerwear, shoes, and dressier clothing items. (Ex. A loose fitting white blouse bought for \$25CAD will be sold for roughly \$62-\$63CAD)

The e-commerce site will operate on the free domain 'Open Cart' (www.opencart.com) in the starting year for easy management of the site as well as no extra fee apart from the domain price. After the site becomes more established, domains may be moved to a site with more freedom to edit and operate. Along with

the e-commerce site where items can be purchased, a secondary site dedicated to posting photos of styling and product photos may be created to showcase Seoulite's product and brand identity in a more aesthetically appealing method. This can also be done through Instagram, the main source for Seoulite's advertising, so the secondary lookbook site idea may be combined with the e-commerce site if the 'Open Cart' domain allows it.

The site will launch in September 2017 for the F/W 2017 season with product purchasing and research beginning in June 2017. The initial purchasing will be done both in Korea as well as online wholesale retailers to scope out which wholesaler outlet works best and how each order will be operated. The first trip to Korea will be roughly \$900-\$1200CAD dependant on when the ticket is purchased and how long the stay will be. The trip will last ideally for 2 weeks to gather inventory and organize how to ship it back to Canada. Along with Dongdaemun purchases, products will be ordered through online wholesalers, which can be done at the same stay during Korea because it is done virtually through the Internet.

Day to day operations for Seoulite in the first year will be greatly focused on maintaining inventory records as well as promoting the company and products as well as purchasing initial inventory from wholesalers and establishing a buyer-seller relationship where possible. The showroom will be open to customers on weekdays (Mondays-Fridays) from 9am to 5pm, where they can view merchandise that will be presented on racks lined along the apartment. If someone wishes to purchase a product, they can do so in the showroom through a Mobile POS system. Seoulite will opt to use TD bank's system because it is the same bank that all finances for Seoulite will be handled. When the showroom has no customers, as most of the operating hours will probably be in the beginning, time will be spent searching for next season's trends, replying to emails and questions on social media, and styling items for Instagram posts. When there are orders to be sent out, 'thank you' cards and personalized styling photos will be printed as well as packed in with the collection information card (page 9, paragraph 3) and items neatly packed in clear plastic pouches and Seoulite hangtags. In addition to styling and thank you cards, a business card will also be included in the package.



Product code numbers and source of product will have to be recorded so that extra inventory can be ordered if necessary. In the starting months, especially for the F/W 2017 collection, there will only be a small amount of items and limited quantity of each item. Roughly, there will be about three variations of the following categories: casual tops, dress blouses, skirts, long pants, dresses, sweaters, and outerwear. For outerwear and dresses that are pricier to buy, only 5 of each will be available. For the remaining categories, there will be 8-10 of each, dependant on if it can be carried on to the next season or the following F/W season. For items like jewellery and accessories which are much cheaper to purchase wholesale and sell retail as well and will likely sell easier because of this, as well as being more season fluid as opposed to thick winter coats and scarves, they will be bought in greater quantities and sold throughout the whole year.

The initial start-up year, especially the first three months (F/W season), Seoulite will focus on brand promotion and getting its name out to Vancouver locals and communities that may be interested. The maintenance of inventory, the e-commerce site and showroom will all be supervised closely in the beginning months. This will hopefully raise news on Seoulite and start off business, even if it is a few items each month.

FINANCIAL PLAN



Seoulite will be operated as a sole proprietorship so all income will be funded solely from existing funds and any income earned through Seoulite. Because the initial start-up will be done through personal income and existing fees, roughly calculating from the proposed start-up month of September 2017, the brand will launch with a rough total of \$7200CAD available for inventory, first month's rent (roughly \$1500-\$2000; half of the rent being a business expense and half being personal rent) as well as domain fees, utilities and POS start up and account fees with the bank. After the savings of ~\$7000CAD (from three months worth of income and tax returns), each month will bring in \$2000 of personal income for half of the studio apartment's total rent and saved until the next season's collection needs to be purchased. This gives a timeline of roughly six months to save up for inventory and shop maintenance. Annually, income excluding any income brought in by Seoulite will be ~\$24,000, not including any possible shortfalls or additional monetary sources.

| | Year 1 |
|--------------------------|--------|
| Revenues | 30,000 |
| Cost of sales | 25,000 |
| Gross profit | 5000 |
| Accounting | 80 |
| Advertising & Promotions | 100 |
| Insurance | 1000 |
| Lease, facilities | 750 |
| Licenses & fees | 200 |
| Maintenance | 100 |
| Telephone | 80 |
| Utilities | 200 |
| Website | 120 |
| Total Operating Expenses | 2130 |
| Earnings before taxes | 2870 |
| Income taxes | 0 |
| Net income | 2870 |

Figure 1 Year 1 Financial projections

