



Faculty of Economics and Business Studies

# **STRATEGIC INTERNATIONALIZATION PLAN OF MAURIE & EVE**

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MADRID | April 2021

## ACKNOWLEDGEMENTS

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I would like to take this opportunity to express my deepest gratitude to all the people who have made the completion of this Final Degree Project possible. I could not have made it through without the support of my family, friends and all the people I reached out to for help and guidance. A special thank you as well to my tutor for having considered my candidacy among so many students to be part of this project. For his advice, guidance and dedication, which have been decisive in bringing this Final Degree Project to completion. To my parents, thanks to whom I am the person I am, and to whom I can only express my most sincere gratitude for supporting me in this academic stage and in all the decisions of my life. And finally, to ICADE, which has given me the opportunity to develop both my human and academic skills during these last four years, giving me the best years of my university life.

Thank you all from the bottom of my heart!

## ABSTRACT

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In order to develop the strategic internationalization plan of the Australian label, we will begin with the description of the business model of the company. Furthermore, we will study the trends of its industry and the competitive environment in which it operates. From this analysis, it is concluded that the brand needs to internationalize to enhance its growth and survival.

Having suggested Maurie & Eve's need to expand its presence in other markets, the second part of the study will be oriented towards the design and implementation of the most appropriate internationalization plan for the company, following the model proposed by Svend Hollensen. Therefore, after analyzing the market selection and the form of entry, the conclusion is that the most attractive market for the company to start its expansion is the city of London, and the most appropriate investment is achieved through the implementation of the *shop-in-shop* model. Once these guidelines have been defined, a marketing mix plan and implementation plan will be considered, in order to be able to adjust the product, price, place, and promotion, to ensure the effective integration of the business in the selected market.

**Keywords:** *Australian label, trends, internationalization plan, market selection, implementation plan, marketing mix.*

## RESUMEN

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*Para desarrollar el plan estratégico de internacionalización de la marca australiana, comenzaremos con la descripción del modelo de negocio de la empresa. Además, estudiaremos las tendencias de su sector y el entorno competitivo en el que opera. De este análisis se concluye que la marca necesita internacionalizarse para potenciar su crecimiento y supervivencia.*

*Una vez planteada la necesidad de Maurie & Eve de ampliar su presencia en otros mercados, la segunda parte del estudio se orientará al diseño y puesta en marcha del plan de internacionalización más adecuado para la empresa, siguiendo el modelo propuesto por Svend Hollensen. Así, tras analizar la selección de mercados y la forma de entrada, se concluye que el mercado más atractivo para que la empresa inicie su expansión es la ciudad de Londres, y la inversión más adecuada se consigue mediante la implantación del modelo shop-in-shop. Una vez definidas estas pautas, se planteará un plan de marketing mix y un plan de implantación, para poder ajustar el producto, el precio, la plaza y la promoción, para asegurar la integración efectiva del negocio en el mercado seleccionado.*

**Palabras clave:** *Marca australiana, tendencias, plan de internacionalización, selección de mercados, plan de implantación, marketing mix.*

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# 1. INTRODUCTION

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## 1.1. Analysis of the state of play

It is readily apparent that the fashion industry has suffered a massive change during the last decades, driven by the growing influence of millennials and Gen Z. The high pollution this industry generates, and the excessive resources needed make the United Nations classify the fashion industry as the second most polluting industry on the planet, just after the oil industry. Therefore, many people claim that the future of the industry needs to be redesigned, otherwise its negative impact will continue to expand in the coming decades, bringing devastating effects for the society and the planet.

Nevertheless, some solutions and replacements could help attenuate these issues of paramount importance. The first moves should lie in building consciousness and eagerness to change. As worldwide customers tend to buy more clothes, the market for cheap items has grown increasingly during the last decade. Looking at the report published by the World Resources Institute in 2017, the fashion industry is responsible for 20% of all industrial water pollution worldwide.

Similarly, during the last few years, we have been able to perceive a clear trend towards an environmentally friendly fashion model. The most eminent brands have joined this worldwide movement, trying to raise awareness of polluting behavior and seeking measures to contribute and protect the planet as quickly as possible.

Among this new business model, we can point out Maurie & Eve, an Australian sustainable fashion label based in Sydney, Australia. Currently, the firm mainly operates at a national level and through its online channel and taking into account the context we have portrayed previously, characterized by an emerging consumer demand for environmentally friendly products, we can assure that Maurie & Eve is at a perfect time to scale its growth, and internationalization would be the most attractive strategy to accomplish this.



## **1.2. Objective**

The main objective of this study is to develop the strategic internationalization plan for the Australian Designer label Maurie & Eve, designed by Kelly Davies-Green, Maya Clemmensen, and Scott Davies. Bearing this in mind, we will carry out four main points:

- 1) Establish the necessity of Maurie & Eve to initiate the process of internationalization.
- 2) Identify the most suitable market for the firm to start its international expansion.
- 3) Choose the most appropriate entry method for the firm to enter the selected market.
- 4) Adapt the brand's current marketing mix plan to the proposed internationalization strategy.

## **1.3. Methodology**

This Final Degree Project is divided into two main sections. Firstly, the case of Maurie & Eve, and secondly, the implementation of an internationalization plan. Both the business analysis and the sectorial analysis will be the basis on which a specific global marketing plan for Maurie & Eve will be deductively constructed.

The entire work is underpinned by a quality theoretical framework. The first part will be based on Porter's Five Competitive Forces model (2008), using primary and secondary sources of information to carry out in-depth research on the Australian company, such as interviews with the brand's founders, and information extracted from databases such as Academic Search and Google Scholar. In the analysis of internationalization methods, the models presented by Philip Cateora, Mary Gilly and John Graham (2015), ICEX (2013), and Svend Hollensen (2017) will be compared.

Once Hollensen's (2017) internationalization model has been chosen, the second part will proceed to its practical application by adding the contributions of Solberg (1997) with the

nine strategic windows model or Hofstede (2010) with the six cultural dimensions approach, among others.

Ultimately, the combination of these sources allows the acquisition of comprehensive knowledge about the sector and the business, as well as about the different potential markets and entry methods available, ensuring the elaboration of a well-founded internationalization plan for the brand under study.

## **2. ANALYSIS**

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In this first part, the objective is to understand the environment in which Maurie & Eve operates, as it is a key part of planning, and will allow us to discern the threats and opportunities this company faces. A correct understanding of these aspects is crucial to determine the most suitable strategy for Maurie & Eve to follow.

### **2.1. Internal analysis**

This analysis aims to examine the current situation of Maurie & Eve, in order to gain a better understanding of the brand and the way it operates. For this, we will introduce the brand and its trajectory since it was founded. Besides, we are going to review its business model, to better understand how it currently operates. To end up, financial analysis of the brand will be carried out, to better understand where the brand gets its profits from, and how it is financed.

#### **2.1.1. The case of Maurie & Eve**

Maurie & Eve was founded on Sydney's northern beaches by Kelly Davies-Green in 2001. Built on the shared values of connection, authenticity, and respect, the brand's name honours Kelly's late grandparents. Moving from the brand's first designs sewed with Kelly's grandmother sewing machine, to an inspiring Australian brand that tries to brand a sense of "home" when designing their collections.

In 2019, Kelly decided to create awareness about the massive damage the fashion industry creates on the planet and decided to launch the brand's first organic collection. The climate crisis is real, and the impacts of fashion are undeniable, therefore Kelly has felt the necessity of working harder towards the goal of becoming 100% sustainable. Maurie & Eve works with GOTS-certified cotton mills and a collection of their garments are hand-dyed at Oeko Tex certified mills. Each purchase is hand-packed and sealed with 100% recycled paper, stickers and sent in biodegradable compost bags. Moreover, 1% of their purchases support the association '1% For The Planet.' So far, they have donated to Take 3 For The Sea, One Tree Planted, Charity Water, Solar Sister, WWF Australia, the

NSW RFS, and currently, MedShare, directly delivering surplus medical supplies to communities in need.

On the other hand, as an Australian company and part of the fashion community, Maurie & Eve recognizes that they have an opportunity to speak out and take a stand against hate and discrimination. This fashion label has decided to give visibility to the racial problems that still exist nowadays among the different societies in different countries. Mainly, the worldwide Black Lives Matter protests that followed the killing of George Floyd earlier in 2020 have sparked renewed interest in how clothes can be used to further the cause. Maurie & Eve has not missed the opportunity to raise their voice about this matter “We stand in solidarity with the fight against systematic oppression, racism, white supremacy, and the historic and continued oppression of the black community” (Clemmensen, 2020). Therefore, they decided to launch a collection called "Reset + Elevate" <sup>1</sup>trying to support this movement and to fight against racism in this industry.

**Figure 1: “Reset + Elevate” Collection**



*Source: Retrieved from the website of Maurie & Eve*

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<sup>1</sup> The "Reset + Elevate" collection was launched in 2020 in the wake of the Black Lives Matter movements.

### 2.1.2. Business model

#### a) Key partners and resources

As stated earlier, Maurie & Eve works with their supplier GOTS (Global Organic Textile Standard), which is a textile production certification that restrains the use of toxic bleaches, dyes, and other chemical inputs during the production process of textiles. It is internationally recognized as the toughest organic textile standard as it as well inspects every single step of the manufacturing process. So as to obtain the GOTS label, the brand must comply with several restrictions:

- Contain at least 95% organic fiber.
- Not be treated with bleach, formaldehyde, or any other toxic substances.
- Be colored with nontoxic dyes.
- Be produced in a mill that imposes strict social and environmental standards, treating their employees and the earth with profound respect.

As we can see, this sustainable Australian brand uses the least damaging materials and works hard to mitigate such environmental major problems.

In addition, they manufacture their collections in Bali and Indonesia, where they are highly committed to sustainable practices and minimal waste where possible, empowering women with employment as much as possible. Indonesia is a growingly appealing destination for foreign investment in manufacturing thanks to its cost-effective and abundant labour. Thus, Maurie & Eve found the opportunity to manufacture their products within the framework of high quality and affordable prices, always complying with its sustainability and labour equality standards.

**Figure 2: Global Organic Textile Standard Logo**



*Source: Retrieved from the website of GOTS Standard*

*b) Design*

The mission of Maurie & Eve when designing their collections is to make designs cued by mindfulness, travel, and daily life's little luxuries such as sunshine, laughter, and a grounding sense of "home", as Kelly states. Kelly is inspired by light-coloured designs and projects pieces to transcend seasonality and inspire true style. Hence, its signature is represented by relaxed, workable exteriors, sea-sourced patterns, and iconic sketches. The brand tries to translate the brightness and frivolity of summer in all its collections. It commercializes from dresses to skirts, sweaters to tops that combine feminine silhouettes with a calm and relaxed style.

**Figure 3: Maurie & Eve products**



*Source: Retrieved from the website of Maurie & Eve*

*c) Price*

The brand sells tops, skirts, pants, dresses, jackets, and bathing costumes for the summer. The price range is from AUD 150 to AUD 250, depending on the piece you are looking for. However, the most expensive products are the jackets that are sold at a price of around AUD 300. For example, if you are interested in buying a whole outfit, you will spend around AUD 175 on the top, and AUD 175 on the bottom, meaning an expense of AUD 350.

However, at the beginning of the summer and during the Christmas holidays, you will find discounts on the brand's web page, finding items sold at prices around AUD 100.

d) *Target audience*

Taking into account the characteristics of Maurie and Eves' products, such as price, design, functionality...as well as the brand's current marketing strategy, we could consider the following group of people who meet the characteristics set out in Table 1 as the firm's target audience.

**Table 1: Target audience of Maurie & Eve**

|                                  |   |
|----------------------------------|---|
| <i>Age</i>                       | 25-40   |
| <i>Gender</i>                    | Women   |
| <i>Education</i>                 | Higher education  |
| <i>Income</i>                    | Medium-high   |
| <i>Ethnicity</i>                 | All   |
| <i>Personality and lifestyle</i> | <ul style="list-style-type: none"> <li>○ Protection and concern for the planet</li> <li>○ Interest in style and exclusiveness</li> <li>○ High quality</li> <li>○ Innovation in design</li> </ul>                                    |
| <i>Point of purchase</i>         | <ul style="list-style-type: none"> <li>○ Multi-brand shops</li> <li>○ Online</li> </ul>   |
| <i>Social media</i>              | <ul style="list-style-type: none"> <li>○ Active user on social networks, being aware of the last trends and <i>influencers</i><sup>2</sup> advice</li> <li>○ Users of fashion magazines such as Vogue or Harper's Bazaar</li> </ul> |

*Source: Own elaboration*

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<sup>2</sup> An *influencer* is a person with the ability to influence potential buyers of a product or service by promoting or recommending the items on social media.

*e) Channels*

In terms of the sales channels Maurie & Eve available for the purchase of products that the brand commercializes, we can distinguish two main alternatives. The first one, from which most of its sales are recorded, is the website of the brand (maurieandeve.com). As we mentioned before, the target audience is mainly reached out by its online presence in the different social media apps, thus, they are focused on selling their items to people who are active in social media. Moreover, Maurie & Eve does not own its physical shop as it does not have enough products to do so.

However, in addition to its website, its garments can also be found on other e-commerce marketplaces, being Asos and Revolve the most relevant. Therefore, the brand is able to distribute its products in certain countries through these e-commerce channels, which enable customers all over the world to access their items.

**Table 2: Presence of Maurie & Eve**

| <i>Countries with multi-brand spaces</i> | <i>Countries with significant online presence</i>                     |
|--|---|
| Australia<br>United States               | Australia<br>New Zealand<br>United States<br>United Kingdom<br>France |

*Source: Own elaboration*

*f) Promotion and communication*

Maurie & Eve's online presence has increased significantly following their environmental awareness and concern for the planet. This has resulted in them being interviewed by several major magazines and appearing on their covers. Thanks to this opportunity, they have managed to be publicized worldwide and to reach audiences in different parts of the world, such as Vogue, The Daily Mail, and Glamour UK. Moreover, it has been considered one of the 75 best Australian brands by The Trend Spotter (Feiam, 2020).

Furthermore, the brand has been able to promote its products through the social network Instagram, where they count with 452 k followers. Apart from publishing content in their



Instagram stories and posts, they have been part of the first brands to publish reels, which have approximately 12,000 views per reel<sup>3</sup>. Similarly, Maurie & Eve has a well-kept Instagram profile, with high quality photographs and a clear coastal and tropical inspiration (see Appendices I). On the other hand, the positive comments posted by followers on the Instagram account help to reinforce the firm's positioning and at the same time attract and increase the trust of potential customers.

Not only that but celebrities such as Escote Bardot, Emma Roberts, and Alessandra Ambrosio, have posed on the cover of different magazines, wearing the brand's garments, which has led to the public interest in this sustainable brand. The appearance of Maurie and Eve's garments on magazine covers and worn by public figures increase visibility and exposure of the brand's products, shooting up the interest of the public that consumes fashion editorials and magazines. In the same way, Maurie & Eve has carried out collaborations with Australian TV presenters like Phoebe Burgess, being able to attract the attention of customers who may not use social media as often, but who watch the news on a daily basis. Thanks to this, the brand has been able to differentiate distinct segments of the public and reach their interest through several media apps.

**Figure 4: Maurie & Eve in press articles**



*Source: Retrieved from the website of Maurie & Eve*

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<sup>3</sup> Instagram Reels is a content format that allows you to create and share 15-second videos with others in a new dedicated Feed on the Explore page.

### **2.1.3. Current financial situation**

Understanding Maurie & Eve's current financial situation is of paramount importance to understand the global reach of the brand, and thus be able to study the viability of the internationalization process to be carried out. Choosing the process or service to be internationalized is key as it dictates if an internationalization project will succeed or fail. Hence, we will review the company's current annual revenues, and thus consider which strategies the firm could be able to achieve.

During the year 2015, Dun & Bradstreet reported annual revenues of AUD 2.38 million, while a considerable increase can be observed in 2018 annual revenues, amounting to AUD 4 million. This reflects the company's ability to attract new customers and to scale its growth progressively. This increase in annual revenues is due to the creation of the company's social networks and the promotion by influencers. Thus, we can consider that the online presence is an important factor in the brand's marketing strategy. Consequently, from this brief analysis, it is possible to conclude that Maurie & Eve presents a stable economic and financial situation with a positive trend.

## **2.2. External Analysis**

The purpose of this analysis is to examine the current situation of the textile sector, in order to gain a better understanding of the sector in which Maurie & Eve operates. To begin with, we will study the fashion industry in Australia, thus, its competitive environment will be examined in more detail in order to identify the main players in the market and the threat they represent for the firm. Moreover, we will conduct extensive research on the actual trend concerning inclusion, considering that the brand has been part of this social claim, raising awareness of this issue. On the other hand, given the sustainable nature of the brand, it is important to examine the global movement towards sustainability and its impact on the fashion industry. It is also considered necessary to analyze the level of competition in the environment in which Maurie & Eve operates to determine the brand's positioning in that market. For this purpose, Porter's Five Forces Model will be used.

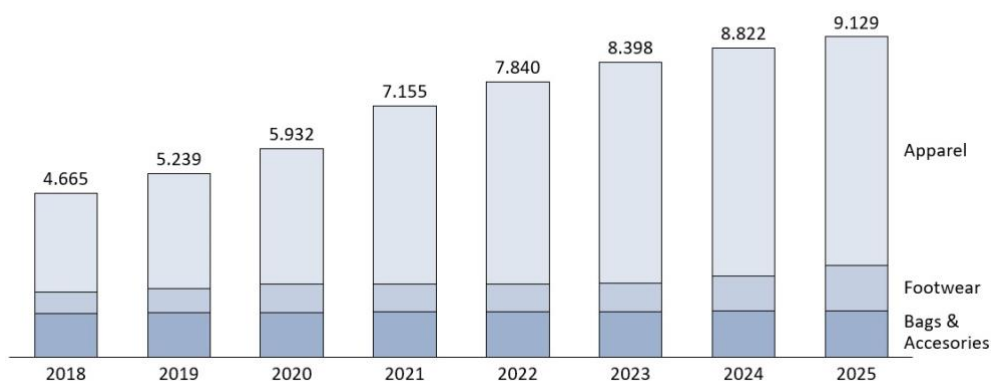
### 2.2.1. The fashion industry in Australia

When asking famous designers what Australians have contributed to fashion, it always pops up two main items: the safari suit and long socks. We must begin with the story and trends that have ruled the Australian society and made it become what we say today “*the Aussie<sup>4</sup> style*”.

During the 20<sup>th</sup> century, Europe was characterized by a very strong fashion code and depending on what was worn and by whom, you could easily know how sophisticated a person was. However, when people were to travel to Australia, they found they could easily change their look, and they took advantage of distance and poor communication to reinvent themselves. As Tigerlily Hill said “Australian style to us means effortless, relaxed and feminine dressing. Understated and confident with a hint of bohemian.” The great distance that this country has in comparison to the rest of the world, and the warm climate that characterizes it, have given rise to a *bohemian* and *effortless* fashion.

On the other hand, revenue in the fashion segment is projected to reach \$7,840m in 2021, expecting an annual growth rate of 4,5%, leading to a projected market volume of \$9,344m in 2025.

**Figure 5: Revenue in Australia’s fashion segment**



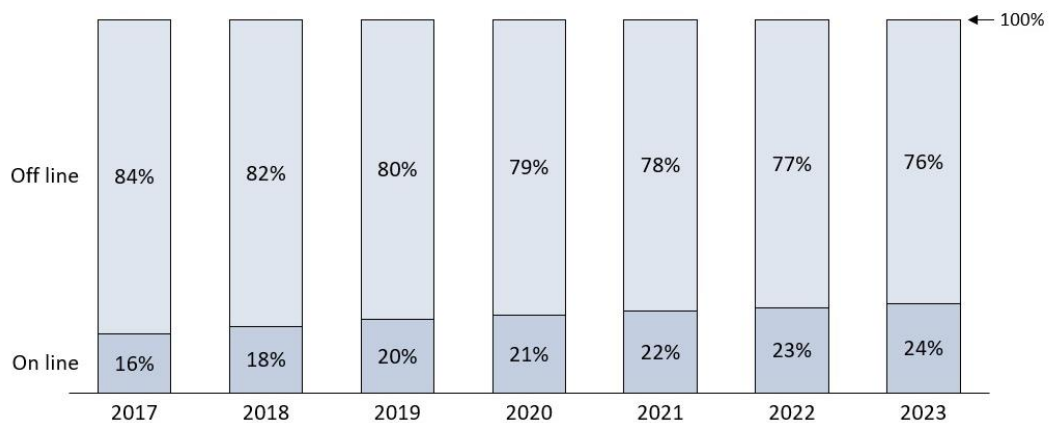
Source: Own elaboration based on (Statista, 2021)

<sup>4</sup> We call *Aussie* to those people and lifestyles particular to the Australian country.

The graph shown above shows the increase in revenues in the fashion segment over the years, from \$4,665m in 2018 to almost double (\$9,344m) by 2025. Besides, it can be seen that the market's largest segment is Apparel with a projected market volume of \$4,737m in 2021.

Moreover, as we can observe in Figure 6 shown below, the use of online platforms <sup>5</sup>is gaining importance, with an increase to 24% by 2023.

**Figure 6: Sales channels in Australia**



*Source: Own elaboration based on Statista (2021)*

To conclude, we can distinguish two main factors that have driven Australia to the fashion they currently commercialize. The increase in the use of apparel and the availability to access online stores. These factors have led to the creation of a long list of online shops, that benefit from saving in-store costs and spend them in creating a better customer experience through their social networks. After the Covid-19 crisis and the numerous restrictions that this has entailed, brands have profited from this situation by increasing their audience and gaining confidence through these digital platforms, which a few years ago did not have so much relevance.

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<sup>5</sup> The term online platform has been used to describe a range of services available on the Internet including marketplaces or social media, among others.

### **2.2.2. The trend concerning the inclusion**

With the advent of the internet and social media, fashion industry experts and amateurs have been able to speak out on the issue of racism in the fashion world. To this day we have heard millions of excuses for not incorporating models of all races on the catwalks, from make-up artists not being prepared to work with black models and to colour match your foundation, to collections, not “fitting” these prototypes of models, we are more than aware of how our behaviour distresses and excludes others.

However, figures such as Maxwell Osborne, founder of the Public School brand, have expressed their opinion and have motivated to support movements such as Black Lives Matter. Public figures such as Jody Furlong, Founder of The Eye Casting; Naomi Mdudu, Editor of The Lifestyle Edit; and Anna-Mari Almila, Research Fellow in Sociology of Fashion at London College of Fashion, have publicly discussed the crucial issues around the ethics of the fashion industry. Through these types of events, we have been able to realize how little diversity exists in this industry, and the need to implement a major change to reduce these issues.

As recently as 2013, the percentage of Caucasian models used was 82,7% compares to the 6% of ethnic models. Within the Council of Fashion Designers of America, only 3% of members are black, less than 10% of the designers at the 2017 New York Fashion Week were black, and 15% of the models that walked the runway were black. Therefore, models like Joan Smalls have been forced to publish their stories on social networks such as Instagram, to raise awareness about this matter. In this case, Joan released a video bringing back situations where she would be excluded from certain job opportunities due to her race, being reported as “too difficult to work with”. As Joan stated, "Give us a seat at the table, include us, give us a chance, because we are worthy, talented, and unique.”

Another quite striking situation is the need for these models to adjust to the industry, trying to change their look in order to maintain their jobs. Models would compensate for the professional’s lack of ability in several ways. Apart from getting straight hair extensions, models also brought their own set of products and makeup backstage. They had to get used to the technician’s not being prepared to work with them, hurting their chances of being hired.

Moreover, a lot of models have thought about giving up in this industry due to all the disappointments and barriers they face on a daily basis. The amount of effort it takes to get booked being an African American model, cannot be compared to those models who have a generic look and do not entail such “difficulties” in working with them. Despite all the efforts made in recent years, there is still a long way to go before models of different ethnicities can be treated normally and we end up encountering these situations in this industry.

### **2.2.3. The movement towards sustainability**

The fashion industry has been determined to be the second-largest polluter in the world, right after the oil industry. In the majority of countries where clothes are produced and manufactured, untreated toxic wastewaters from textile factories are thrown directly into the water, being extremely harmful to the aquatic life and for those who live by the riverbanks where this waste is dumped. Indeed, in 2017 a report from the International Union for Conservation of Nature (McFall-Johnsen, Insider, 2019) estimated that 35% of all microplastics — very small pieces of plastic that never biodegrade — in the ocean were produced by the laundering of synthetic textiles, mainly polyester.

On average, people bought 60% more garments in 2014 than they did in 2000. This data shows the increase in the consumer trend of buying clothes. However, this is mainly due to the emergence of fast fashion, and the trend for brands to launch more collections per year. In Europe, fashion shifted from offering two collections per year in 2000 to five in 2011. Similarly, brands like Zara, from the Inditex group, currently launch 24 collections per year. As a consequence, all these clothes end up being thrown away, which considerably increases pollution. As Alden Wicker tells *Teen Vogue*, “More and of our fashion is made so cheaply that it's meant to be worn a few times then tossed, so then we have to buy more toxic and polluting fashion”.

Therefore, brands have found the need to move towards a more sustainable and environmentally friendly way of manufacturing and recycling their garments. These

issues have led to the appearance of *green brands*<sup>6</sup>. Thus, apart from ease and value being considered the main reasons that are behind purchasing decisions, sustainability is recently becoming a bigger factor as well. As consumers realize the harmful effect the textile industry is causing over our planet, they are starting to make conscious decisions to make sure their money is invested in organizations that protect and prioritize sustainability.

One of the first trends that most brands joined was the use of eco-friendly packaging solutions, that can recycle correctly and easily. For many consumers, the purchasing experience begins with the packaging of its products, being the first opportunity to underline the sustainability of the product. As Dr. Matt Johnson, professor at Hult International Business School says, "There is accumulating evidence that consumers are impacted by the perceived sustainability of a brand, and further, that consumers are willing to pay a premium for products from a sustainable brand over a non-sustainable competitor brand."

Similarly, the growing trend in the industry towards sustainability has led to the emergence of new companies with a 100% sustainable value proposition, among which Maurie & Eve can be identified. Even if sustainability is not one of our main values, the idea of helping the environment is attractive to many shoppers. As Dr. Johnson states, "A part of us feels guilty about the money we're spending on a new product, but the fact that it's a product which has an environmentally friendly angle helps us feel better about the purchase." Hence, to connect with the values consumers are currently looking for, organizations have felt the need to introduce sustainability initiatives, trying to match their customer's values.

#### **2.2.4. Porter's Five Forces**

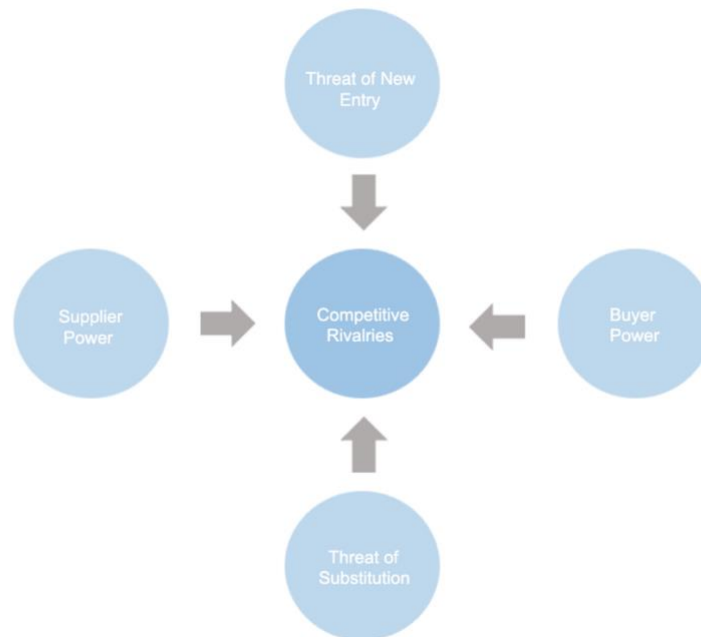
After studying the sector in which Maurie & Eve operates, we are going to analyze the competitiveness of the sector, carrying out Michael E. Porter's five competitive forces model (Porter, 2008). According to Porter, five forces determine the competitive

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<sup>6</sup> *Green brands* are those brands that consumers associate with environmental conservation and sustainable business practices.

environment of an industry: competition in the industry, the potential of new entrants into the industry, power of suppliers, power of customers, and the threat of substitute products. This model helps determine an industry's weaknesses and strengths and is commonly used to determine an industry's corporate strategy.

**Figure 7: Porter's Five Forces**



*Source: Own elaboration based on Porter (2008)*

### *1. Competition in the industry*

In reference to the current level of competition in the sector, it could be said that the high number of fashion brands marketing classic and coastal designs, such as Maurie & Eve does, would lead to a high level of competition. Furthermore, taking into account the target market and the characteristics of Maurie & Eve's regular consumers, we could observe that the level of competition for the brand is still high, so that differentiating it from the rest, by carrying out differentiation strategies, could be of great use in generating a differential value compared to its direct competitors.

### *2. Potential of new entrants into the industry*

In the textile market, there are arguably no barriers to entry, as there are currently many competitors in this field. Moreover, with the advent of online shops, and the ease of setting up a shop, without having to make an initial high investment to open a shop, and



facing high storage and rental costs, we could say that the barriers of entry are practically non-existent. However, the high competition also means, on the other hand, that it will be very difficult for new entrants to reach a certain turnover or a minimum market share.

On the other hand, as we are studying a sustainable brand, we could argue that barriers of entry are slightly higher. This is mainly because the supply of recycled or sustainable materials is concentrated in the hands of a small number of suppliers and access to them is, therefore, a difficult task. Moreover, being sustainable garments a relatively new sector, R&D costs are significantly higher, as determining the design and composition of these garments requires additional study and analysis.

### *3. Power of suppliers*

This factor addresses how easily suppliers can drive up the cost of inputs. Similarly, the fewer the number of suppliers and industry has, the higher power they have to influence the prices of its input. In this case, Maurie & Eve has two different suppliers. On the one hand, the suppliers of the fabrics they use to make their garments, and on the other hand, the company that manufactures their garments. By working with the international standard GOTS, which is an internationally recognized textile production certification, which restricts the use of all components that may be harmful to the environment, results in Maurie & Eve working with very specific suppliers, who comply with the GOTS standard. Likewise, the bargaining power of a company's supplier would be lower when there are many suppliers or low switching costs between rival suppliers. However, as Maurie & Eve has a very specific supplier, the power of the former is quite high over the brand.

### *4. Power of customers*

The power of customers refers to the ability the former has to drive prices lower or their level of power. In this case, since customers are not concentrated or associated in large groups, nor do they buy large quantities of the brand's products, their bargaining power could be considered to be low. In turn, as there are not many brands commercializing sustainable products in the same line as Maurie & Eve does, the bargaining power of customers is once more affected. Individually they do not have the weight to affect production in any way and therefore there is no bargaining power.

### 5. *Threat of substitute products*

Substitute products are those goods that can be consumed instead of others. The purpose of fashion is to seek more experience, happiness on the part of consumers, giving rise to meaning and purpose. Fashion is a way of expressing yourself. A way through which you can project your personality, your ideas, and even your mood. When close substitutes are available, customers will have the option to decide which product to purchase, and this will weaken the company's power. Garments that are not made from sustainable materials could be considered as a substitute for environmentally friendly clothes, as they essentially fulfil the same function. Hence, we could appraise that several brands could be considered a threat.

#### **2.2.5. Competitive environment**

Into the bargain, to complement our analysis, we are going to make a positioning map of Maurie & Eve, to visually know where it is positioned concerning its competitors. To do this, we will analyze two basic qualities, which we will discuss below. Perceptual brand mapping can be such an effective and efficient tool for marketers, as we can unlock insights about our competitors and industry, and it can also help track the re-positioning of a brand over time if we are looking to move towards a desired future position.

##### *a) 100% Eco-Friendly:*

In terms of this type of brand, we find those that develop sustainable strategies when it comes to producing their garments. They are not only brands that use eco-friendly materials, but their entire production process is based on sustainable services, such as packaging, cardboard bags instead of plastic ones, sustainable materials, respect for the environment by their factories, among many others.

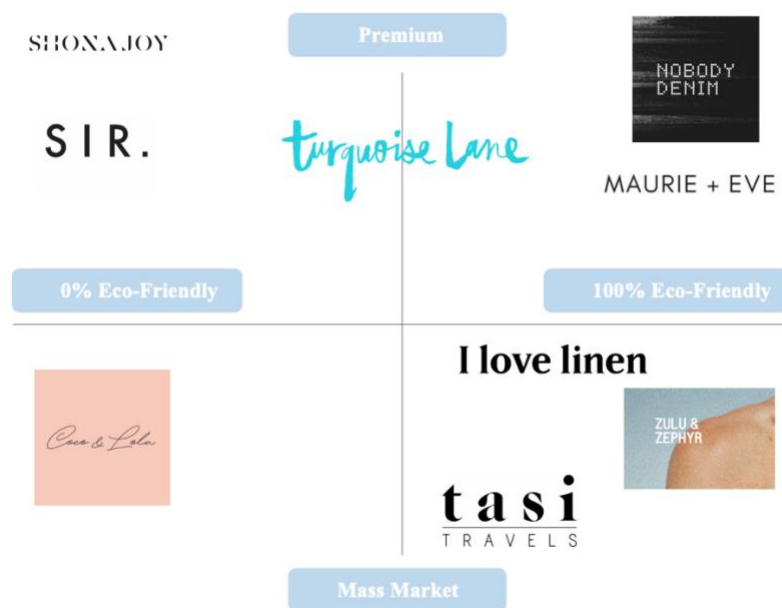
Moving down from those brands with higher prices, which we will designate premium, we find Nobody Denim and Maurie & Eve, which move in a price range between \$300 and \$400, and with a value proposition based on the luxury, exclusivity, and quality of its products. In the mid-range, with prices around \$200, we find mainly the brand I Love Linen, targeting a larger audience with a wider and more varied range of products. Finally, those brands that sell for considerably lower prices than the rest of the companies in the sector and therefore have a large customer base are Zulu & Zephyr and Tasi Travels.

b) 0% Eco-Friendly:

As for those brands that are not yet part of the sustainable movement, we can distinguish a great variety of shops. As they do not have to rely on such expensive production processes, the vast majority of 0% Eco-Friendly brands find themselves in a significantly lower price range. However, we have observed that some of these shops are starting to implement sustainable strategies, such as changing the type of bags in the shops, not giving out shopping receipts and yet sending them by email, and some other interesting strategies that make small contributions to the environment.

As for the positioning graph at the bottom, we can observe those premium brands such as Shona Joy, which despite not following Eco-Friendly strategies, have a strong positioning in the market, with a solid customer base. In the second section, we find brands that are aimed at a mid-market audience, such as the Sir brand. Finally, we find more common brands such as Coco & Lola, which are well known in the Australian market thanks to their affordable prices and wide range of products.

**Figure 8: Positioning map of Maurie & Eve**



Source: Own elaboration

In conclusion to the analysis of the competitive environment, it can be said that although the number of companies engaged in the manufacture and marketing of clothing is high, the number of companies engaged in the manufacture of garments following sustainable strategies is considerably lower, and the number of swimwear brands with an inclusion philosophy, such as Maurie & Eve, is even lower. Consequently, it is possible to affirm that the current competition faced by Maurie & Eve is not too acute, although taking into account the growing trend in the textile industry towards sustainability and inclusion, it is likely that this competition will intensify in the coming years and may even compete directly with the great titans of the industry.

### **2.3. Conclusions**

Having studied Maurie & Eve's internal and external environment, we can draw several conclusions. On the one hand, its social and environmental awareness is one of the company's key values, along with its support for the inclusion movement in the fashion industry. Thanks to this, it has been able to position itself in the Australian market and differentiate itself from the competition. At the same time, the growth in fashion apparel consumption is expected to increase, along with the trend to opt for online channels rather than in-store shopping. Moreover, its strong performance in terms of sales and virtual followers provides the brand with two fundamental pillars on which to continue to thrive. However, the current trend towards sustainability, together with the growth of online channels as a means of shopping, can also translate into an expected increase in the level of competitiveness in the sector.

As Maurie & Eve has been able to find its market at a national level, it is now the perfect opportunity to expand the brand into an international market. Due to the threat posed by the growing movement towards sustainability and inclusion, Maurie & Eve is at the right time to grow in size to secure the future of the company. Similarly, the fact that the firm is already present in an incipient way in several European and American countries through multi-brand shops, helps the brand to secure a place in the international market.

Therefore, hereafter, we will analyze the methods of internationalization and consequently develop the most appropriate plan for Maurie & Eve. We will discuss the entry strategy in the selected markets, together with the design and implementation of a global marketing strategy.

## 3. EVALUATION OF INTERNATIONALIZATION MODELS

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### 3.1. The concept of internationalization

In the economic context, internationalization refers to the process that certain companies undertake to capture and increase their market share outside their usual market by expanding internationally. The global trend towards openness to new markets has helped the economy to become interconnected, leading to the globalization of goods and services, in which economies throughout the world become highly interconnected on account of cross-border trade and finance. Companies are therefore affected by those in other countries, both economically and in terms of welfare.

As of 2019, over 50% of the revenue earned by companies in the S&P 500 Index <sup>7</sup>came from sources outside of the United States. This shows how the vast majority of international companies have a major impact on the national and international economy. With the emergence of e-commerce and the disappearance of borders with the growing trend towards the use of the internet and social media, many companies have been faced with the need to expand themselves in order to adapt and keep up with their competition.

Several factors can motivate a firm to undertake the internationalization process, such as the demand for a company's products in foreign markets, trends changing to favour the product in foreign markets, or the absence of competition in foreign markets, which could lead to a strong competitive advantage for the company. Achieving stability through diversification can be a great strategy for a company, which is why we have set out the opportunity for Maurie & Eve to join this growing trend, increase profits, and create a niche for itself in the international fashion apparel market.

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<sup>7</sup> The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

However, business internationalization is a complex decision that requires the formulation of a clear strategy for successful foreign expansion. In some instances, a whole industry is not viable in a foreign country and as a result, a set of firms will not be able to transfer their advantages there (Cuervo-Cazurra, Maloney, & Manrakhhan, 2007). As mentioned by the previous authors, before setting specific objectives, the company itself must ask itself why it wants to internationalize, how, and through what processes it intends to achieve it, as this is not an easy strategy and there are many obstacles to carrying it out.

Thus, the different methods of internationalization will be presented below, and the one to be implemented by Maurie & Eve will be selected, together with the reasons why the company is making this decision.

### **3.2. Analysis of internationalization methods**

In this section, the different possibilities for a company to internationalize are studied theoretically. Over the last few decades, there has been a comprehensive analysis of the different methods of internationalization, together with the steps to be taken. We have therefore considered the following three methods to be the most widely referenced.

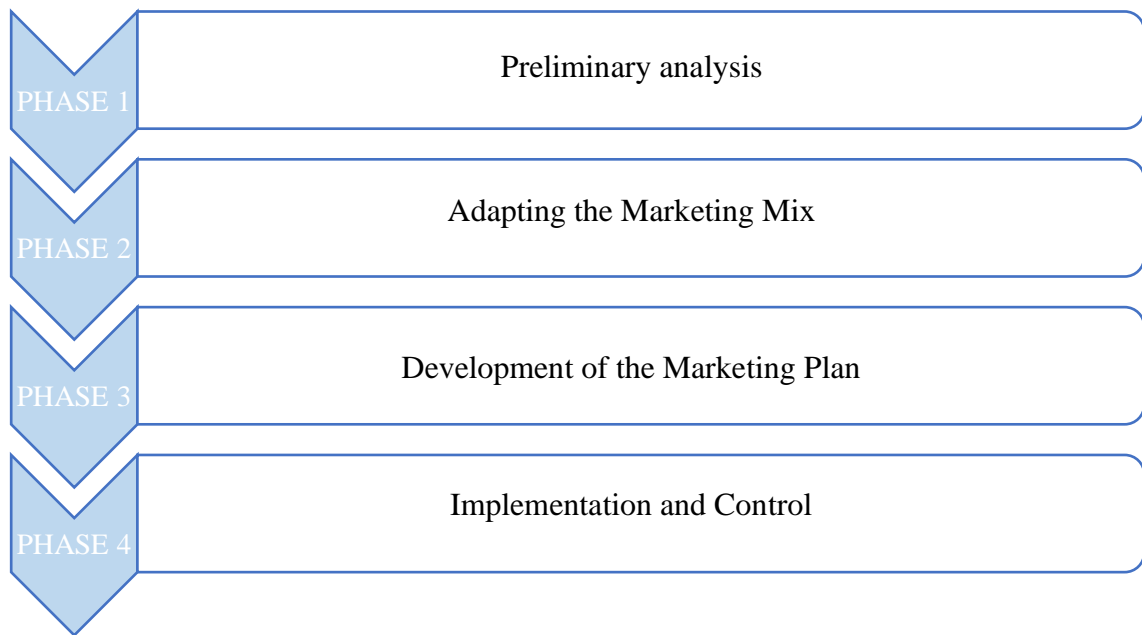
- a) Cateora, Gilly and Graham model (2015)*
- b) ICEX proposed model (2013)*
- c) Svend Hollensen's model (2017)*

After studying these three models, we will choose the most suitable one for Maurie & Eve, with which it will carry out its internationalization strategy. Consequently, we will set out the three models below.

#### **3.2.1. Cateora, Gilly and Graham model**

To begin with, the first internationalization plan studied is that of Cateora, Gilly, and Graham (2015), which is composed of four phases, see Figure 9.

**Figure 9: Cateora, Gilly and Graham internationalization phases**



*Source: Own elaboration based on Cateora, Gilly and Graham model (2015)*

*a) Phase 1: Preliminary analysis*

The first step is to assess the potential markets in which the company can internationalize. To do this, it is necessary to bear in mind the company's characteristics, strengths, and weaknesses, but also those of the potential countries and markets. It is crucial to distinguish the company's objectives, resources, capabilities, and limitations, which explain the reasons for entering a foreign market and the expected results of such a strategy. Taking into account the reasons and objectives of the company when looking for new markets, different alternatives will be proposed to compare and adapt the best viable alternative.

*b) Phase 2: Adapting the Marketing Mix*

Once the target market has been selected, the components of the marketing mix are studied. The objective is to adjust the variables of the marketing mix to the cultural constraints imposed by the environment and which allow the corporate goals to be achieved. Besides, we must study whether there are international market segments that accept the marketing mix tactics, what kind of adaptations should be implemented for the entry into new markets, and whether the costs linked to this process will be profitable for



the company. In this way, we can ensure that the entry into a foreign market will be feasible and effective.

*c) Phase 3: Development of the Marketing Plan*

The strategic plan is developed for the target market, either a single country or a group of countries. First, a situation analysis is carried out, and then we select the form of entry and the action plan to be undertaken in that market. With this, the situation and the objectives are contrasted with the strategies and the entry mode, and a budget and an action program are drawn up. The strategic plan sets out what is to be done, by whom, how it is to be done and when, including expectations of costs and revenues.

*d) Phase 4: Implementation and control*

This last phase consists of the implementation of the previously mentioned actions. The internationalization process is dynamic and continuous, which implies continuous monitoring during the implementation period. The evaluation and monitoring system allow for the correction and adaptation of any failures that arise concerning the proposed plan.

To conclude, Cateora, Gilly, and Graham (2015) propose a model based on the different analyses that must be carried out to make internationalization as successful as possible. However, this model can generate confusion, due to the intercalation of certain phases, which leads to confusion in certain strategic decisions.

### **3.2.2. ICEX proposed model**

ICEX Spain Exports and Investments, the Spanish Institute for Foreign Trade, is a national public business entity. Its mission is to promote the internationalization of Spanish companies and it depends on the Spanish Ministry for Economy, Industry, and Competitiveness (ICEX, 2021).

Each year the entity manages a wide variety of activities aimed at a specific country or group of countries to attract the attention of foreign countries, organizing fairs, congresses, and general conferences, all of which are aimed at attracting new markets. It

is interesting for us to study this model proposed by ICEX, as it has great prestige at a national level. It is made up of five phases, which will be presented below.

**Figure 10: ICEX internationalization phases**



*Source: Own elaboration based on ICEX model*

*a) Situational analysis*

The first phase will consist of a situational analysis detailing the most relevant information about the company itself, setting out internal objectives, prospects, and motivations, as well as data from the sector and the environment. The aim of this analysis is to show the true picture of the company and the justification for the internationalization strategy.

*b) Selecting potential markets*

Once this selection has been made, the mode of entry must be adapted to the characteristics of the company's own business model and the target country, estimating the limitations due to barriers to entry, the firm's resources, and the risk it intends to assume. At the same time, an analysis of the political, legal, economic and cultural factors will be carried out in order to evaluate and select the potential markets that can be penetrated.

### *c) Entry modes*

Once the target market has been chosen, the decision on how to implement the marketing plan is carried out. In this phase, the accessibility to customers in this new market is studied. Different entry modes are proposed, taking into account the cultural distances, barriers, and risks of each alternative. In addition to taking into account the previous phases, the internal and external variables that affect this internationalization strategy are analyzed to choose the ideal form of entry.

### *d) International Marketing Mix*

In this section, the international marketing mix plan will be developed, which considers the product, price, distribution, and promotion, standardising or adapting each of the aforementioned elements. First, decisions on product and pricing policies, which reflect a key and measurable impact on sales, are studied. Then, distribution decisions and communication policies are examined.

### *e) Financial plan*

In this last phase, the previously compiled costs will be computed in an overall economic plan, estimating the possible benefits of the operation. In this way, it is possible to make the final decision on whether to carry out the internationalization strategy as it reflects the feasibility of the plan.

With all this, it can be concluded that the method proposed by ICEX is a structured sequential model, whose phases and decisions are very differentiated. However, it could be considered an interesting model for foreign companies that want to establish themselves in our country. The model includes and prioritizes an exhaustive analysis of the domestic market, making it less interesting for designing our internationalization plan, where our objective is to enter international markets.

### **3.2.3. Hollensen's model**

The purpose of this international marketing plan is to create a set of competitive advantages that are sustainable in the global marketplace in such a way that the company in question will successfully internationalize. To this end, Hollensen proposes a model

divided into five phases, see Figure 11, based on the decisions that must be taken to establish a global marketing plan.

**Figure 11: Hollensen's internationalization phases**



*Source: Own elaboration based on Hollensen's model (2017)*

*a) Deciding whether to internationalize*

The internationalization model is a marketing plan based on a company's mission and vision. The development of an internationalization model is a systematic process that includes the assessment of market opportunities combined with internal resources, marketing objectives, and the implementation plan of the marketing mix. In order to carry out ambitious projects, such as the internationalization of a company, entrepreneurs must be clear about why they are taking the risk and have decided to take this challenge.

Opening the market abroad can mean the diversification of markets and risks, the brand consolidation, the compensation of the weaknesses in the domestic market, the customer portfolio expansion, the opportunity to take advantage of a key and differentiating factor, the increase of competitiveness, the perfect chance to solve an unfavourable situation in the market of origin, the strengthening of a productive and financial capacity, or the improvement in production, costs or the quality of services or products (CEU, 2018). Maurie & Eve must therefore establish its competence profile, positioning itself in the

international market. A company's value chain determines which are the core competencies and which capabilities they must implement and improve in order to develop its plan.

The ensuing pattern of internalization — whether de-investment, single-step stages type investment, or multi-step incremental investment — depending on the nature of the stimuli, the firm's level of resources, experience, and international skills, and the extent to which attitudes changed (Calof & Beamish, 1995). Before embarking on such an adventure, the company must be clear about the reasons for this decision, in order to be able to define its objectives, assess their feasibility, and design projects accordingly. It is important to remember that the size of the company is not a decisive factor in determining the challenge. There are different formulas for business internationalization, and SMEs also play an important role in them. However, issues such as business maturity or in-depth knowledge of the market to enter, are considered of paramount importance in this decision.

#### *b) Deciding which markets to enter*

Market selection is crucial as it can make or break the process at an early stage, influences the nature of marketing programs, and influences the way in which you operate in foreign countries. Effective segmentation should therefore be carried out with primary and secondary information. First, segmentation is done based on general characteristics of countries or geographic areas, such as market size or growth potential. The next criteria are more specific and focus on customers, such as their lifestyle, personal characteristics, or tastes. These criteria allow the selection of the international market in which to operate. In addition, an analysis of competitors must be drawn up, which reveals the company's competitive advantage and therefore shows where the strategy should be directed.

#### *c) Market Entry Strategies*

The third phase focuses on the three possible entry strategies to these previously selected markets. It is necessary to decide which is the best form of entry to take advantage of the opportunities in foreign markets. Hollensen states that there are several forms of entry whose choice should contribute to maximizing profit.

There are three main factors that will affect the decision making:

- **Internal factors:** The size of the company will have an impact because it reflects the availability of the company's resources compared to competitors in the market, international experience, and the products offered by the former.
- **External factors:** social and cultural distance behavior, the more similar the country, the better the agreement and the lower the risk. Similarly, the size and growth of foreign markets will also affect demand and entry barriers. These economic and political parameters determine the risks the company may undertake. The level of existing competitors and intermediaries that make certain methods more attractive than others must also be considered.
- **Specific transaction factors:** reveal the form of proprietary technology transfer, thus affecting the form of market entry.

Moreover, there are three possible strategies to enter the previously selected market. Firstly, the *export model* takes agents and distributors as the main roles. In this model, control and low-level risk can increase flexibility. Secondly, the *intermediate model*, favoring strategic alliances and joint ventures, provides a sharing of risk and control that is directly proportional. Therefore, a higher level of control will imply a higher level of risk-taking. Finally, the *hierarchical model* includes, on the one hand, acquiring ownership of companies located in the target country or, on the other hand, direct investment, where all control and risk is assumed, thus decreasing flexibility.

#### *d) International Marketing Mix*

Once the entry mode is defined, the design of the overall marketing plan is developed, focusing on product, price, promotion, and distribution. The first decision is made on the basis of the product, what is offered to the customer, taking into account quality, guarantee and characteristics. As for price, it is the only characteristic that does not influence costs but rather income and the one that is most important for consumers, as they are very sensitive to variations in price. Thirdly, distribution is defined as a way of bringing products closer to consumers and creating value for consumers. There are multiple options for making international distribution channels economically valuable and efficient. Finally, promotion is the way to create interest in the product. It refers to everything from advertising, public relations, sales promotion, direct marketing, personal

selling, and social media. The company must choose the best means of communication depending on the target audience and the message it wants to convey.

*e) Implementation and control*

The last phase of the model brings together the four previous stages by implementing and coordinating a global marketing program. Hollensen explains that in order to guarantee success in sales and negotiations, it is essential to adapt to each business partner, company, and situation, reducing cultural differences.

On the other hand, the implementation of a global marketing plan requires a consolidated and adequate organizational structure. The transition from strategy to action results in the careful monitoring of the above-mentioned objectives. This can make or break the entire internationalization process. Therefore, the established budgets and organizational model must be presented.

### **3.3. Selection of the international marketing model**

Notwithstanding the validity of the three models presented above, the model proposed by Svend Hollensen (2017) is an optimal model for realizing our internationalization plan for several reasons. First, it consists of a procedure structured in five clearly differentiated phases that do not create confusion. In this way, these stages allow us to make the most appropriate decisions in accordance with Maurie & Eve's philosophy. Then, each phase proposes a concrete and in-depth analysis by establishing a guide for decision-making and the steps to be taken. Therefore, we will apply the above theory in a practical way, adapting it to Maurie & Eve's individual circumstances.

It is also the most complete model with respect to the simplicity of the four phases of the Philip Cateora, Mary Gilly, and John Graham (2015) model. On the other hand, with respect to the similarities detected in the five phases of the ICEX model (2013), Hollensen's (2017) proposal is more up to date with the requirements and demands of the current market. Thus, for all the above reasons, we will carry out an analysis of the internationalization strategy based on Hollensen's model, applying practically the five phases described above, and studying the viability of this proposal.

## **4. DESIGN AND IMPLEMENTATION OF THE INTERNATIONALIZATION PLAN**

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Hollensen's model is then applied in a practical way, structured in five phases. First, the decision of whether or not to go international is assessed, as it analyses whether or not it is appropriate for Maurie & Eve to start expanding in order to ensure sustainable economic growth. It is this phase that makes the difference between the proposed models. Then, various markets are selected that offer an opportunity for it. Furthermore, the different entry modes that are the most convenient and least risky for the firm are chosen. Later, the marketing plan is designed and implemented, focusing on the study of the international marketing mix. Finally, the different decisions taken must be monitored and coordinated so that the plan is implemented satisfactorily over time.

### **4.1. First phase: Deciding whether to internationalize**

A thorough preliminary study will help the company decide whether it makes sense to undertake an internationalization plan to achieve its business objectives. In this way, by weighing the potential effectiveness and benefits of the process, it is possible to avoid a hasty exit into international markets. Hollensen believes that the characteristic of SMEs is to propose a model based on purposeful business decision-making, rather than a model based on spontaneous decision-making. This is due to the ability of SME managers, who are noted for their tendency to look for new opportunities to change the direction of the company's development.

The international marketing plan is based on two pillars. The first is based on the mission, which as Stephen R. Covey (2012) defines "Creating and integrating an empowering personal mission statement is one of the most important investments we can make". On the one hand, Maurie & Eve's mission is to inspire women of all ethnicities around the world in their daily lives through its collections. It stands for values such as equality, strength and hope and does its bit in the fight for women's rights and equality in the world of work. At the same time, the brand fights for a sustainable planet, where they try to implant the importance of protecting the environment, and the importance of caring for



and respecting our planet. In this way, the company is committed to the earth, the environment and society, being coherent and transparent with the established mission, and giving credibility to the brand. Therefore, Maurie & Eve was conceived as a project for the future of society, providing quality, design, and sustainability.

The second pillar is vision. A vision is a vivid mental image of what you want your business to be at some point in the future, based on your goals and aspirations. Having a vision will give your business a clear focus and can stop you heading in the wrong direction (Queensland Government, 2019). As Max De Pree (2004) states, “Management has a lot to do with answers. Leadership is a function of questions. And the first question for a leader always is: ‘Whom do we intend to be?’ Not ‘What are we going to do?’ but ‘Whom do we intend to be?’”. Maurie & Eve's vision is to stop using the planet's natural resources indiscriminately. As can be seen, this vision explains the operational decisions to be made and therefore directs the rest of the strategies to be implemented. On the other hand, Maurie & Eve aspires to become a benchmark clothing brand that any woman can identify with, regardless of her country of origin or the colour of her skin.

According to Hollensen, once the bases on which the marketing plan should be based have been studied, the question of whether or not the company should carry out the expansion strategy is analyzed. For this purpose, Solberg's (1997) nine strategic windows are used as shown in Figure 12. This model consists of analyzing the readiness of the company (mature, adolescent, or immature) and the level of globalization of the textile industry (local, partly local, or global).

**Figure 12: Solberg's nine strategic windows**

|                                       |            | Industry Globalism              |   |                                 |
|---------------------------------------|------------|---------------------------------|---|---------------------------------|
|                                       |            | Local                           | Potentially Global                          | Global                          |
| Preparedness for Internationalization | Mature     | Enter new business              | Prepare for globalization                   | Strengthen your global position |
|                                       | Adolescent | Consolidate your export markets | Consider expansion in international markets | Seek global alliances           |
|                                       | Immature   | Stay at home                    | Seek niches in international markets        | Prepare for a buyout            |

*Source: Own elaboration based on Solberg (1997)*

The "nine strategic windows" model takes industry globalization and company readiness as the standard for determining whether the company should go abroad, internationally, or stay at home.

- **Industry globalization**

The international marketing environment determines the degree of globalization. Therefore, the company's strategic actions and behaviors depend on the structure of international competition in the relevant industry.

- **Prepare for internationalization**

Companies have the ability to influence internationalization. Determine whether the company is willing to extend its skills to international borders. These skills include personal and management skills. Moreover, companies that are fully prepared for internationalization have the ability to dominate the international market. On the other hand, according to Solberg (1997), a weaker firm should stay in the domestic market and improve its performance.

On the one hand, in terms of industry globalization, fashion companies are characterized by internationalization in manufacturing and marketing, as they seek to expand their market share and make higher profits. The fashion market is exposed to the impulses of globalization so that there is significant foreign competition, thus making the industry global or potentially global.

Following an extensive study made by Lila J. Truett (2003), it can be concluded that "to be successful in the future, the Australian clothing industry will likely need to find market niches where it can offer superior products and/or service as well as further reduce its unit costs". Moreover, the findings of this research strongly indicate the presence of economies of scale and that the industry has reduced its unit costs over the period of study.

The incipient online presence in the United States, America, and Australia and the distribution of its garments through online multi-brand shops place Maurie & Eve in an adolescent stage of preparation due to its lack of experience abroad. Following the model proposed by Solberg (1997), the combination of these two aspects gives rise to a phase

of considering expansion in international markets (Figure 12). As it is a globalized industry, this prior preparation is important, as an immature company with no presence in other foreign markets would run the risk of being taken over by other companies. However, in this case, by having a certain level of presence in foreign markets, this risk would be reduced.

Once the company's position is known, it is important to identify and assess the company's own business competencies (Hollensen, 2017). The link between internal and external resources will guide the model and achievable goals in the internationalization process. For this purpose, a SWOT analysis will be carried out in order to study these resources.

A SWOT analysis is a compilation of a company's strengths, weaknesses, opportunities, and threats. Acknowledging the environment your business operates in is a crucial part of your planning strategy and will grant you the ability to discern the threats and opportunities related to your business field. On the one hand, the internal analysis reviews factors within your business such as your strengths and weaknesses. On the other hand, the external analysis looks at the wider business environment that influences your business.

Consequently, the internationalization plan must take into account the issues that affect the daily operations of the company, as well as the surrounding environment, and for this reason, we will use a SWOT analysis to find out the most effective strategies, focusing on the leverage of strengths and opportunities to overcome weaknesses and threats.

### **Strengths**

- Sustainable products of high quality, offered at a reasonable price, compared to other brands that commercialize eco-friendly clothing.
- A minimalistic clothing line, with summer and surf influences.
- Collections are created for women of all ages, which increases the number of potential clients.
- Strong brand image, which has been created and maintained through its social networks such as Instagram.
- The brand receives endorsement from celebrities such as Alessandra Ambrossio, Paula Ordavás, Belen Hostalet, Escote Bardot, and Emma Roberts.

- Highly visible website, having the possibility to buy their products through their website, or online *multi-branded shops*<sup>8</sup> such as Revolve Clothing.

### **Weaknesses**

- Limited product availability, as the collections contain few products, and their range of garments has been similar since the creation of the brand.
- Lack of consumer experience since they do not own physical shops. Therefore, customer contact is limited to the use of social networks.
- No international brand awareness, due to its high presence in Australia, but poor recognition in European and U.S. countries.
- The team consists of only five employees, which limits the brand's potential growth.
- Over-dependence on its suppliers, as it works with very specific fabrics.

### **Opportunities**

- An emerging need for sustainable products, that are aware of the need of protecting our environment.
- The emerging trend towards inclusion in the fashion industry. The possibility given by the brand to the appearance of models of different ethnicities attracts the attention of the end consumer.
- Press and media coverage of the brand.
- Positive economic outlook. Following the appearance of COVID-19, online sales have increased significantly, which translates into an increase in online consumption.
- The boost of technological advances and research into new sustainable materials, and the resulting reduction in the price of raw materials.
- Product alliances with new partners, reducing international delivery dates and shipping costs.

### **Threats**

- International economic instability due to the COVID-19 crisis.

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<sup>8</sup> *Multi-brand shop* is a concept for when a store or a portal or any other form of outlet sells more than one brand.

- Increasingly demanding consumers.
- Potential strong competitors, due to the increase in environmental awareness.
- The entry of high-prestige brands with sustainable collections.

In conclusion, despite the high level of rivalry detected in Porter's Five Forces analysis, it is considered that Maurie & Eve is capable of making the leap into other international markets. The fashion industry is a very competitive sector where the volume of sales allows for the lowering of costs and the maximization of profits. Its own business situation, despite the current high demands of the textile industry, the strong mission and vision, and the power to connect with its target audience will allow the brand to stand out from the rest of its competitors with that distinctive value.

It should be noted that if Maurie & Eve did not opt for an organized international expansion, it could run two risks. The first risk is that it would stagnate in a national market with limited room for growth, which would lead to competitors overtaking it in terms of sales, international experience, and reputation. Second, it would not be able to benefit from the economies of scale provided by other countries, not being able to lower its costs, and thus not being able to increase its economic profitability.

## **4.2. Second phase: Deciding which markets to enter**

Once the decision has been taken to carry out an internationalization process based on the analyses of the first phase, potential entry markets must be chosen. To do this, the macro-environment dimension is studied, which affects the market and consumer behavior and, therefore, the global marketing plan to be implemented. This is a relevant phase in the internationalization process as it influences the mode of entry into the selected country and the capacity to coordinate operations.

### **4.2.1. PESTEL Analysis**

Hollensen suggests analyzing the macro-environment factors to which the firm is exposed, in order to adapt the plan and establish the basis for the company's growth. For the analysis of the home country environment, a PESTEL analysis is carried out. Therefore, even if it is not a direct analysis of the company, the PESTEL analysis helps

to design a strategy for the company's growth. analysis helps the company to design a strategy and to adapt to market requirements. It helps to determine the factors that enable the implementation of a certain strategy and adaptations to the market. We can mainly highlight the following factors:

- *Political factors*

To begin with, it should be noted that Australia is a member of the Commonwealth of Nations<sup>9</sup>, OECD<sup>10</sup>, G20<sup>11</sup>, and the World Trade Organization<sup>12</sup>. Moreover, governments play a vital role as planners and promoters influencing the growth and sustainability of a business. The position of a government is an important aspect as it reflects the stability of a country and conditions the ways in which business enters. In this case, Australian politics is considered to be fairly stable, however, some criticisms have emerged in recent years. These include the failure to protect human rights, indigenous rights, and the treatment of refugees.

- *Economic factors*

Australia is the 14<sup>th</sup> largest economy in the world. It was relatively less affected by global lockdowns in 2020 and its GDP is expected to grow by 3.1% by 2022. Business investment, household incomes, and inflation are also expected to pick up gradually (OECD, 2020). All companies in Australia are subject to a federal tax rate of 30% on their taxable income. However, small businesses pay a reduced tax rate of 26%. This rate is expected to go down to 25% soon (PwC, 2020).

- *Social factors*

Economic factors are related to the evolution of social factors, explained by a change in consumer preferences, habits centered on leisure rather than consumption. This change is

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<sup>9</sup> The Commonwealth of Nations, generally known simply as the Commonwealth, is a political association of 54 member states, almost all of which are former territories of the British Empire.

<sup>10</sup> The Organization for Economic Co-operation and Development (OECD) is an international organization that works to build better policies for better lives.

<sup>11</sup> The G20 is an international forum for the governments and central bank governors from 19 countries and the European Union.

<sup>12</sup> The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations.

accompanied by a demographic shift, as it has been witnessed for decades that the world population is aging (Chavan, 2018).

- *Technological factors*

Australia is one of the most technologically advanced countries in the world. It is known for adopting new technologies faster than many other developed countries. Over the years, the country has witnessed tremendous technological development.

Local businesses are investing in technology to meet the growing needs of their customers. Computers and equipment, software, technical consulting services, the cloud, and artificial intelligence are likely to drive these investments, which should translate into more innovation and design. However, many analysts say Australia has a long way to go if it is to challenge the *tech hubs*<sup>13</sup> in Asia, Europe, the Middle East, and the United States.

- *Environmental factors*

Sustainability and ethical practices have become increasingly important in the industry over the past year. Companies are seeking to be competitive and responsible, paying attention to the entire value chain, while taking care of the environment and human rights. In addition, the UN has set 17 goals to ensure sustainable development, influencing society and companies' business models.

- *Legal factors*

In order to ensure fair trade between businesses and consumers, Australia has enacted fair trade laws, competition laws, and consumer laws. The Fair Work Act 2009 is the main legislation regulating employment in the country. Similarly, privacy laws address how businesses handle customers' personal information.

With this analysis, the bases on which Maurie & Eve's market of origin is developing are known and it is understood why it is developing an early internationalization, without ceasing to expand and consolidate at a national level. Having already worked on a national level for more than 15 years, and being able to create a wide audience, we

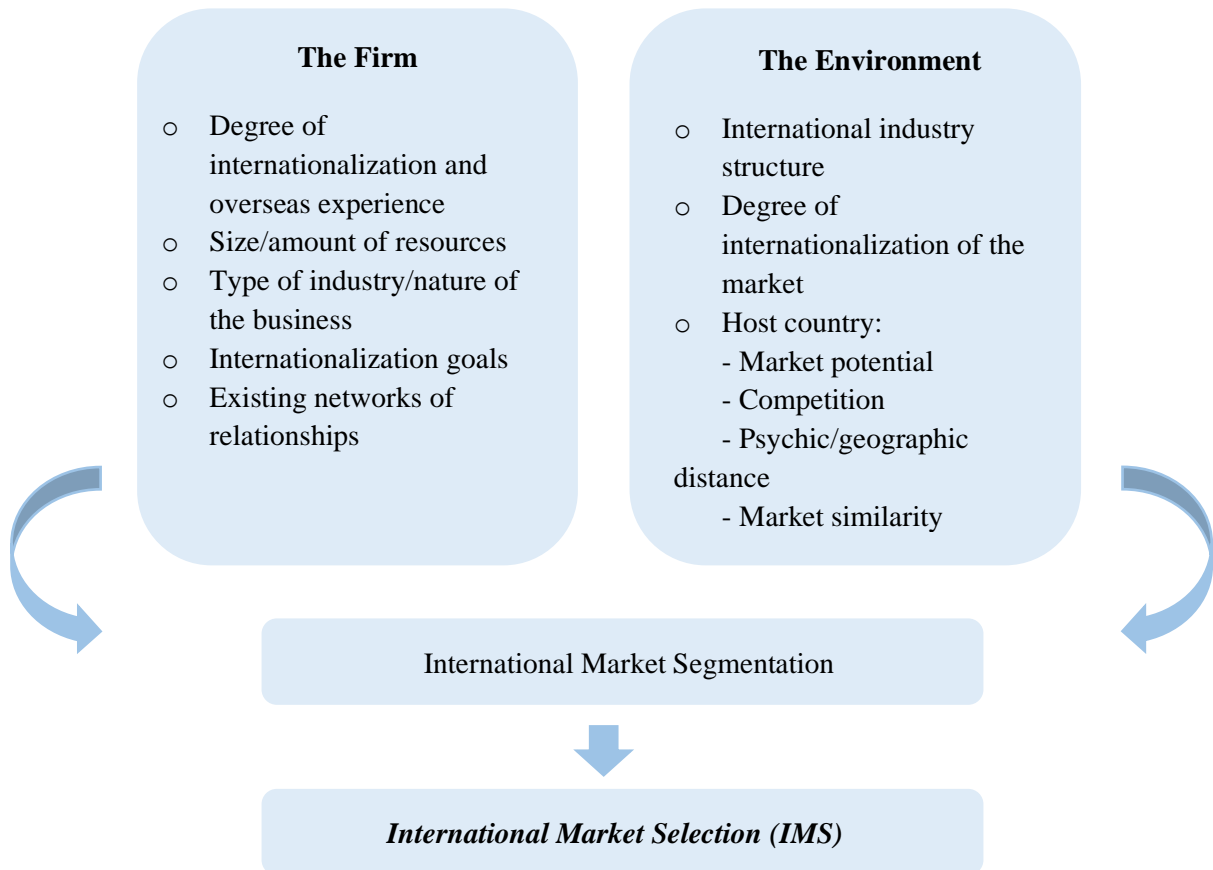
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<sup>13</sup> *Tech hubs* are a space or region where a high density of startup companies cluster together and become part of the economic infrastructure of the community.

confirm that internationalizing the brand will be a great opportunity for the business, and thus reach a greater number of consumers around the world.

#### 4.2.2. The environment and the company

**Figure 13: Selection of potential international markets**



*Source: Own elaboration based on Hollensen's model (2017)*

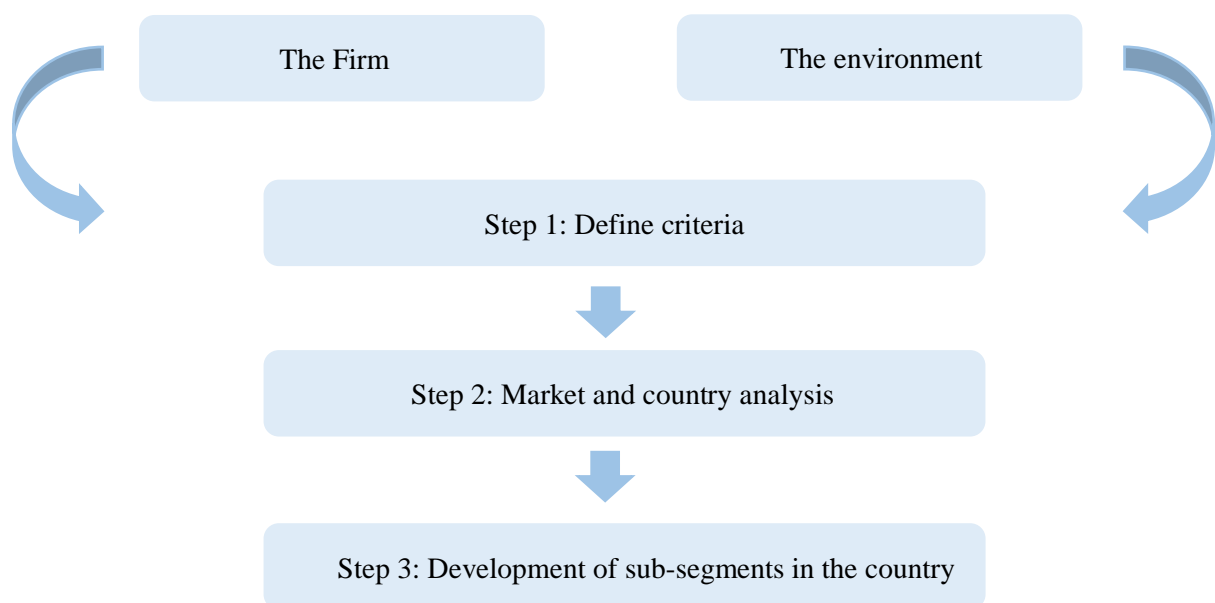
On the one hand, we are going to analyze and study the **environment** in which Maurie & Eve finds itself. As we mentioned earlier, the textile industry is a global industry, and we can see that large international firms have sought global alliances to be more competitive in the market, trying to reduce their costs and increase their audience through physical points of sale and online channels, along with multi-brand shops. Therefore, Maurie & Eve must study which way would benefit it to be competitive at a global level. Consequently, we will carry out an analysis of the selected target country in order to evaluate its environment.



On the other hand, we must examine the **company** to find out which strategy would be the most effective. Given the findings in the previous sections, the textile industry is a globalized environment due to the impact of the Internet and the expansion of Australian fashion around the world. As a company, Maurie & Eve has limited international experience. However, the available resources and the great growth of the last few years will favor the fulfilment of the objectives of internationalization. With this aspect in mind, the environment and the characteristics of the chosen country must be evaluated taking into account the characteristics of Maurie & Eve's business model. The company is carried out thanks to partnerships with sustainable suppliers and with major retailers, even though sales are made via the internet. In terms of resources, it is necessary to have the right staff and optimal financing to manage this internationalization. The company's objectives in the international market are primarily to grow and expand the business by serving more customers, to take advantage of economies of scale, to strengthen the brand, and to enter markets with higher growth potential than the Australian market.

In order to combine the company and the environment, and to carry out the segmentation proposed by Hollensen, it will be necessary to follow a series of steps that are shown in Figure 14:

**Figure 14: Hollensen's steps to combine the firm and the environment**



*Source: Own elaboration based on Hollensen's model (2017)*

→ *Step 1: Define criteria*

To achieve an effective segmentation and optimal location of Maurie & Eve, the criteria used must be measurable and accessible, which can be distinguished into two categories. On the one hand, general characteristics include geographical, social, economic, and technological barriers. On the other hand, specific characteristics include culture and lifestyle.

→ *Step 2: Market and country analysis*

It will consist of two phases: preliminary selection and selection adapted to the company's circumstances.

**Preliminary selection:** This phase consists of determining the most appropriate criteria for the selection of the potential market. In order to do this, it will be important to look at a number of factors when selecting potential markets. Within this pre-selection, one of the most important risks are political and economic, therefore, it is important that there is a certain economic and political legislative proximity between the country of origin and the country of destination. The company is faced with a wide range of potential markets to expand into. The objective is to select those geographical regions that are most favorable for the potential internationalization of the company. In this context, a geographical region is considered to be an area that groups together homogeneous countries, so that the WTO identifies six major regions: Africa and the Middle East, Western Europe, Eastern Europe and Russia, North America, South America and Asia Pacific. In order to reduce risks, the best way for Maurie & Eve to start its expansion would be to start its international expansion is to establish in the European market. For this reason, we consider that the European market is the most attractive for Maurie & Eve to start its internationalization, and we discard the rest of the markets due to the high risk involved. However, we must comment that the Asian market could be interesting, but the scarcity of commercial agreements between both areas leads us to select Europe as the most favorable market to start the internationalization process. Moreover, South America reveals political uncertainty accompanied by natural disasters hindering the economic stability of the region, as well as North America, which is in a moment of political instability due to the entry of the new president Joe Biden, due to the resistance of the former president Donald Trump. At the same time, we ruled out Africa because the country's history and multifaceted culture present many challenges for growing

companies, and we believe these are risks that a small company like Maurie & Eve is not currently prepared to face. On the other hand, the Department of Foreign Affairs and Trade of the Australian Government (2018) states that Australia has a significant two-way goods trade relationship with the European Union 28 (EU), with exports valued at \$20.3 billion in 2016 (7.8 percent share of total Australian goods exports) and imports valued at \$49.0 billion (18.3 percent of total goods imports). As we can see, there are currently a number of agreements between the European Union and Australia to benefit trade between the two. Therefore, this data shows that the number of imports and exports is quite high, and we could consider the European Union as a beneficial market to expand the brand. In a study carried out by the European Commission (2018), it can be seen that Australia ranked as the 19th-largest trade in goods partner of the EU, while the EU represented Australia's 3rd-largest trading partner in 2018, after China and Japan and before the US. Due to the data shown above and taking into consideration that in 2018 the United Kingdom was still part of the European Union; we are going to include the United Kingdom in the list of European countries. This is due to the union that exists between Australia and the United Kingdom, as Australia is part of the Commonwealth and therefore has the same values and cultural base. On the other hand, it should be mentioned that both countries are under the patronage of the Queen of England, Elizabeth II, so we will consider the UK as an additional country among the European countries. Thus, the study focuses on the EU market and the United Kingdom, narrowing the selection to the countries shown in Table 3.

**Table 3: Potential countries selected for internationalization**

|                |         |             |                |
|----------------|---------|-------------|----------------|
| Austria        | Estonia | Italy       | Portugal       |
| Belgium        | Finland | Latvia      | Romania        |
| Bulgaria       | France  | Lithuania   | Slovakia       |
| Croatia        | Germany | Luxemburg   | Slovenia       |
| Cyprus         | Greece  | Malta       | Spain          |
| Czech Republic | Hungary | Netherlands | Sweden         |
| Denmark        | Ireland | Poland      | United Kingdom |

*Source: Own elaboration based on European Union website (2021)*

- **Selection adapted to the company's circumstances:** Among the pre-selected entry markets and considering that Maurie & Eve has neither human nor financial resources

and cannot deal with more than one country at the same time, the most attractive and competitive country will be selected on the basis of the following general criteria. Thus, we have decided to choose those countries that are culturally closest to Australia, in order to be able to make a more detailed analysis of these five countries. The World Integrated Trade Solution (2018) analyzed that the European countries that trade most with Australia are the United Kingdom, Germany, the Netherlands, France, and Ireland. Thus, being the countries that have a greater trade with Australia, and therefore, have more facilities to do business with the country of origin, we discarded the rest of the countries of the European Union and selected those that have greater trade facilities and links with the Australian market. Consequently, we will study these five countries in more detail, in order to choose the most optimal country for Maurie & Eve's internationalization process.

- *Geographical factor:*

Once the global market has been segmented, the geographical distance from the country of origin is considered. The countries in the region are a long way away compared to countries in Asia, for example. However, from a logistical point of view, there are countries in the region that have transport connections that make them attractive and facilitate foreign investment. The shortlisted countries are located in Western Europe (15,550 kilometers), which is a greater distance than countries in Eastern Europe (13,350 kilometers), however, the trade agreements that exist between the shortlisted countries mean that geographic distance is not a determining factor, being both large distances with no significant difference. For example, Australia and the United Kingdom of Great Britain and Northern Ireland (UK) launched negotiations for a free trade agreement (FTA)<sup>14</sup> on 17 June 2020 (Australian Government, 2020), which boosts trade between the two countries. Similarly, these countries have been selected because they all have coastal areas, which are beneficial to the implementation of the brand. This is because the target audience of the brand are customers with summer lifestyles, and these countries provide us with the required characteristics. All these countries have considerable coastal areas,

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<sup>14</sup> A Free trade Agreement (FTA) is an agreement between two or more countries where the countries agree on certain obligations that affect trade in goods and services, and protections for investors and intellectual property rights, among other topics.

so these markets mentioned will suggest benefits to the establishment, allowing Maurie & Eve to facilitate its internationalization process.

- Political and legal factors:

A study of the economic freedom indices carried out by Szmigiera (2021) of the five shortlisted countries has been studied in order to obtain more information about the advantages and possibilities that each one offers us. The results are shown in Table 4:

**Table 4: Economic freedom indices by country**

| <i>Countries</i> | <i>Rank</i> | <i>Punctuation (0-100)</i> |
|------------------|-------------|----------------------------|
| Ireland          | 9           | 76.7                       |
| United Kingdom   | 12          | 76.4                       |
| The Netherlands  | 15          | 75.8                       |
| Germany          | 26          | 73.8                       |
| France           | 72          | 63.3                       |

*Source: Own elaboration based on Statista (2020)*

Having chosen the five countries to be examined, the different economic freedom indices have been studied. We can observe the world ranking of each country, positioning them in a specific position in relation to the rest of the countries in the world. On the other hand, we can find a score. Those that are between scores from 80 to 100, would be considered free. On the other hand, those countries that are between 70 and 79.9 would be considered mostly free, and those between 60 and 69.9 would be called moderately free. This study helps us to see which countries would benefit from Maurie & Eve's internationalization due to their indices of economic freedoms.

In terms of the freedoms of the selected countries, the most attractive country are the United Kingdom and Ireland, due to their business and labor freedoms. On the other hand, France is the country that shows the least economic freedom, which would result in it being the least attractive country in terms of political and legal factors. However, this isolated criterion does not allow definitive conclusions to be drawn. Therefore, the markets are analyzed according to other criteria.

- Demographic factor:

To complement the political and legal dimension, it is important to analyze the social and demographic situation of the population. Thus, we are going to carry out a study of the demographic growth of each country, studying which ones could be the most attractive to implement the Maurie & Eve brand.

**Table 5: Demographic growth percentage per country**

| <i>Countries</i> | <i>% Demographic growth (2020)</i> |
|------------------|------------------------------------|
| Ireland          | 1.13%                              |
| United Kingdom   | 0.53%                              |
| The Netherlands  | 0.22%                              |
| Germany          | 0.32%                              |
| France           | 0.22%                              |

*Source: Own elaboration based on The World Bank Data (2020)*

As we can see, demographic growth is quite slight in all five countries. However, Ireland and the United Kingdom would stand out as the most attractive, because their growth is slightly higher compared to the rest of the countries.

- Economic factor:

In order to study the economic factors of the selected countries, we have considered it important to analyze the GDP per capita per country. The table below (Table 6) shows the values indicated.

**Table 6: GDP per capita per country**

| <i>Countries</i> | <i>GDP per capita (2019)</i> |
|------------------|------------------------------|
| Ireland          | 78.660 USD                   |
| United Kingdom   | 42.330 USD                   |
| The Netherlands  | 52.331 USD                   |
| Germany          | 46.445 USD                   |
| France           | 40.493 USD                   |

*Source: Own elaboration based on The World Bank Data (2021)*

After analyzing the GDP per capita of the 5 countries, we can highlight the economic power of the citizens of Ireland, followed by the Dutch. However, the German, French and British GDPs remain within similar parameters. This study indicates those countries with the highest purchasing power, which would be Ireland in the first place, followed by the Netherlands.

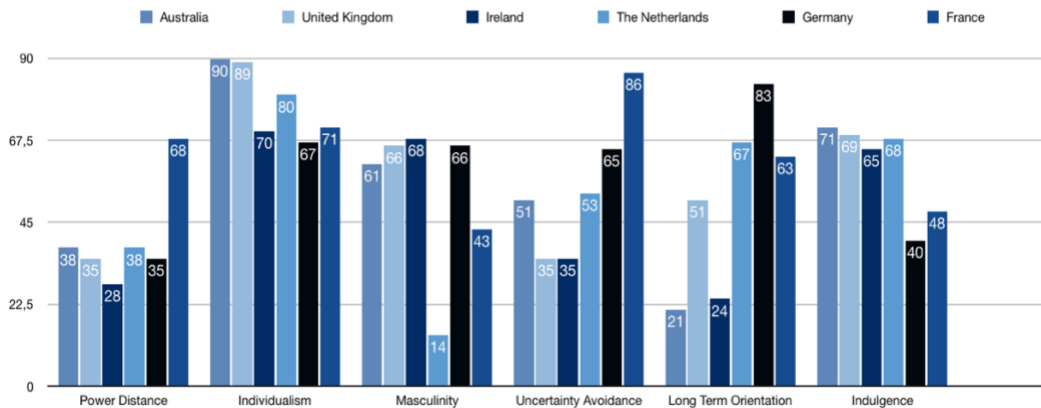
- Language factor:

Communication is essential to develop business in a country. Maurie & Eve as a fashion company is in direct contact with its consumers, due to the high online presence and social networks. It will be necessary to overcome the language barriers that some of these countries present, such as translation on social media or on the garments themselves, to the target countries' language. Translation will therefore help all those consumers who do not master the English language. Thus, both Ireland and the United Kingdom would not need any translation, which would make it easier to enter these markets. Consequently, considering the linguistic factor, the two countries that require the fewest entry adjustments, and are therefore the most attractive, are the United Kingdom and Ireland.

- Cultural factor:

Hofstede (2010) indicates that it is necessary to analyze the cultural differences that exist in each country with respect to the company's country of origin. The analysis is based on six dimensions: power distance, individualism-collectivism, masculinity-femininity, uncertainty avoidance, indulgence, and long-term orientation. To do so, we will analyze the five countries we are considering for the internationalization of Maurie & Eve, together with Australia, in order to study the similarities and differences of the countries with respect to the country of origin.

**Figure 15: Hofstede's six cultural dimensions**



*Source: Own elaboration based on Hofstede (2010)*

Countries in the same region are found to be very similar in terms of cultural levels, due to their proximity to each other. However, the only countries with notable differences are the United Kingdom and Ireland. This can be seen in the table above, where mainly power distance, individualism, masculinity and indulgence are at almost equal values, between Australia and the United Kingdom. Ireland also has a large number of similarities, such as power distance, masculinity, long-term orientation, and indulgence. Both Ireland and the United Kingdom are, therefore, the countries that are culturally most similar to Australia. This is due to the reasons outlined above, which can be summarized as similar culture, ideologies, and quality of life.

- *Fashion industry factor:*

As far as the fashion industry in Europe is concerned, we should mention the long history of the fashion industry, together with the importance of the textile industry. Europe is home to some of history's most important textile and fashion inventions and today's most celebrated manufacturers, innovators and artists. However, France and the UK have hundreds of leading retailers and brands, internationally renowned designers, thousands of talented emerging designers and entrepreneurs, visionary researchers and educators. Moreover, both London and Paris have been called the fashion capitals of the European continent. Therefore, this factor helps us to highlight those countries where fashion is a predominant industry.

To conclude, we are going to analyze the different factors, together with the different countries, scoring them from 1 to 10, according to the above. In this way, we will be able



to analyze which is the most favorable market for the internationalization of Maurie & Eve.

**Table 7: Factors scoring per country**

|              | United Kingdom | Ireland   | Germany   | France    | The Netherlands |
|--------------|----------------|-----------|-----------|-----------|-----------------|
| Politics     | 10             | 10        | 5         | 5         | 10              |
| Fashion      | 10             | 5         | 5         | 10        | 5               |
| Economics    | 7              | 10        | 8         | 6         | 9               |
| Language     | 10             | 10        | 0         | 0         | 0               |
| Culture      | 10             | 7         | 3         | 3         | 3               |
| <b>TOTAL</b> | <b>47</b>      | <b>42</b> | <b>21</b> | <b>24</b> | <b>27</b>       |

*Source: Own elaboration*

After scoring the different countries according to the different factors, assigning them reasonable values with respect to what has been discussed above in the different sections, we can identify the United Kingdom as the country with the highest number of points. Thus, the best option to carry out the internationalization process is the United Kingdom, mainly due to the cultural proximity that has been mentioned many times, and the ease of doing business due to the agreements that exist between the two countries. Moreover, the various factors mentioned above make it a clear winner, both in terms of fashion and in terms of political and legal factors.

Therefore, after the analysis in the different areas, it is concluded that the United Kingdom is the country whose potential market is the most attractive with respect to the other countries in the region for economic, legal, demographic, and cultural reasons.

→ *Step 3: Develop of sub-segments in the country*

Once the country has been selected, in this case, the United Kingdom, it is decided which is the most suitable city to carry out the internationalization plan in this country. We can distinguish 7 relevant cities: London, Birmingham, Greater Manchester, Leeds, Liverpool, Sheffield, and New Castle. The selection focuses on London and Manchester, as being those cities with the highest number of Foreign Direct Investment (FDI) projects in 2018, based on a study by Insider Reports (2018). The differences and how attractive

they are on the basis of economic and tourism criteria affecting the fashion sector are analyzed in Table 8.

**Table 8: Economic and tourism scoring per city**

|                              | <i>London</i> | <i>Manchester</i> |
|------------------------------|---------------|-------------------|
| Market size                  | 5             | 3                 |
| Market accessibility         | 4             | 4                 |
| Market growth                | 5             | 4                 |
| Intensity of competition     | 5             | 3                 |
| Purchasing power             | 4             | 4                 |
| Importance of tourism market | 5             | 2                 |
| <b>TOTAL</b>                 | <b>28</b>     | <b>20</b>         |

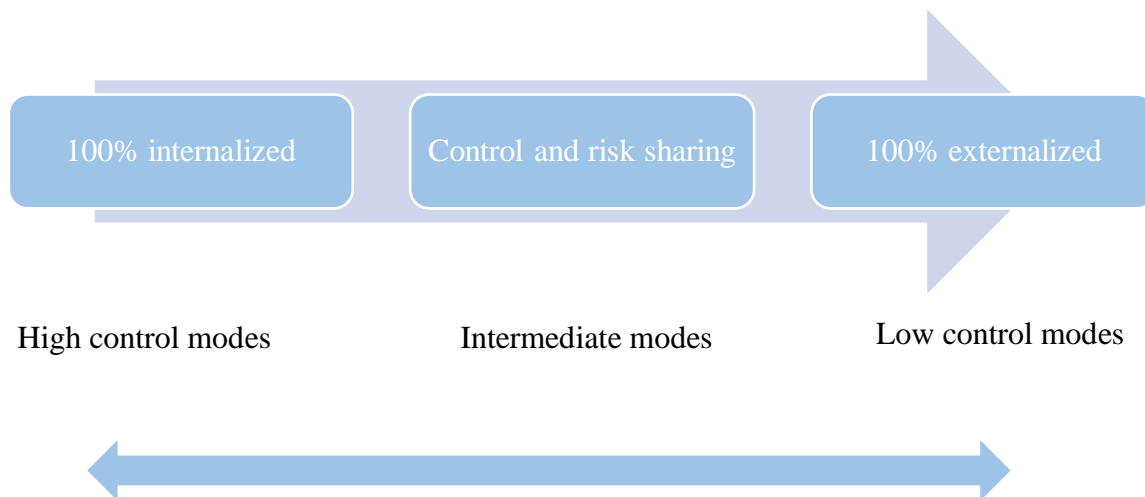
*Source: Own elaboration*

According to the analysis made in the previous tables, London is identified as the most attractive city for Maurie & Eve's internationalization plan, being the economic capital of the country. This city is considered to be one of the world's commercial centres. In this current economic climate, London has become a unique fashion centre in the world and is among the most distinctive cities in the textile industry. Its iconic products and fashion rivalry complement the fashion values of other global fashion capitals such as Paris, New York, Milan, and Tokyo. In short, the London market is the best option for developing a sustainable internationalization plan for the Australian fashion brand. The reason for the decision to implement the plan in London is that its demographic structure and the high purchasing power of the residents determine its great economic and tourist potential.

### **4.3. Third phase: Market Entry Strategies**

After taking the decision to expand Maurie & Eve to London, it is necessary to define the mode of entry. A foreign market entry mode is an institutional agreement that makes possible the entry of a firm's productions, technology, human skills, management, and other resources within a foreign country (Krishna, 1989). Similarly, a company can enter a foreign market via the following three categories of entry modes according to the level of control (Hollensen, 2010).

**Figure 16: Classification of market entry modes**



*Source: Own elaboration based on Hollensen's model (2017)*

The strategy must be adjusted to the company's resources and goals and to the market situation for a successful performance. The analysis focuses on the most common modes of entry for fashion companies.

- **High control modes:** In this case, there would be the possibility of forming a subsidiary in the potential market, without having to enter into agreements with local partners. Thus, a local company owned and operated by Maurie & Eve under London law and taxation would be created. In this case, there would be high control, high risk, and low flexibility on the part of the brand.
- **Intermediate modes:** In this case, knowledge and skills would be transferred between the parent company and a local partner, losing control and ownership. For example, Maurie & Eve could create a franchise, where it would grant the brand right to a partner in London for a certain period of time. A commercial and marketing agreement would be established where the partner, with experience, buys the goods from Maurie & Eve and provides capital and market knowledge for the development of the brand in the target country, eliminating the potential economic risks for the brand, as the brand does not have a high level of experience in that international market.

- **Low control modes:** In this case, Maurie & Eve would carry out an export activity where multi-brand shops or department stores would sell its garments. However, by not having control in this case, Maurie & Eve would have high flexibility and low risk.

Once the different options for the company to enter the market have been presented, it is recommended to choose the most appropriate option among them to start Maurie & Eve's international expansion.

Taking into account the characteristics of Maurie & Eve, it can be said that the most appropriate way to start its expansion is one that does not require a large amount of initial investment of resources, as it is a small business with limited resources and financing capacity. Another basic requirement for Maurie & Eve is to ensure that it has control over its brand image and positioning abroad, as this is the main feature that distinguishes the brand from competing products, due to its attributes of sustainability and inclusiveness. Therefore, the need for control rules out exports as an entry method.

Consequently, we believe that the best strategy to follow is to implement a *shop-in-shop*<sup>15</sup>, as this is a proprietary type of implementation that allows brands to exercise greater control over distribution, pricing, and brand image, while at the same time establishing direct contact with consumers. Among these reasons, the possibility of exercising exhaustive control over the brand image is a fundamental element for Maurie & Eve, due to the differentiating attributes mentioned above. In-store retailing allows brands to manage their own inventory, determine product prices and independently formulate their own marketing activities. In addition, the model also helps brands save money by eliminating the large overhead costs required to operate stand-alone shops.

In conclusion, after a brief study of the main entry methods and a more in-depth analysis of the *shop-in-shop* model, it can be concluded that the latter is the most suitable entry method to ensure that Maurie & Eve sets up in London effectively, as it responds to the company's specific characteristics and needs: it requires a limited initial investment,

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<sup>15</sup> The shop-in-shop retail concept is where a brand owner or retailer takes space in another retailer's store and fits it out to provide selling space dedicated to that secondary company's product.

which reduces the company's level of risk, while providing opportunities for development in external markets, allowing therefore full control of its operations.

#### **4.4. Fourth phase: International Marketing Mix**

Once the entry mode into London has been defined, it is important to design a global marketing program tailored to ensure the successful implementation of the brand in the chosen country. The decisions that need to be taken in terms of product, price, promotion, and distribution will be set out in detail below, determining the degree of standardization or adaptation for each of these elements.

##### **4.4.1. Product decision**

When determining the international product policy, two factors must be taken into account: the adaptation or standardization of products, and its product portfolio.

Concerning the product portfolio, it is necessary to determine the number of product lines that the company will introduce in the new market. Since Maurie & Eve sells only summer clothing, which is to say, it has only one very similar product line, it is recommended that it enters the new market by offering the full range. At the same time, the brand sells very limited and exclusive collections.

On the other hand, it is essential to determine whether or not an adaptation of the product to the target market is necessary. On the other hand, it must be determined whether the product needs to be adapted to the target market. For the specific case of Maurie & Eve entering the city of London, it can be considered that no modification of the product is necessary. The cultural proximity between Australia and the United Kingdom means that consumers in these two countries have similar consumer habits and tastes. Similarly, Australians and British people have a similar body shape, so there would be no need to change the sizing of the garments. To end up, following the global brand positioning strategy and for international recognition, the name "Maurie & Eve" will remain the same in the UK as they share the same language, so no rebranding will be necessary. At the same time, the brand will keep the same packaging, with the same surfer characteristics, so as not to lose the essence of the brand.

#### 4.4.2. Price decision

The pricing decision is crucial, as it is a variable that directly affects sales and therefore the profitability of the company. When determining the pricing strategy to follow in a new market, it is necessary to consider two basic elements: demand and local competition.

On the one hand, it is crucial to verify the level of local demand, in order to examine what price consumers in the target market are willing to pay. To do this, we must first compare the purchasing power of potential consumers in the UK. In 2020, the GDP per capita in both countries remained in very similar ranges, as did the income level of the population. Thus, it can be argued that the UK consumer has a similar purchasing power to the Australian consumer, which gives the brand some room for manoeuvre on price so that a slight price increase should have little effect on demand.

On the other hand, it is necessary to examine competitors' prices. As already developed in the analysis of the competitive environment in the first part of the paper, it is possible to identify a large selection of clothing brands with a wide price range.

Maurie & Eve could be considered a slightly higher-priced brand than its competitors, due to the sustainable character of the brand. As the positioning map studied above shows, those brands considered *100% Eco-Friendly* maintain slightly higher prices than their competitors. Therefore, Maurie & Eve, along with competing sustainable brands, have slightly higher prices than those brands that do not deal with eco-friendly materials. For all the above reasons, an average price of \$225 is recommended.

In conclusion, Maurie & Eve should design its regional pricing strategy by positioning UK prices 10% higher than Australian prices. In this way, it would be reasonable to apply a difference of 10% in line with market trends, which would also allow covering and justifying the additional costs involved in moving the product to the United Kingdom, among other costs. This price change will be applied equally on the UK website, as at the moment the Australian and UK websites have the same prices, recalling the importance of the homogeneity of both channels. The following Table 9 shows an example of the price difference between the two countries, represented in Australian currency.

**Table 9: Garments price difference between Australia and the United Kingdom**

|                 | Tops  | Pants | Dresses | Jackets |
|-----------------|-------|-------|---------|---------|
| Australia (AUD) | \$175 | \$175 | \$250   | \$300   |
| UK (AUD)        | \$190 | \$190 | \$275   | \$330   |

*Source: Own elaboration based on the website of Maurie & Eve*

To be more precise, when selling in GBP, we will show a table with the prices at which the products would be sold in the UK, taking into account the 10% price increase, together with the change from AUD to GBP. Currently, 1 Australian dollar is equal to 0.55 pounds sterling, based on the exchange rate. Therefore, this exchange rate will be used to determine the prices at which products will be marketed in the United Kingdom.

**Table 10: Garments price in GBP**

|          | Tops | Pants | Dresses | Jackets |
|----------|------|-------|---------|---------|
| UK (GBP) | £98  | £98   | £140    | £170    |

*Source: Own elaboration*

#### **4.4.3. Distribution decision**

The third key variable in developing an international marketing mix policy is distribution. In this sense, it is necessary to determine how the product will reach the UK from Australia and how it will reach the end customer.

Currently, Maurie & Eve garments are manufactured in a factory in Bali, Indonesia. Once the garment is made, it will be shipped straight away to the United Kingdom. From Bali, the clothes can be shipped to the UK via courier companies such as FedEx or Seven Seas Worldwide.

In terms of point of sale, as already mentioned in the "Market entry strategies" section, it is recommended that Maurie & Eve enters through the *shop-in-shop* model. Establishing a point of sale in a London department stores' such as Fenwick, Harrods, or Peter Jones & Partners can be a difficult task for a small brand such as Maurie & Eve. These department stores, because of their reputation and image, mainly accept brands with a certain track record and turnover, and once established, they are obliged to reach a certain

level of sales. Therefore, given the small size of Maurie & Eve and their limited international influence, it is recommended that the brand enters the UK through agreements with smaller retailers. In line with this approach, Urban Outfitters, one of the most famous small retailers in the UK, was identified. Urban Outfitters offers the possibility for the brand to establish itself in a more flexible way than department stores.

#### **4.4.3.1. Shop-in-shop in Urban Outfitters**

Urban Outfitters is a multinational lifestyle retail corporation headquartered in Philadelphia, Pennsylvania. The Urban Outfitters brand is aimed at young people, offering fashion products for men and women, as well as beauty products and accessories. The company's wholesale department designs and produces most of its products on multiple private labels. Urban Outfitters currently operates brands such as PacSun, Anthropologie, Brandy Melville, and Free People, among others. The clothing and accessories retailer operates a total of 641 stores around the world, where the flagship shop on Oxford Street stands out.

Having a space in one of London's most iconic and sought-after locations is a unique opportunity for the company, as it is one of the city's most popular tourist streets, frequented by high-income tourists with a desire to consume. Another reason why the *shop-in-shop* model is particularly interesting is that it can provide the possibility to test the market without consuming a lot of resources. In this way, if the expected results are not achieved, the brand can leave the arrangement and consider expanding into another market.

It is therefore true that the use of a *shop-in-shop* gives Maurie & Eve the opportunity to promote the brand in the early stages of its internationalization while attracting new customers without having to make a large investment first. If it successfully enters this market, the brand may consider establishing a longer-term physical shop in other retailers such as Topshop or one of the department stores, such as Westfield or Fenwick. An example of the *shop-in-shop* implemented at Urban Outfitters is shown in Appendices II.



#### 4.4.4. Promotion decision

As a final step in adapting Maurie & Eve's marketing mix to the UK market, it is necessary to determine the promotional and communication activities that need to be undertaken for the new brand to attract a new customer base, in order to ensure its acceptance among the new customer base. market. Currently, Maurie & Eve's communication job is mainly focused on direct marketing through social media. To ensure the effective integration of the brand in the UK, it is necessary to strengthen the current communication strategy through the use of other complementary marketing tools.

Moreover, as it is a multicultural market, it is necessary to reach an agreement with a local communication agency specialized in the field of fashion to play a vital role in the correct implementation of the brand. Under the guidance of Maurie & Eve's communication team, the agency is responsible for adjusting, proposing, and executing PR communication plans, creating digital content, and identifying influencers and social media activities at the competitor level.

- **Giveaways and social media advertising:** Social media giveaways can help you build your brand quickly. They can increase brand awareness, engagement, and sales. To run a successful social media giveaway, you must choose a reward that motivates people to enter the competition. In addition, Maurie & Eve should take the time to promote their giveaways to maximize participation. If executed correctly, it will generate a lot of interest in any brand. Consequently, it is recommended for Maurie & Eve to run monthly giveaways for the London audience via their Instagram account. The form and conditions of the sweepstakes are set out in more detail in Appendices III. On the other hand, Maurie & Eve could use Instagram *ads* to promote itself, focusing particularly on those users who fit its target audience. In this way, a large number of people could be reached, for a significantly low price.
- **Collaborations with influencers:** Cooperation with influencers is particularly useful to attract target audiences, making it a very attractive tool for Maurie & Eve. Therefore, collaboration with these influencers is proposed to the brand as a possible communication action. Considering the brand's resources, the most appropriate method is for the brand to send some of its products to well-known influencers in the

UK. It is worth mentioning that the brand has previously realized such collaborations with Australian celebrities. Therefore, it is time to reach out to British public figures. Examples of influencers who can work with Maurie & Eve are listed in Appendices IV.

- **Point-of-sale encounters:** To celebrate the opening of the pop-up store and attract a larger number of people, it is recommended to carry out actions at the point of sale, such as holding a raffle. You could, for example, raffle invitations to the Maurie & Eve fashion show at London Fashion Week, together with the brand's garments. In addition, golden tattoos with the brand's initials could be given away (see Appendices V).

#### **4.5. Fifth phase: Implementation and control**

In order to ensure the effective implementation of Maurie & Eve in the new market, it is essential to take into account the following aspects:

##### *a) Timing*

Firstly, it is necessary to determine the timing of the brand's entry into the UK. Given that there is currently a global pandemic that is negatively affecting companies, and the outcome that COVID-19 will have on the world economy is unknown, it is recommended that the entry be made from January 2022 onwards, once there is no political or commercial uncertainty, and therefore it can be effectively assessed whether entry into the United Kingdom is still the most attractive option.

##### *b) Internal organization*

As mentioned above, the Maurie & Eve team consists of a small number of staff. Thus, in order to ensure the effectiveness of the plan and to achieve the expected objectives, the team must assign tasks effectively. Likewise, it is important to ensure proper and smooth communication within the organization to avoid possible overlapping of activities and loss of effectiveness as a result. On the other hand, the person responsible for Maurie & Eve's communication activities should also make sure to actively promote the brand in the new market, implementing the recommendations made in the previous section. On the other hand, we need to discuss how staff will be organised. The staff working in the

shop will be two people employed by Urban Outfitters to take care of the Maurie & Eve brand. These two employees will be employed at a cost of \$36,250 for the first six months. This cost includes the training that these two employees will receive, which will be monitored by current Urban Outfitters employees. The training will consist of a one-week induction week, where they will be guided and assisted by Urban Outfitters employees. They will be able to learn how to deal with customers, and all the technical skills required for the job. In addition, to ensure that the brand is running smoothly, one person from the Australian team will fly to London every two months to check and monitor the shop in the United Kingdom. In addition, twice monthly meetings will be held via Zoom, between the two UK staff and the Australian team, to maintain routine monitoring and ensure effective implementation.

*c) Monitoring and follow-up*

Finally, to ensure the success of the plan, it is necessary to regularly control and monitor the brand's operations abroad. To this end, it is essential to maintain continuous communication with the point-of-sale managers established in Urban Outfitters to obtain feedback on customer behaviour in the new market and to ensure the strategic alignment of the parent company and its subsidiaries. On the other hand, it is recommended to periodically compare the results obtained with the strategic goals set out in the plan to determine the success or failure of the external expansion and, if necessary, the implementation of reforms to make it more successful.

#### **4.6. Analysis of the financial viability of the project**

Finally, as a final step in the elaboration of Maurie & Eve's internationalization plan, it is worth briefly checking the feasibility of the proposed strategy from a financial point of view.

Entering a new market must assume the related costs. Among these additional costs, the following can be identified:

- **Export costs:** Export costs are those costs derived from the transport of products from the country of origin to the destination market. Due to the distance between the country of origin and the country of destination, the costs are relatively high. For

example, sending a large parcel (30x 70x 35cm and 20kg) with the capacity to hold around 80 garments, costs approximately 110 pounds sterling, which is equivalent to 1.375 pounds sterling per garment.

- **Customs costs:** Currently, the customs charge is set at 0.045% of the value of garments you are importing into the UK. So, if the average selling price is £120, and you are looking to sell approximately 3200 garments, the customs cost would be set at  $3200 \times 120 = 384.000 / 3 = 128.000 \times 0.045 = £5.760$  in customs cost. To be more specific, the average mark-up applied by retailers is three, so we have divided the retail price by three, giving us the cost price at which the garments will enter the United Kingdom.
- **Distribution costs:** Since the shop-in-shop model has been chosen as the entry method, the brand will have to pay a monthly rent for the space occupied. Besides, by operating through a physical space, it will be necessary to hire shop employees, so the brand will also face a staffing cost. In this case, the rent for space for approximately 6 months is 30% of Maurie & Eve's profits during the rental period. Therefore, if we estimate sales of £307.200, the rental price would be set at £79.872. The cost of employing two people would be £36,250. These two costs combined, therefore, equate to a total of £116.122.
- **Promotion costs:** As will be mentioned in the section on “Promotional Decisions”, in order to ensure the acceptance of the brand in the new market, Maurie & Eve will have to undertake several additional marketing efforts which will have an associated cost. It is estimated that these costs would amount to approximately £6000.

Based on these data, an income statement was projected to determine whether the proposed plan would be feasible. These projections were based on the following assumptions:

- a) For the calculation of revenues, the average price recommended in the "Price Decision" section of £120 has been used. However, for the preparation of the Income Statement, the price excluding VAT should be considered. Given that VAT in the UK is 20%, the average price excluding VAT would be £96.

- b) When determining the gross margin to be used, the average of the margins that similar companies have obtained in recent years has been calculated, due to the lack of financial information on the brand. Given that international expansion entails a series of additional costs, it is considered that the gross margin would be slightly lower than the average of the brands used to obtain this calculation. Thus, projections have been calculated using a gross margin of 42%.

**Figure 17: Projection of the Profit and Loss Account**

|                              |               |
|------------------------------|---------------|
| Average selling price        | 96            |
| Number of sold garments      | 3200          |
| Revenues                     | 307200        |
| Cost of Goods Sold           | 178176        |
| <b>Gross Profit</b>          | <b>129024</b> |
| Staffing cost                | 36250         |
| Rent                         | 79872         |
| Promotion cost               | 6000          |
| Customs cost                 | 5760          |
| <b>EBITDA</b>                | <b>1142</b>   |
| Amortization                 | 0             |
| <b>EBIT</b>                  | <b>1142</b>   |
| Financial performance        | 0             |
| Extraordinary expenses       | 0             |
| <b>Earnings Before Taxes</b> | <b>1142</b>   |
| Taxes                        | 228,4         |
| <b>Net Income</b>            | <b>913,6</b>  |
| <b>Tax Rate</b>              | <b>20%</b>    |

*Source: Own elaboration*

Consequently, according to the projections presented, it is estimated that it would be necessary to sell approximately 3,200 garments to cover all the expenses incurred during the year. Given that the shop-in-shop would be open for 6 months, this would be equivalent to selling around 530 garments per month and given that the shop is open every day of the week, this would mean an average sale of 18 garments per day.

The high traffic of people frequenting the shop every day will have an impact on online sales. This makes it feasible or even surpassable to reach this sales figure. It is possible to sell more than 18 garments per day, which not only allows the brand to pay the cost, but to make considerable profits.

Therefore, it can be said that the internationalization strategy proposed in this study would not only be viable but also profitable, allowing the company to generate profits and scale its growth. Not only that, but we should mention that by increasing the number of units produced, the cost of production for the whole brand will be reduced, due to economies of scale. Thus, this internationalization process will significantly benefit the global brand, as the cost of production will be reduced, allowing a slightly higher profit margin to be generated.

## 5. CONCLUSIONS

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The proposed internationalization plan derives from the rigorous business and sectoral analysis and the study of the potential markets outlined. Consequently, the following conclusions are drawn:

### **First conclusion**

Maurie & Eve is a women's clothing brand with a unique and original design and characterized by summer and surf styles. All their clothing is made from recycled fibres and employs labour in decent working conditions. Considering the expected growth of the fashion industry, the increasing demand for sustainable products, and the industry's awareness of racism, it is certain that Maurie & Eve are at a turning point to scale their speed of development. At the same time, the fashion industry is one of the most competitive, especially on an international level. It is therefore recommended that Maurie & Eve enters other markets to ensure its survival, sustainability, and future.

### **Second conclusion**

Maurie & Eve's internationalization process is based on the development of a strategic international marketing plan for the fashion sector based on Hollensen's theory (2017) as the most appropriate model, adjusting from the first phase in the decision to carry out the internationalization plan to the fifth and final phase with the implementation and control of the overall marketing plan. The marketing plan guides preliminary market research and analysis, promotes organizational guidelines, input forms, and consumer contacts. Finally, it will lead the implementation of economic and financial plans, which will verify the feasibility of international projects.

### **Third conclusion**

The market selection analysis, following the evaluation of the *IMS* method, shows that the most suitable country for Maurie & Eve's overseas expansion is the United Kingdom. The UK is an attractive option because it enjoys a good political and economic environment, and also offers huge growth opportunities for companies in the fashion industry. In particular, London is considered the most suitable city for the establishment

of the brand because of its global strategic interests and its prestigious standards in the textile industry and has also been used as a reference by other international markets.

#### **Fourth conclusion**

It is recommended that Maurie & Eve enters the UK through its own establishment abroad, especially through the so-called *shop-in-shop* model. In this way, the company can minimize the risks and investments associated with entering new markets and, at the same time, exercise considerable control over its overseas business.

#### **Fifth conclusion**

Concerning the product, the implementation of a standardization strategy is suggested. In other words, no modification or adaptation of Maurie & Eve's products to the new market is considered necessary.

#### **Sixth conclusion**

For entry into the new market, an average price of \$225 is recommended, in line with competitor prices. At the same time, demand in the United Kingdom is favourable to support this price increase.

#### **Seventh conclusion**

The opening of a *shop-in-shop* at Urban Outfitters on Oxford Street is recommended. The shop's high customer traffic, the possibility of having a physical presence, and the control Maurie & Eve can exert over its brand image make this the most attractive option for the Australian brand to start selling its products in London. In the future, it is recommended to establish a longer-term business in department stores and major retailers.

#### **Eighth conclusion**

With regard to promotion, it is recommended in the first instance to make use of marketing tools aimed at making as many people as possible aware of the brand's entry into the new market, through marketing tools such as encounters at the point-of-sale or giveaways on social networks. On the other hand, it is recommended to maintain the brand's current communication efforts through social media, especially through contact with influencers in Australia and the UK.



**Ninth conclusion**

To ensure the successful implementation of the proposed plan, it is recommended that the brand first enters the UK from January 2022. In addition, the importance of effective coordination between team members is emphasized, due to the small size of the team, and the need for regular monitoring of overseas activities to ensure that the desired objectives are achieved.

## **6. FUTURE RESEARCH DIRECTIONS**

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Given the limitations of space, time, and resources in the preparation of this Final Degree Project, it is possible to identify a series of future research directions that may be the subject of additional study:

### **First future research direction**

As a continuation of the internationalization plan formulated in the current project, which can be considered of a more strategic nature, it is recommended to develop a more detailed and operational internationalization plan. In this sense, it is recommended to analyze in more detail the economic and financial feasibility of the expansion and the costs and benefits derived from the process.

### **Second future research direction**

Study of the growth and international expansion model to other potential markets in the region, using the business model implemented in London based on the strategic criteria of Maurie & Eve. Consequently, an extrapolation and adaptation of the internationalization model would be carried out, considering other potential European countries previously analyzed, such as France and Holland, and even assessing a possible entry into the Asian continent in the long term.

### **Third future research direction**

After a period of development and growth, evaluate the possible opening of own shops, both in Australia and in the other countries studied above. In this way, Maurie & Eve would assume greater control of the brand, and the possibility of opening physical shops could be beneficial for the brand in economic terms.

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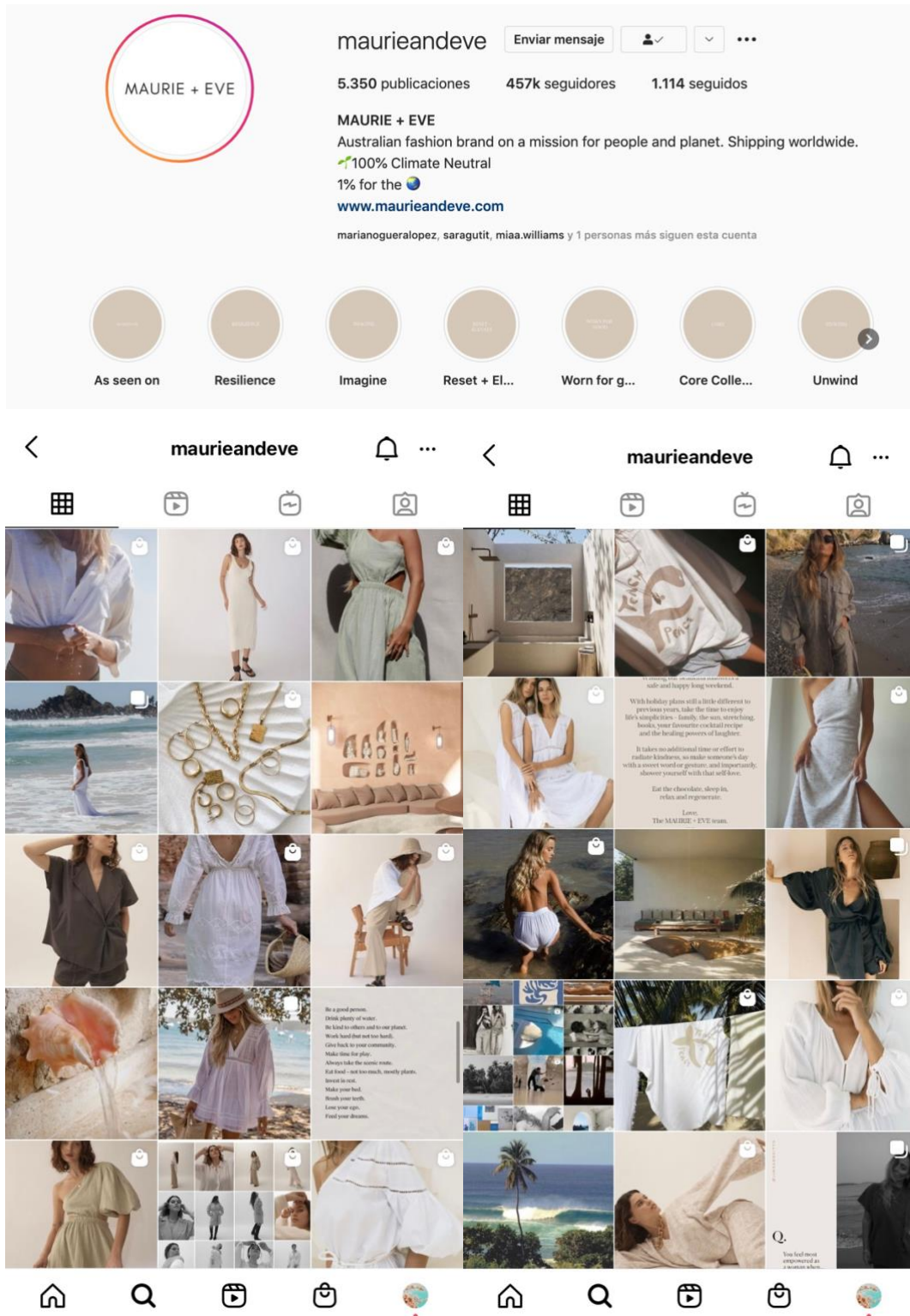
## 8. APPENDICES

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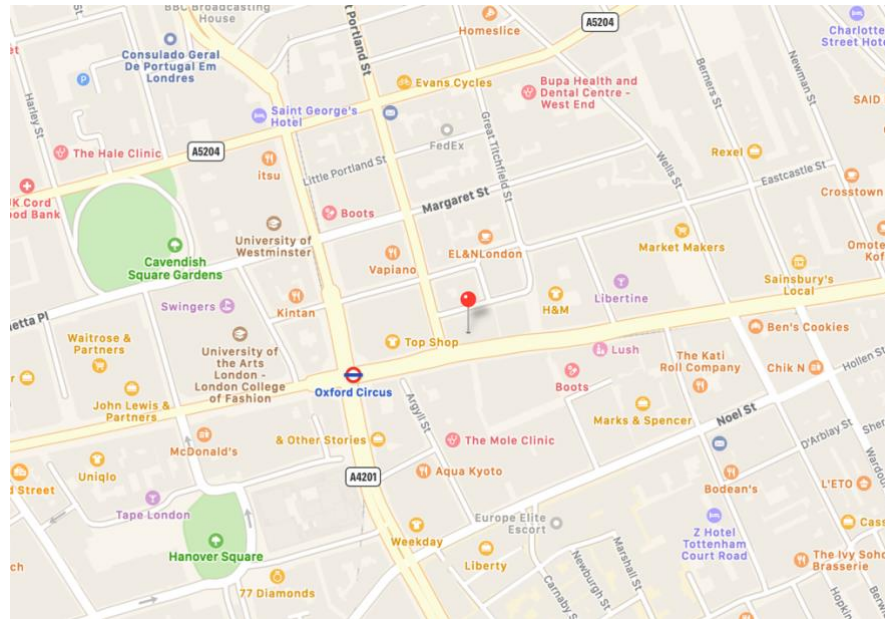


# 1. Appendices I: Instagram of Maurie & Eve



Source: Retrieved from the Instagram of Maurie & Eve

## 2. Appendices II: Shop-in-shop Urban Outfitters



### Urban Outfitters shop-in-shop fact sheet

|                          |   |
|--------------------------|---|
| <b>Location</b>          | 200 Oxford Street, London                 |
| <b>Dimensions</b>        | 7 m <sup>2</sup>                          |
| <b>Opening hours</b>     | Open from Monday to Saturday              |
| <b>Included services</b> | Dressing rooms, order picking, wifi, etc. |

*Source: Own elaboration based on Urban Outfitters website*

### Example of shop-in-shop at Urban Outfitters by other brands



*Source: Retrieved from Urban Outfitters website*

### 3. Appendices III: Instagram sweepstakes guidelines

A prize draw is recommended as follows: Maurie & Eve will publish a photo announcing the raffle on the occasion of the launch of the shop-in-shop in London and setting out the terms and conditions for entering the raffle. In order to enter the prize draw, participants will have to fulfil a number of requirements:

- Follow the brand.
- Mention three people.
- Upload the photo to their Instagram Stories, mentioning the brand and including the hashtag #Maurie&EveArrivesInLondon for approximately two weeks and at the end of this period, the brand will announce the three winners of the draw through its social networks.

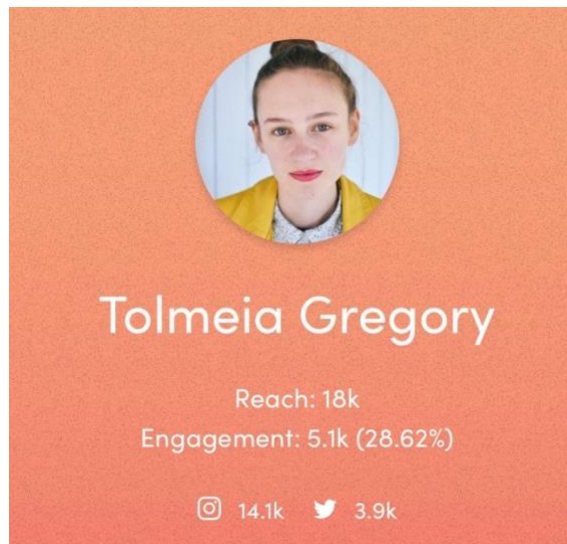
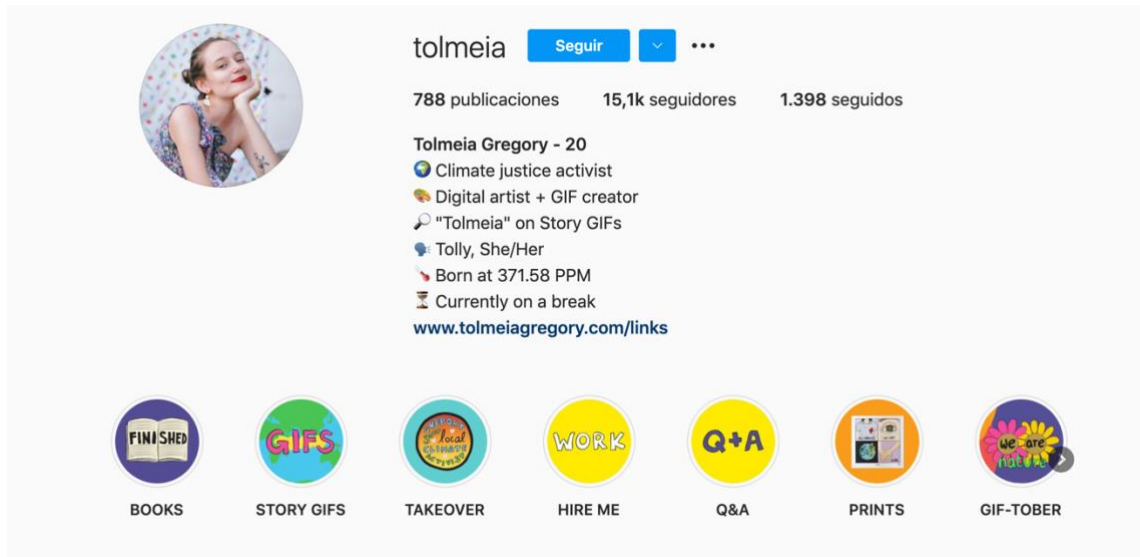
In the following image you can see an example of a previous sweepstake carried out by Maurie & Eve.

#### Example of the post on Instagram announcing the sweepstake



Source: Retrieved from the Instagram of Maurie & Eve

#### 4. Appendices IV: Example of an influencer for a potential collaboration



*Source: Instagram of Tolmeia Gregory*

Characteristics that make this influencer an interesting candidate for a potential collaboration with Maurie & Eve:

- Lives in London, UK (selected market for Maurie & Eve's entry).
- She has a good engagement rate, of 28.62%.
- Shares the brand's values: concerned with sustainability at all levels. She is vegan and very committed to promoting sustainable fashion, especially small sustainable brands.

- As Tolmeia Gregory (2021) states, “My mission has always been to inspire people to become more confident in themselves and what they wear. Now, I hope to inspire people to fight for their futures, in order for us to continue sustainably expressing ourselves in a healthy and prosperous world.” She is therefore an influencer with great potential that could be of considerable benefit to Maurie & Eve.

## 5. Appendices V: Examples of golden tattoos



*Source: Retrieved from Pinterest*