



Sense

You run, move, jump. We engineer, design, and create fashion forward sportswear clothes for men, which is you-the dedicated athlete. Together we recreate and redesign fashion sportswear.

Kathy Le
DHE 370
Textiles & Apparel Market Analysis
Term Project

MISSION STATEMENT

Base.F is dedicated to creating modern, fashion-forward and effective clothing for male athletes and sports enthusiasts. As a company dedicated to creating men's only sportswear, we honed our skills and dedication for men who belong to a specific niche. Our brand serves the busy workingman who works hard, and plays hard. We strive to make clothing versatile for the working man in his mid-twenties to mid forties. Base.F is a company dedicated to men's fitness, just for men, for we've noticed that sports clothing has evolved more towards women. Base.F is dedicated to designing and making men's sportswear the center of our company's vision. We strive towards providing both sportswear and menswear the push it needs towards better fit quality, innovation, and lifestyle. Base.F designs: lifestyle, running, and high intensity sports for those who feels empowered by adrenaline. If you can move, we can provide.

As a start up men's sportswear company we have only one brick-and-mortar store in Denver, Colorado where our headquarters are located. The majority of our profit stems from online retailing. As a start-up company we were against investing in a multitude of brick-and-mortar stores. By not having physical stores, the company may be able to allocate funds towards important factors that we believe should be for our consumers. We appropriated those funds towards buying higher quality fabrics, construction, and marketing. Our marketing team utilizes a strong online presence through social media and advertisements on websites and men's magazines. As a company we have realized that we may never ever be the next NIKE Inc., but we strive to be the men's version of Lululemon. Due to our specific target market, we strongly believe we have differentiated ourselves from other companies through our products and specific target market; Base.F firmly believes that our passion and understanding towards our consumer would enable us to carve a legacy for the brand due to the demand in men's sportswear.

TARGET MARKET

Demographics

Base.F's target market is for the busy workingman in his mid twenties to forties living in Denver--the capitol of Colorado. The state is situated near the Rocky Mountains in in the mid-west of the United States of America. According to 2010 census, Denver has 600,158 people living in 155 square miles of the capital boundaries (United States Census Bureau, 2013). The male population in Denver, Colorado accounts for 50.5% of the population, with 300,089 people. The male population average age is 33.5 years of age (American FactFinder – Results, N/A), whereas women make up 300,069 or 49.5% of the population (United States Census Bureau-Denver County, Colorado, 2015). By having men as the main target market in Denver, it enables Base.F to efficiently target our consumer market since they are the majority within the city.

The city of Denver's top three prevalent race is: White, Latino/Hispanic and Black/African American respectively. The average person in the Denver country makes approximately \$50,313 USD (American FactFinder - Community Facts, n.d.), which is above the national average wage in 2013. The national median salary for people living in America is \$44,888.16 USD (Social Security, 2013). As a city, the average age is at 33.8 (American FactFinder - Community Facts, n.d.). With 42.9% of the state capitol obtaining a college degree compared to only 37% of the state average. Denver is the mecca for educated high paying adults starting families. With the population obtaining higher degrees in education would result in a higher standard of living due to higher pay raises from their degree. Smart, educated, and young men who make more than the national average in Denver permits Base.F to having a higher price point in between the diffusion and bridge retail price point.

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As a company based in Denver, the metropolitan and city parts of Denver inspired Base.F to design and sell sportswear inspired by the community's lifestyle. The state capital is known as the number one most athletic city in the United States of America (Most Athletic Cities in the U.S., 2008). As a brand dedicated to men's sportswear, designing for men is easier since Denver has a higher male to female ratio, which would allow the company to target the male consumer target market. The company is able to have a higher price point at the diffusion wholesale price zone due to the median national wage consensus being higher than the national average. The higher wage allows consumers to have cushion to spend money beyond the basic necessities for survival.

Psychographics

Denver, Colorado is considered the top most active states in America (Most Athletic Cities in the U.S, 2008). A typical Coloradan enjoys some sort of running or walking activity, stretching and weights. They believe in enjoying a healthy lifestyle in order to maximize life at its fullest. The average Coloradan works full time, loves the outdoors, enjoys the company of others, and makes fitness a priority (Most Athletic Cities in the U.S, 2008). The average person living in Colorado has a family of three and either lives in the metro or in the city part of Denver. Forty two point two percent of the population was once married but now separated (Social Statistics, Denver—Colorado, 2000).

The fast pace lifestyle can come at a cost of having a higher standard level of living. The amount of time dedicated to shopping is usually done online through mobile or computer sources. Athletes who juggle working full time usually has to prioritize their time wisely in order to handle a full schedule from day-to-day. Base.F target athletes who reside in Denver

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who has a full schedule therefore prefers to shop online in order to save time from their life.

Free shipping is a plus when shopping online. Athletic clothing that can be worn to work and to the gym. Those from the age of 25-49 years old would enjoy the garment construction of garments that can be worn outside the gym. Clean garment constructions and lines in athletic clothing would attract that specific age group.

COMPETITOR MARKETING MIX ANALYSIS

Product Line Analysis

Nike, Inc. is a world-renowned sports apparel and shoe company developed in 1968. As a brand Nike offers products in eight major categories: running, basketball, football (soccer), men's training, women's training, action sports, sportswear (sports-inspired lifestyle products), and golf. (Nike, Inc., 2014). Nike also design products for kids, sports related accessories, and clothes and accessories for other sports such as: cricket, lacrosse, tennis, volleyball, wrestling, walking and outdoor activities (Nike, Inc., 2014).

As a company, Nike is known for their dedication to research, design and development. Every few seasons the company would manufacture and advertise new designs that have been created to change the sports industry. The company's dedication towards innovation has enabled them to develop: NIKE AIR, Lunar, Shox, Free, Flywire, Dri-Fit, Flyknit, NIKE+, and NIKE fuel technologies (Nike Inc., 2015).

Design and development has led the company to have strong brand loyalty. Their textiles development with Dri-Fit is incorporated in their athletic wear. Dri-Fit is created through their use of 53% polyester and 47% nylon. Development with the fabric is successful able to keep their athletes dry by their weaving and production methods. NIKE's product line incorporates sweat-wicking, breathability and comfort for the user. With their Dri-Fit product line, NIKE is also known for their bright colors and unique print patterns. Comfort and style are usually combined together with technology.

Nike, Inc. product line strengths lies within their women's sports wear line (Wahba, 2014). The NIKE women's brand can be seen through the Nike+ app. The app was created for women who desire to live the NIKE lifestyle. The influence of NIKE can be seen through the

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number of downloads the Nike+ app has been downloaded—which is over 17 million times.

The number of download enables the brand to be able to visual the influence the brand has over the world and the strength of the women's brand under NIKE. NIKE is expanding their repertoire towards other countries and has been doing well with the women's line making gains and increasing revenue (Wahba, 2014).

Nike's basketball line especially the men's line is world famous for having famous basketball players as their brand image. Notably known as the face of Nike is: Michael Jordan, Kobe Bryant, LeBron James, and Kevin Durant (financesonline.com). Air Jordan's are Nike's most popular basketball shoes, which dated back in the 1980's when Michael Jordan first signed with Nike.

According to SWOT analysis, Nike Inc.' company strengths are in their dominant market position built through their strong brand portfolio, their focus on research and development activities, and multichannel approach. Their weaknesses lie in their independence contract manufacturers. However, they have many opportunities in the industry by their growing global footwear market and online retail channel and presence. Those opportunities to grow as a company may be threatened by the intense sportswear competition and through counterfeit products sold to the public (NIKE, Inc. SWOT Analysis, 2014).

Nike has a strong and unique brand portfolio due to their dedication to research and development. Their incorporation of technology through textiles and technology has provided the extra edge in order to stay competitive in the sportswear industry. Nike's strongest competitors include: Under Armour and Adidas, with Lucy, Lululemon, Victoria Secret Sport, and Gap Inc. making gains within the sportswear industry to become potential competitors. In

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the past fiscal years, NIKE has released KOBE 9 Elite, which utilizes flyknit technology into Nike basketball shoes, created Nike Lunar Ballistec, Nike Phantom sandal, and Nike + Fuelband. By focusing on research and development, Nike is able “renew its product line at regular intervals, which boosts customer loyalty and brand growth” (NIKE, Inc. SWOT Analysis, 2014).

NIKE is consistently creating new and innovative designs. They do not necessarily have missed opportunities, but rather blunders that have caused them major setbacks in the industry and wavering customer loyalty due ethical problems. The company implements a horizontal integration, which allows them to have a higher profit margin. However, through the use of contractors, it can cause setbacks in product quality and assurance. During the 2013 fiscal year Vietnam China and Indonesia manufactured close to 42%, 30% and 26% of NIKE’s footwear respectively (NIKE, Inc. SWOT Analysis, 2014). Nike also has manufacturers in Latin America, Middle East, India, Asia and parts of Mexico. Horizontal integration can cause construction errors and loss in revenue; opposite of increasing revenue profit and decrease in labor costs.

Ethical problems has hindered NIKE’s brand image due to their use of sweatshops. In an article, *Good Morning, Vietnam: An Ethical Analysis of Nike Activities in Southeast Asia*, the author questions the ethics of NIKE as a company for allowing young women to work with hazardous chemicals that can cause birth defects while working long harsh hours with little pay. Horizontal integration obstructs the company from overseeing the working conditions that their laborers are facing. As a company they should be wary of who they allow to manufacture their goods, because of their brand logo and image.

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Pricing Strategy Analysis

Nike is known as the premier brand for athletes, having increased their S&P 500 Apparel index from \$280 in 2013 to \$320 in 2014 (Nike, Inc., 2014). The brand has positioned itself at the very top of the sports apparel industry. NIKE is positioned in the better wholesale price zone. The company has positioned itself in between Lululemon Athletica's high price zone and Under Armour. Adidas and Nike has approximately the same price zone as one another.

Nike's price ranges from \$1099 to \$3; the most expensive and cheapest items on their online website is their golf club set and a pair of shoelaces respectively. Nike golf has the highest paid endorser, Rory McIlroy with a \$20 million dollar contract per year (Siemers, 2013). Nike Golf is not the number one brand within the golf industry. Their number one competitor, Adidas, owns TalorMade, a unit of Adidas Germany. Nike Golf made \$726 million in the 2013 fiscal year, and that only places Nike in the middle of other golf brands (Siemers, 2013). Thus, Nike Golf's price point is positioned towards the correct target market—those who are serious and more affluent than Nike's other target market. Whereas if the company were to sell a thousand dollar jacket to the women's apparel line, that would result in loss in profit and revenue, but that would be the incorrect target market.

According to Tuna Amobi (2014) CFA of *Industry Surveys; Apparel & Footwear: Retailers & Brands*, Nike Inc., had discounts as much as 70% off their products due to “an attempt to recover from a weak start to the year.” The products that went on sale were inventory sales in both brick-and-mortar and online stores. Sales that took place were footwear and athletic clothing. In order to reduce loss in profit NIKE Inc., discussed about innovating manufacture initiatives in order to reduce production costs. One possibility is reshoring their manufacture process back into the United States (Amobi, 2014).

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Promotion Strategy Analysis

An article indicated that , companies want to portray as being “less corporate and more forward-thinking” (Handley, 2012). Handley (2012) writes about companies making signature design, silhouettes or using specific materials that enables consumers to be able to identify the product without the brand name on the item.

Nike uses their logo in commercials and their trademark Just Do It saying in order for consumers to identify the brand. The company usually advertises their commercials or product on websites in order to capture the user’s attention. Social media such as: Tumblr, Twitter, Instagram, Facebook, Pinterest, and Youtube are popular platforms that Nike participates in in order to connect with their consumer target market.

Each season, Nike chooses the key product that they want to promote. This year was the Nike Tech Pak. Nike’s signature font, Futura, is also another identifier that consumers identify with Nike. In order to draw the consumer’s attention to the product line is to promote it with the product of the season. They use athletes in their advertisements. Regardless of the obvious product being promoted one thing always stays constant in their campaigns: the athletes are always having a good time in and out of their professional jobs. Nike is trying to portray to the consumer that they’re not just a sportswear company. They are also a lifestyle company. The everyday person can wear Nike--regardless of whether they are a professional athlete or not. Bill Bowerman, one of the founders of NIKE Inc, engrained his belief into Nike’s core values: “if you have a body, you are an athlete” (NIKE CR Report, 2014).

The key to selling the product line to consumers is having one key stand-out product and multiple base products that would compliment the key product. The products can be stand alone, and the consumer could be able to buy one of the ten or so products in the line, but together, the

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products would become spectacular. Therefore, Nike has adopted that type of promotion towards their consumer.

Nike pride itself in connecting with the consumer. Just do it is not only for the athletes. They are for the consumers who can identify with the logo. Everyday, regardless of where you are, you can work out, you can do it. Nike has created their very own consumer group who identifies with one another through the Nike + Fuel Band community.

Place Strategy

The company distributes their products worldwide. NIKE Inc. uses extensive multichannel retailing from in: retailing, wholesale, third party, and apps in order to maximize sales profit. Their product line is distributed from manufacturer to stores, otherwise known as national manufacturer. They hire contractors in order to sew, package and ship their garments.

CONCLUSIONS

Part 1: Recommendations/Plan of Action

Base.F stands for Base Foundation. As a company we believe that by training hard with the correct form, dedication and mindset may our athletes be able to become the best form of themselves. We want to see our consumers succeed. When they succeed. We succeed. So we provide clothes that assist our athletes with their base, or foundation, in order to have a comfortable and efficient workout. Base.F believes that as athletes who work hard in and out of the gym he should look good doing it. We want your friends to look at you and think, "He looks like an athlete."

Our first collection has ten pieces, which consists of: four tops--two long sleeves and two short sleeves, four bottoms—two shorts and two long pants, and two outerwear items. Each category has at least one lifestyle item and one garment made especially for the gym. However, we do not let the label of 'gym item' deter our consumer from wearing it out as a part of their everyday staple. Our running and high intensity sports wear are engineered with high quality sweat wicking and odor absorbing textiles that keep our consumers dry and clean smelling. Our bottoms, the running and the high intensity dedicated garments are made to keep our men dry and reflective while the lifestyle bottoms are made to keep him warm outside of the gym.

Mass production has made copying clothes easily accessible. Like NIKE, our company utilizes the use of new R&D development in order to differentiate ourselves from other mass-market brands. New color combinations would be developed and integrated into our product line each season. By having six colors in this season's color palette, we chose three bold colors (red, blue and green) as well as three neutral colors (white, black

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and grey). By having a variety of colors we're able to mix and combine colors in order to create a bold or understated look. Each of the ten items in our line has three different color ways, usually one of the color way combinations is a bold look whereas the other two would have a neutral look for those who do not like the bold color ways. One of the different perspective that we've taken with sportswear is the use of zippers. As a company the only times we use zippers is with tights on the ankle or on jackets. We utilize either a double welt pocket or an overlap pocket. The overlap pocket is when the pocket itself is smaller than the flap. All three sides of the flap (top, left and right) overlap the pocket. By utilizing an overlap pocket we're decreasing possible chafing and uncomfortable zippers irritating the skin.

As a company's whose price point is in between diffusion and the bridge retail price we find that it is the perfect price point for our target market living in Denver, Colorado whose residents makes higher incomes than the national average. By utilizing advanced textile technology, garment construction and marketing plan we have differentiated ourselves from big name sportswear companies. To cater to our consumer market we have sizes running from XS up to 2XL. Tighter garments are sized up to 2XL in order to fit more consumers, because stretch and grain lines can make fitting into certain garments difficult.

Unlike NIKE, Adidas, Lululemon, and Under Armour, Base.F utilizes a strong Internet and social media presence. As a start-up we only have one brick-and-mortar store located in the heart of Denver, Colorado. Our brick-and-mortar store is located below our company in order to save costs of having two separate locations. By negating from opening stores we're able to use our funds towards garment quality, textile quality and marketing to our consumer target market. We market mostly through social media sites, such as: Youtube,

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Tumblr, Pinterest, Instagram, Twitter, men's magazines, men's blogs and high-traffic websites. We may be targeting a male consumer target market but if their partners or mothers are doing the majority of the shopping we will target them in order to influence our men to buy our line.

Part 2: Changes Occurring in the Internal and External Environments

Political/Legal Environment

As a company Base.F recommends our buyers to use microchip implanted credit cards in order to avoid fraud and privacy issues being stolen from them. As an online company it is imperative that our consumers trust our company shopping experience. We will use the highest level of encryption available in order to prevent hackers hacking our system database. We've realized that our buyers outside of the United States would have a safer time shopping with our company due to the government action taken from the European nations; installed microchips have been utilized by many bank companies in Europe with positive results (Shearman, 2015).

Our company will be willing to pay premium prices in order to have high security firewalls, but we need the assistance of the American government in order to expedite the process. Recently President Obama signed an executive order in order to improve the security of consumer financial transactions. His order enables for buyers and consumers, to be protected from fraud and data breach incidents. Unfortunately, the problem with the U.S. President's executive order is that fact that U.S. banks are unwilling to issue new, and up-to-date secure microchip credit cards due to their fear of consumers using their card less (Shearman, 2015).

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By not passing laws for credit card companies to have implanted chips, both business and consumers are wary of the possible effects of having information stolen. As a start-up company we've realized that if Target consumers can get their identity information stolen, then it would also make us at risk (Murray 2014). Therefore Base.F will take the initiative in order to dedicate our service with high quality encryption. We acknowledge that our consumer market may have doubts with online shopping so as a company we have decided to dedicate a heavier emphasis on customer service in order to make sales.

Competitive Environment

Base.F is a new start-up sportswear company. As a startup we do not necessarily have enough funds to make other sportswear products. This can be a disadvantage for our business because we're not diverse enough in order to provide all the products for our athletes. We cannot call ourselves a one-stop shopping destination.

In a recent article by Dahl (2015), the authors enabled our company to rethink our product category offerings. If our company partners with another company, such as a high volume company, we're able to increase our reach towards our potential consumer groups that might not be aware of our company. By partnering with another company it enables Base.F "the opportunity to interact with a new set of customers who might not otherwise have entered his store (Dahl, 2015). In the article, whose main focus was on Long's Jewelers used the company as an example of a beneficial partnership from both Long's Jewelers and their partner company Ritani (Dahl, 2015).

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New start-up companies have a more difficult time promoting their brand image because of the allocation of funds. As a company Base.F has realized the potential difficulty and as an online retailer we would want to partner up with brick-and-mortar stores that has a wider, more accommodating consumer group. Through the partnership the larger company may assist our start-up with promotions. Thus, could possibly save our company from allocating most of our funds towards marketing. So that we're able to focus more time towards innovative design and consumer research.

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