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Business report

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Introduction

Production of extremely low-cost clothing in the past decade has led to a fast growth in fashion industry, a high consumption in clothing and therefore increase in disposal of the clothing. Disposal of these product has affected the environment and the human health, as they are made of non-recyclable fabrics which create contamination in air (creating toxic gases) and soil when dispose (Nature of Climate, 2018).

In the recent years, fashion industry had been one of the industries recognised for being highly polluting. According to the studies carried out by Pederson et al, (2018) customer's awareness in relation to sustainability issues has been greatly considered in the last decade and this has changed the industry as customers are more 'green consciousness'. The fashion companies have also begun to consider the environmental problems caused by their activities and productions, however, many companies struggle and lack the capabilities to approach a green transformation. It has been conduct that textile and clothing manufacture are the core causes of the global climate change.

Eco Fibre Wear LTD is an independent fashion label, that creates contemporary sustainable wear which is environmentally friendly and help to tackles the global crises by providing the eco friendly materials. Our company mission is to replace label of women fashion wear product that made from harmful fabric that causes the negative impact to the environment, this can be replace into eco friendly fabric like bamboo, silk, organic cotton, and soya fabric to achieve our sustainable goals.

Family Firm and Start-up

A start-up company is a new company in the market that have the tendency towards a high level of risk to undertake development of a dynamic service or product, with a limited experiment and sources (Crowne 2002). According to Rosenbusch, (2011), the youth of a start-up company can be a factor which increases its tendency for failure, which is a great weakness. On the other hand, a family-firm emphasises the link between the business process and family members and therefore family members play an influential role in the decision-making of the organisation, which leads to a low-risk investment policy that allows a long-term sustainability and innovation (Hillebrand, 2018).

Eco Fibre Wear LTD is London-based small enterprise start-up, founded by one entrepreneur who have a desire to change the planet and is aiming to contribute positively in the society. Our business is an online business that sell sustainable women fashion clothing. The purpose of the company is to gradually tackle the global crisis of pollution made via textile industries by using fabrics which are made from the organic materials and re-cycling fabrics as their clothing materials.

Supporting community

It has been demonstrated that the fashion industry is one of the most polluting industries and therefore by educating the consumers on sustainable and ethical brands, the waste products can be controlled and reduced. There are four reasons as to the importance of shifting to a sustainable and ethical fashion, which are discussed below:

1. It’s better for the planet

The fast-growing fashion industry is having an impact on the landfill, power and water consumption, polluting our drinking waters due to the pesticides and insecticides used in growing cotton and affecting the environment and our health. The environmental footprint created due to the fast fashion industry can be reduced by choosing Eco Fibre Wear Ltd sustainable fashion brand can be supporting the negative environmental impact.

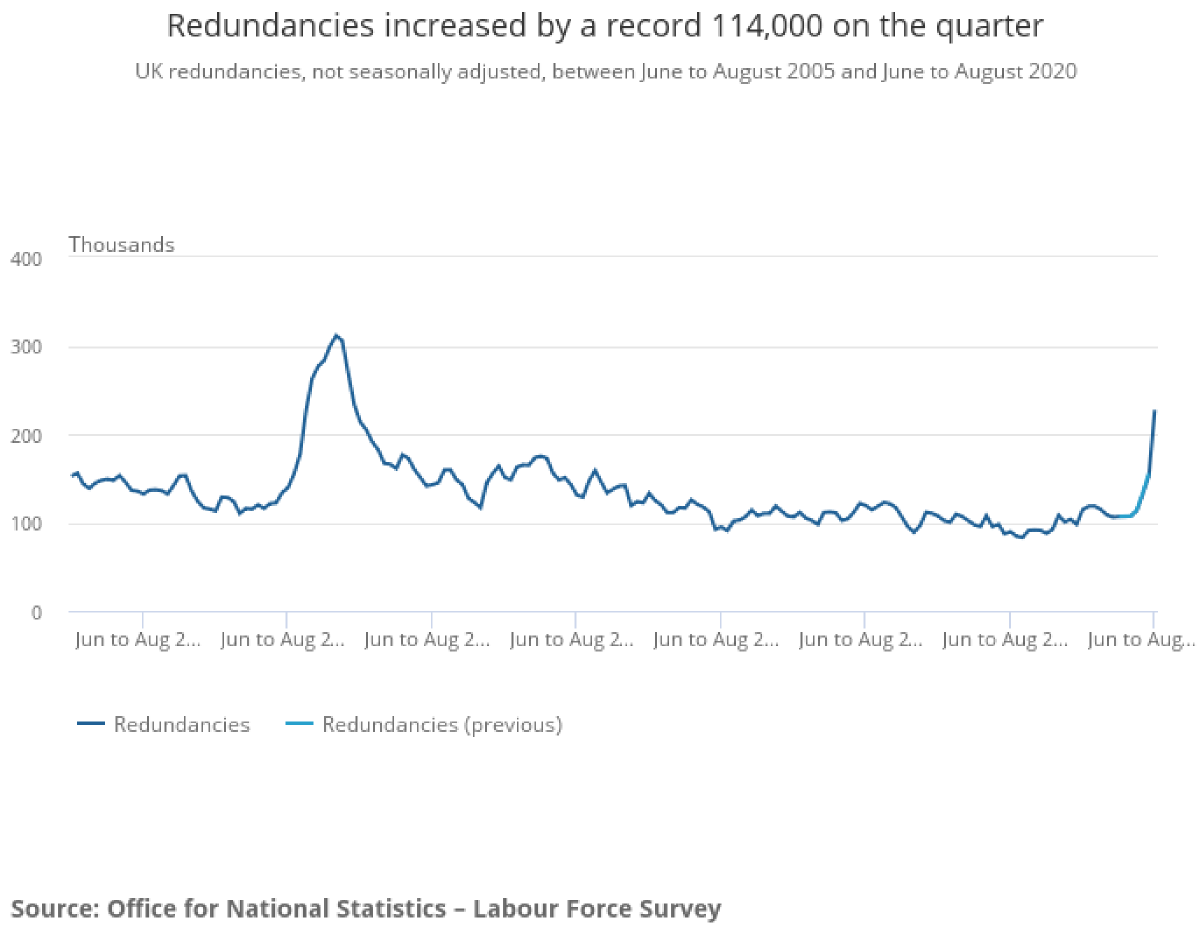
2. It’s better for people

Many fashion industry has been successful in keeping the cost of clothing production down at the cost of workers in the developing countries, where they are paid low and work in bad conditions. Choosing Eco Fibre Wear Ltd which is made in the UK can be more sustainable and ethically which ensures that the brand has not taken advantage of the workers or used child labour for their clothing production.

3. Creating jobs within the community

Figure 1: UK redundancies between June- August 2005 to 2020.

Source: (Statistic, 2020).



According to the data from figure 1, Labour Force Survey (LFS), illustrates that coronavirus pandemic has had a huge impact on the employment rate, decreasing the employment rate and increase in the level of redundancies in the recent year. It can be observed that even though the total hours worked by individuals might be low, there are fewer people temporary away from work and the employment rate is improving. The redundancy cases have increased by 113,000 in a year and 114,000 on the quarter totalling to 227,000. The LFS shows an annual increase was the largest between April to June 2009, with the highest rate since May to July 2009.

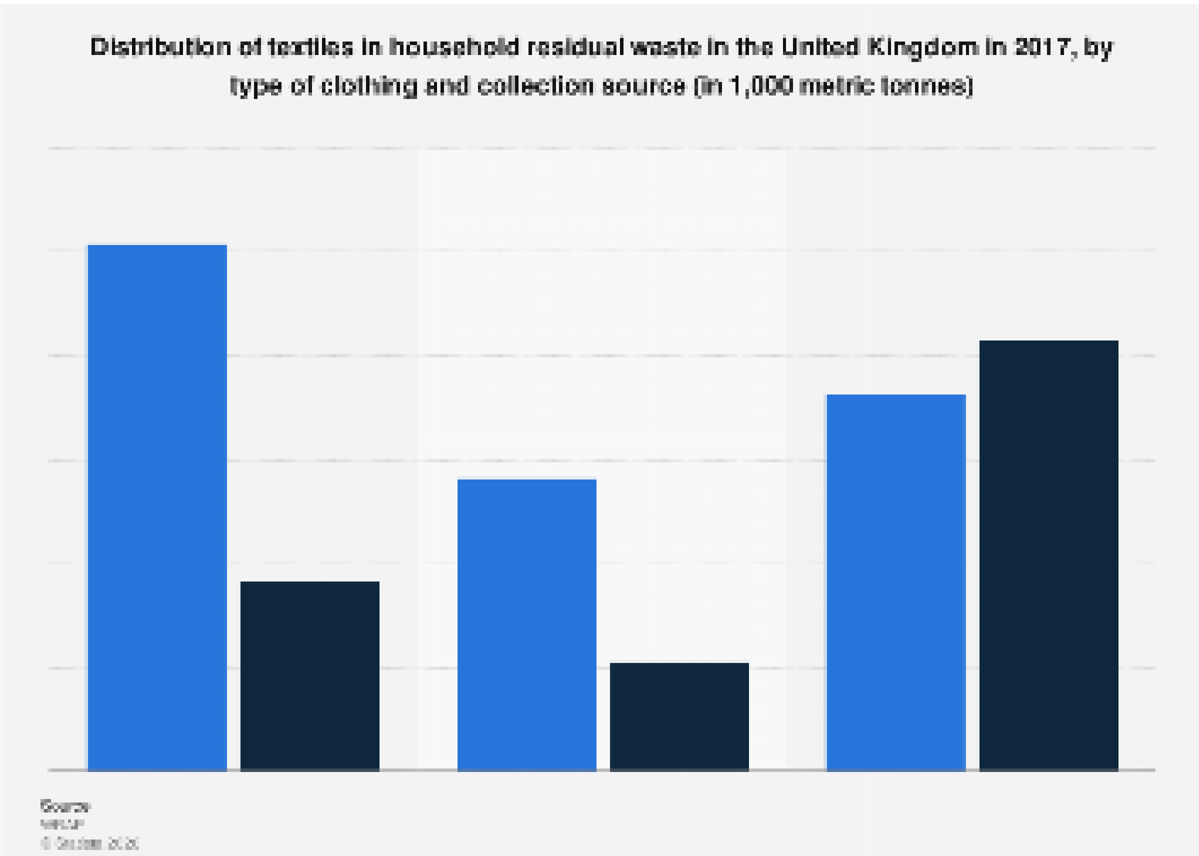
Eco Fibre Wear ltd will be manufacturing the sustainable clothing in the UK, which will increase the rate of employment in the UK and boosting the economy of the country while reducing the environmental impact.

Sensing, sizing, and transformations

The fashion industry has causes a negative environmental impact which has been recognised in the recent years. It has concluded that fashion industry is the second biggest polluting industry in the world. According to Nature of Climate (2018), the global clothing industry supplies an estimate of 1.2 billion toms of greenhouse gases yearly. As an entrepreneur it is crucial to recognise the opportunities and apply the change in the business to maximise the competitive advantage.

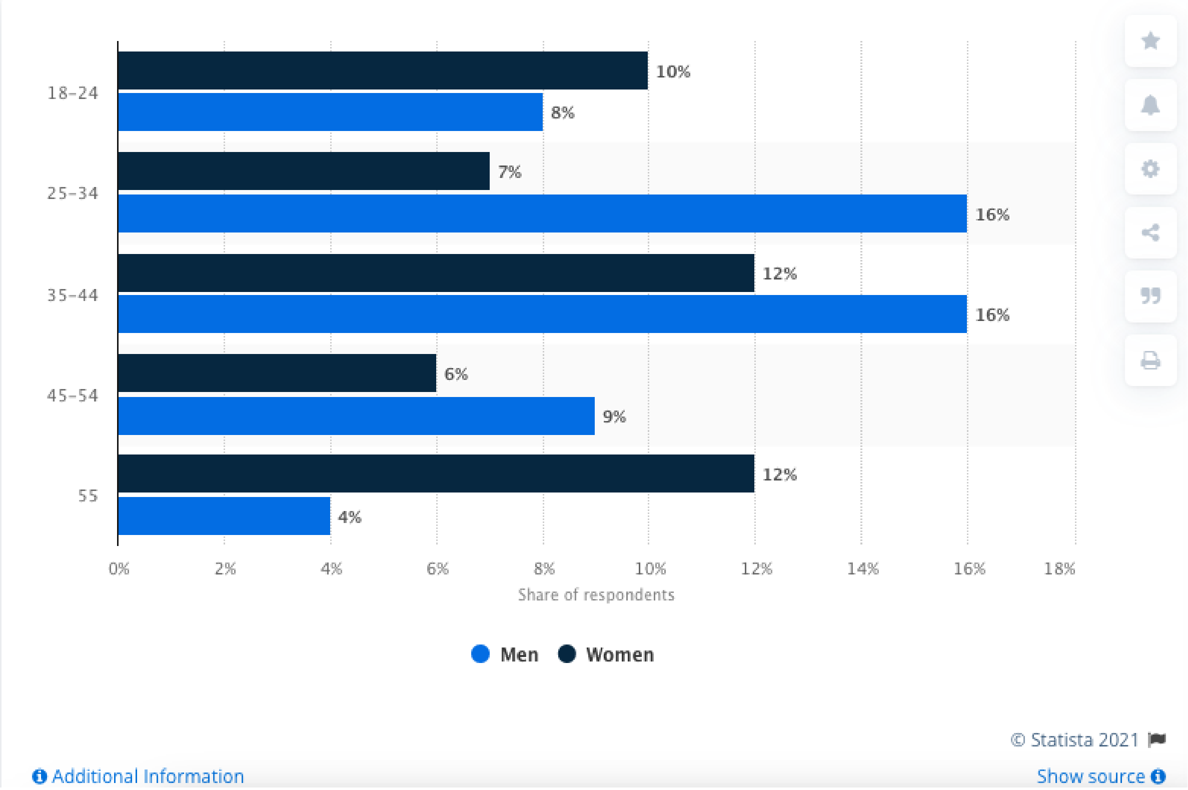
A research that has conduct by Al-Aali and Teece, (2014) explained that sensing requires to research the possibilities, exploring industry and pay attention to consumer's needs. Eco Fibre Wear company has established the sizeable opportunity to grow ventures and identify the demand.

Figure 2: The distribution of textiles in household residual waste in the United Kingdom in 2017.
Source: (Statistic, 2019)



According to a 2019 statistic, there is 336 thousand tonnes of clothing is disposed from Individual household waste in the United Kingdom. The outcome from the report also shown that most of the unused clothing ended up in recycling or kerbside collections.

Figure 3: Sustainable fashion choice demographic distribution United Kingdom.
Source: (Statista, 2020).



According to the statistic the United Kingdom (UK) customers survey shows British men preferred to shop sustainable clothing brand more than female. However, female aged 35-44 and 55 plus presented higher favourite for sustainable fashion brands.

Figure 4: How would you describe your current willingness to purchase sustainable fashion?
Source: (Statista, 2020)

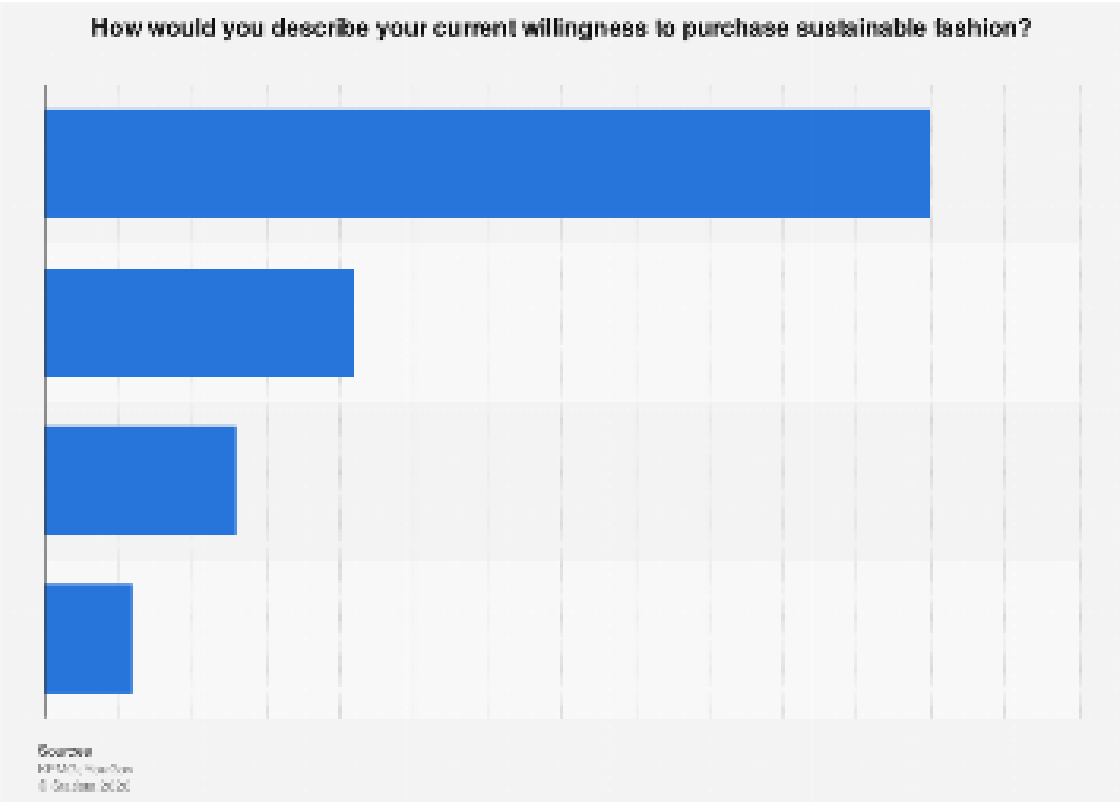


Figure 4 has illustrated the willingness of customers would purchase sustainable fashion global in 2018. In 2018, there are 60% of consumers are willing to pay for sustainable product is the same price as the normal fashion.

The results of the data have enable to provide the insight of the industry to take action in seizing opportunities and encourage investors to invest. Eco Fibre Wear is a sustainable women fashion wear that sell online platform. Our company is committed to responsible souring, fair trade and ethical practise. Eco Fibre Wear products using organic materials like bamboo, silk, organic cotton, and soya fabric which have ethical considerations. Through using entirely organic materials our brand can guarantee that clothing decomposes simply, rather than stay in landfill for many hundred years.

For our start up online platform it would cost £3,000, an addition £20,000 for production made, £30,000 hiring a designer, £10,000 would go to the cost of rent a wear house, £7,000 go to the marketing and other cost. This will give us an estimate cost of £70,000, which can be funded by an angel investor (£60,000) and other investments will be from other platform like crowdfunding.

For the transformation to take place Eco Fibre Wear aim to expand the market areas such as Gibraltar, Chile, Malta and Peru. It has been observed from the statistic that consumers in development country have a great awareness global crises and they're willing to support and purchase sustainable products. Our brand will continuously engage with customer's feedback for future improvement.

Causation and Effectuation

To recognize an entrepreneurial economy, it is essential to understand and be aware of the actions and behavior of entrepreneurs. The researched carried out by Sarasvathy (2001) and Sarasvathy (2008) enhanced our knowledge of the entrepreneurial process by describing two different approach to creation of new venture. First approach is the causation which is constant with planned strategy such as opportunity recognition, business plan development, where the entrepreneur takes and existing market opportunity and using resources would create a sustainable competitive advantage. Second approach is effectuation process which is consistent with emergent strategy such as considering alternative based on flexibility, loss affordability and experimentation. Here the entrepreneur would develop opportunity by altering the direction as new information becomes available. By considering the relevant principles discussed above on effectuation and causation, it is noted that Eco Fibre Wear would classify under the theoretical framework of causation.

Developing Networks: MNEs and social capital

A successful global entrepreneurship is supported by three capabilities; international opportunity identification, institutional bridging and a preference and capacity for cross-cultural collaboration.

When considering a global new venture creation, it is critical to look further than domestic markets and observe complex connections across international boundaries in relation to design, production and distribution. It is observable from the studies carried out by Karra et al, (2008), the international vision grows out of a strong confidence in the nature of business across the global, complicated of cultural understanding and practise, and not out of simple market knowledge.

The outcome from Johnson and Vahlne, (1990) studies conclude the importance of the integration as the network view presents many-sided of element rather than independent development that established in the traditional models of incremental internationalisation. Based on cognitive learning and competency development, the 'stages' understanding illustrates an evolution to internationalisation, which leads to increase over time and experience. This internally focused approach to internationalisation allows organisations to develop their market and methods as managers have more experience and have gained confidence. Furthermore, Angel Investors is a professional network based on trust, mutual respect and commitment, which are also support services offering the business with mentoring and established fashion business entrepreneurs.

Entry Mode and Marketing Strategies to Internationalise

According to Johnson and Vahlne, (1977) studies, the internationalization method of Uppsala model consists of the firm progress their activities internationally throughout period of time, in an incremental fashion built on their understanding of growth which is clarified by the concept of psychic distance; first into psychically close marker and later, as their knowledge develop, into more distant market.

Eco Fibre Wear will use the Uppsala model to capture the attention of a large group of researchers using international firms' behavior, where a theoretical view is applied to analyses Eco Fibre Wear's regular and irregular behavior and used to conclude the outcome.

Entry Mode

Before expanding internationally, it is crucial for Eco Fiber Wear to establish what would have an impact on the business. Firstly, our company will plan a market segmentation analysis to analyse whether our products will sell in the local market. Secondly, Eco Fibre Wear will highlight the product gap analysis and differentiate it to the local products, to enable us to see whether or not there is a demand by the local companies. Thirdly, Eco Fiber Wear will complete our company's SWOT analysis and the result will be compared to the competitor's results, to highlight the price differences and ensure our price fit the local demands. Finally, we will analyse the market opportunity sizing, to give us an overview of our target sales.

Furthermore, Eco Fire Wear will be able have a partnership with John Lewis, as they have 42 store across the UK, 32 store international market, and they also have stores in Gibraltar, Chile, Malta and Peru, which are the countries Eco Fibre Wear Ltd is planning to entre and expand their business in.

In addition, we will start to use international business consultants to provide us with valuable assistant while we are trying to evaluate a foreign distributor. The networking gives our company the opportunity to learn more about the foreign market and reducing the financial risk.

Moreover, Eco Fibre Wear will use digital platforms such as Amazon, Shopify, Website, eBay, social media, to connect with the targeted customers and interested buyers. This will enable our company to expand in different geographical regions and internationally. By using the digital globalization, our business is able to reach international consumers. According to McKinsey's, (2016) report which emphasizes on digital platforms and how it is essential in transforming the economics side of a preforming business throughout borders, reducing the expenditure of international contact and trading of small businesses across the global which are becoming “micro-multinational” as business are using different digital platforms.

Consumers Segment

The consumers approach towards sustainable products and services has increase considerably in a positive direction in the recent years. Eco Fibre Wear Ltd will segment customers using the behavioral customer segmentation which considers the customers’ spending habits and lifestyle patterns (Gavett, 2014). Eco Fibre Wear Ltd will specifically target female customers age from 18-50, working females, or females who live a sustainable lifestyle life, are passionate about recycling and environment, and consider purchasing eco-friendly products. Upon conducting market research into this target, the results were as follow:

- 96% of individual feel their own actions can make a difference on the environment (Townsend, 2018)
- 88% of the customers would choose products to support their live sustainably (Townsend, 2018)
- Around 25% British customers believe that the environment is one of the three most crucial problems the nation is facing (Carrington, 2019).

Therefore, the statistic illustrate that the target market would be suitable for Eco Fibre Wear Ltd, as the customers would be able to purchase products from the company which satisfy their needs and tackle the environmental issues by recycling textiles and reducing waste instead of allocating them to the landfill. In addition, to promote our brand we would use a celebrities are the most influential from Instagram who can influence public opinion, and other marketing tools are google adds to promote our websites. We are also giving discount for the first month to purchases our product to help us spreading the trend by word of mouth.

Furthermore, Eco Fibre Wear products differ from competition, as only focuses on groups of female only. As from the statistic above, 60% of consumers are willing to by sustainable products if it’s the same price is normal fashion brand. Our price range are from £45-£100, as we are focus to be affordable which would encourage customers to be able to purchase sustainable brand. Our price is more cheaper compare our competitor like, Know The Origin from £55 and Bird song price from £220.

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The Intellectual Protection of Eco Fibre Wear Ltd

Eco Fibre Wear will have registered Trademarks Act 1994 for the company name and logo, with the trademarks providing the propriety right. Our company’s trademark will be first in the UK and once the company expands and establish into other European countries, we trade mark protection by applying for a European Union Trade mark (EUTM).

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