SITUATION ANALYSIS
Part 1

*Dylan*NICOLE

Boutique Company Background

- A boutique is a small store typically selling fashionable, lesser-known clothing brands and accessories that uses vendors who aren't well-known.
- Similar to clothing stores, boutiques can operate in both physical locations and online marketplaces.
- Necessities for a boutique to operate: filing the appropriate legal papers, incorporating the business, staffing, financial assistance, marketing and customer service.
- Boutiques offer clothing in smaller batches compared to clothing stores.
- Often niche and local.
- According to research, boutique owners often have experience in the retail industry and have a passion for fashion.
- Boutique owners are entrepreneurs and are responsible for all aspects involved in running a business. Knowledge in design, marketing, inventory, sales, finance and accounting are helpful.
- A big motivator for boutique owners is the ability to be their own boss.
- Salaries range from $0 to $100,000.
- Often, to get started, owners have to get a loan or use personal savings to cover costs at the beginning.

Boutique Goals

- Making a profit.
- Acquiring and retaining loyal customers.
- Buying items from vendors that sell out, while limiting the amount of items that don't sell at all.
- Local awareness of the brand.
- Differentiation from other boutiques.
- Independence: owners like "being their own boss."

Measured Milestones and Results

Successful Boutiques

- Have positive cash flow.
- Strong advertising.
- Stellar customer service.
- In-demand inventory.
- Create a shopping experience.
- Don't just sell clothes but educate customers on style.
- Create a community on social media.
- Learn what their customers want and sell that, but also let their customers try unique brands.

Conversion Rate, Markup Rate and Profit Margin

- The average conversion rate for brick-and-mortar stores is around 20-40%.
- Conversion rate: people who visit the brick-and-mortar store and leave with a purchased product.
- Markup rate: 50-80%.
- Average net profit margin: 10%.
- High profit margin 20%.
- Low profit margin 5%.

Industry Results

- Global Revenue 2019: $25,246 (million).
- Global Revenue 2020: $18,109 (million).
- Global Revenue 2021: $18,391 (million).
- Expected Global Revenue 2022: $19,128 (million).
- Expected profit rate of 2022: increase by 4.00%.
- 47% of all start-up boutiques are still in operation four years after their launch.

Why Boutiques Fail

- Leadership failure.
- Failure to be unique.
- Making assumptions about the customers needs/wants.
- Failure to analyze numbers.
- Expanding, overextending payroll and exceeding a marketing budget too soon.
- Failure to learn from mistakes.
- Disadvantages of boutiques: they tend to be more costly and the boutique's style can go out of fashion.

Boutique Key Performance Indicators and Measures of Success

- Sales and sales per square foot.
- Foot traffic.
- Average amount customers spend.
- Engagement analytics.
- Experience per square foot.
- Showrooming data.
- Halo effect analytics.

Boutique Target Markets

- According to research, the target market should include individuals:
    - Participating in frequent social events.
    - Middle class and upper-middle class.
    - Segmented by age and gender, often focusing on one gender and an age range spanning no more than 10 years.
        - Typically targeting females.
- Those able to spend extra money on marked-up boutique items.
- Those looking for unique high-quality items not found in general department and retail stores.

Boutique Customer Persona

Jane Johansen

- 22 years old.
- Spends her free time looking at Instagram stories.
- Goes out and socializes almost every weekend.
- Attends college football games.
- Lives in a modern apartment and works in a creative setting.
- Enjoys keeping up with fashion trends.
- Has enough income to buy marked-up items at a boutique.
- Looks for uniqueness and quality in life and in purchases.
- Values standing out and making a bold statement.
- Seeks to be inspired by life and by others.
- Cares more about experiences than end results.

Boutique Competitor Analysis

Main Competitors

- Well-known name brands; American Eagle, Urban Outfitters, Anthropology and Free People.
- The Richland Mall.
- Department stores; Kohl's, Old Navy, Sears, Macy's and Dillard's.
- Thrift Shops; Goodwill and Plato's Closet.
- Online Shopping; Amazon, SHEIN, ROMWE, Emery Rose and Stitch Fix.

Benefits of Competitors

- Lower prices.
- Convenient.
- Well-known and have reputations.
- More generalized and offer a variety of products.
- Familiar to consumers.

Covid-19 Results and Current Trends in Shopping Patterns

- Due to the declining demand and store closures in 2020, industry revenue declined by 28.3%.
- Online shopping surged during the pandemic.
- Shift to value: consumers have less income, so they are spending more carefully.
- Shift in loyalty: 75% of U.S. consumers have changed something about the way they shop.
- More people are staying home: 80% of people are concerned when they leave home.

Source: https://www.mckinsey.com/featured-insights/mckinsey-live/webinars/evolving-consumer-how-covid-19-has-changed-us-shopping-habits

SWOT

ANALYSIS

STRENGTHS

- Unique items
- Variety of items and styles
- Benefits community
- Find statement pieces

WEAKNESSES

- Not well-known
- Lack of consumer awarness
- Mark-up on itmes
- Expensive
- Poor seo
- Narrow range in sizes

OPPORTUNITIES

- Emphasize how the brand is unique
- Stand out from competitors
- Market potential
- Support for small businesses
- Potential to expand target markets

THREATS

- Well-known clothing brands, department stores and retail shops
- Lower prices from other stores
- More accessible locations
- Online shopping
- Economic burden from pandemic

Situation Analysis Part 1 References

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SITUATION ANALYSIS Part 2

DylanNICOLE

Dylan Nicole Background

- Founded by University of Texas grad Karen Hansen.
- Launched and opened first storefront in October 2021.
- Originally started as just a few boutique items merged with Karen's T-shirt business, but then grew from there.
- Karen worked in advertising for 24 years doing media buying but wanted to work for herself, so she quit her job.
- Signed a lease downtown and waited four years, but the owners declared bankruptcy and went into foreclosure.
- Realtor called and said he found a new spot, which is the location she is in now.
- Inspired by the look and feel of Anthropology, Urban Outfitters and Free People.
- Inspired by the texture, pattern and feel of clothes.
- Started the company with her daughter, Dylan Nicole (hereinafter DN), who is now at college and helps occasionally with the store.
- Inspired by creative, artistic people.
- Prioritizes fun and relationships with customers overselling an item just to sell it.

Dylan Nicole Goals

- Raise location awareness, and increase foot traffic.
- Successfully target college women.
- Increase engagement on social media.
- Effectively showcase best-sellers.
- Effectively restructure ambassador programs, and increase social awareness.

Dylan Nicole's Measureable Results

- Instagram: 314 followers.
- Likes and views on Instagram per post: 15 - 90; average: 30.
- Facebook: 302 likes.
- Customers on newsletter mailing list: 140.
- Dylan Nicole's target audience primarily frequents social media.

Our Goals for Dylan Nicole

- LIGHT AND AIRY DESIGN
  - Establish a cohesive tone, feel and look for social media.
  - Bright and airy aesthetic; inviting.
  - Better photography; find photoshoots locations with proper aesthetics.
  - Find color schemes consistent with positive customer trends.
- COMING TOGETHER
  - Shift in consumer trends to sustainable and responsible purchases; increase in brand loyalty to sustainable and responsible companies.
  - Increase in importance for like-minded communities.
  - Establish a brand reflecting and encouraging these trending values.
  - Importance of community events as the emphasis on social media.
  - Showcase strong moral compass.
  - Transparency between businesses and the public.
- DIGITAL PRESENCE
  - E-commerce is the new normal; emphasize ease of online transactions.
  - Make social media and the website cohesive and inviting.
  - Include creative descriptions of clothing items on the website.
  - Bridge gap between in-person and online experiences.
- SOCIAL MEDIA CALENDAR
  - Create a social media calendar to plan to post content at specific times and days of the week to get the most engagement.
  - One to two posts per day.
  - Four to five interactive stories per day.
- MAKE STORE LOCATION KNOWN
  - Dylan Nicole is located next to Union Hall, which gets a lot of traffic, but is not known to the general public.
  - Create a sign to go in front of the store.
  - Create flyers to put up in popular tourist locations.
- SUCCESSFULLY MARKET TO THREE DIFFERENT TYPES OF CLIENTS
  - Market to female Baylor students.
  - Market to female Magnolia tourists.
  - Market to the female Waco population.
- USE THE LOCATION OF DYLAN NICOLE EFFECTIVELY
  - Union Hall hours
    - Sunday - Saturday; 7 a.m. to 10 p.m.
  - Dylan Nicole hours
    - Monday - Saturday; 11 a.m. to 7 p.m.
    - Sunday; 12 p.m. to 5 p.m.
  - Increase foot traffic to Dylan Nicole by using an infographic map on social media to map from Union Hall to Dylan Nicole.
  - Raise awareness of Dylan Nicole's location by targeting Union Hall customers with signs and arrows.

Target Markets

- Karen is targeting Magnolia tourists and college women.
- Both target markets:
  - Participate in frequent social events.
  - Are in the middle class or upper-middle class.
  - Include only women.
  - Are able to spend extra money on marked-up boutique items.
  - Look for unique, quality items not found in general department and retail stores.
  - Are creative, unique women looking to stand out and make a statement with their clothing?

Customer Persona

Mary Johansen

- 20 years old.
- Goes to Baylor University.
- Active in a sorority.
- Spends her free time looking at Instagram stories.
- Goes out and socializes almost every weekend.
- Attends college football games.
- Lives in a modern apartment or house off-campus.
- Enjoys keeping up with fashion trends.
- Creative taste in fashion.
- Has enough income to buy marked-up items at a boutique.
- Looks for uniqueness and quality in life and in purchases.
- Values standing out and making a bold statement.
- Seeks to be inspired by life and by others.
- Cares more about experiences than end results.

Customer Persona

01 COLLEGE WOMEN

- Age
  - 18-24 years of age
- Gender
  - Women
- Race
  - According to Data USA, "students enrolled at Baylor University in full-time undergraduate programs are most commonly White Female (37.1%), Hispanic or Latino Female (9.42%). Students enrolled in full-time Graduate programs are most commonly White Female (33.2%) and Hispanic or Latino Female (7.27%)" (Data USA, 2019).
  - Predominately White Audience
- Lifestyle
  - College-aged student; sorority girl; attends many events; enjoys shopping
- Personality
  - Unique; bold voice; artistic; fashionable
- Geographic Location
  - Waco, Texas
  - Near Baylor University's campus
- How to Target
  - Social media: Instagram and TikTok
  - Emphasize clothing options for students in organizations
  - Increase campus presence

02 MAGNOLIA TOURISTS

- Age
  - 30-59 years of age
- Gender
  - Women
  - May include men's clothing later on
- Race
  - Multiracial
- Lifestyle
  - Likes to travel; stays up to date on fashion trends; has disposable income
- Personality
  - Adventurous; creative
- How to Target
  - Social media: Facebook and Instagram

03 WACO LOCAL

- Age
  - 20-50 years of age
- Gender
  - Women
- Race
  - According to Data USA, "the five largest ethnic groups in Waco, TX are White (Non-Hispanic) (43.3%), White (Hispanic) (27.2%), Black or African American (Non-Hispanic) (20.8%), Other (Hispanic) (3.14%), and Asian (Non-Hispanic) (2.03%)" (Data USA, 2019).
- Lifestyle
  - Enjoys shopping at boutiques; has disposable income; spends time in downtown Waco
- Personality
  - Fashionable; creative; unique; stays up to date with fashion trends
- How to Target
  - Social media: Facebook and Instagram
  - Local magazine: The Wacoan
  - Local newspaper: Waco-Tribune Herald

Brand Voice

- According to research, quality and trustworthiness of apparel small businesses are paramount.
  - According to research, many boutiques buy items from the same vendors. Differentiating has never been more important. Research suggests that customer service, friendliness and general helpfulness have a positive impact on customer acquisition and retention and raise customer loyalty.
- "I do really like people and connecting with them and helping them build an experience and making new friends. I think that to me is probably the most valuable – [it's] the relationships." (Hansen)
- Hansen is looking for creative, artistic people to be her customers; creativity and uniqueness are important in the items she chooses to buy for her store.
  - By segmenting the look and feel of her brand as creative and artistic, Hansen differentiates the style of her store from other boutique owners.
  - "You are who you are. Which is why I defined my target audience not by age, but by personality." (Hansen)
  - "Our number one goal is to have fun, and our second is to make money." (Hansen)
  - "There's nothing wrong with being happy in your job and loving what you do. I use the word 'happy' a lot. People are more productive and feel better about themselves when they're happy in what they do." (Hansen)

Competitor Analysis

Competitors Boutiques in Waco

- *Roots Boutique*
  - 201 S Second St., Waco, TX 76701
  - Well-known by Baylor students.
  - Markets well to college women through cohesive design and a consistent aesthetic, seen in the website photos and colors.
  - Hours: 10 a.m. - 5 p.m.
  - Closed on Sundays.

- *Coreopsis*
  - 300 S Second St., Unit 4, Waco, TX 76701
  - Trendy website that organizes different looks. For example, there are collections for "sorority must-haves" and "out on the town."
  - Strong website with a cohesive theme and consistent message; appealing and interesting photos of merchandise.
  - Knowledge of their audience, seen in the tone and mood of the website; successfully targets their audience.
  - Hours: 11 a.m. - 6 p.m.
  - Closed on Sundays.

- *Pretty In Pink Flamingo Boutique*
  - 611 Washington Ave., Waco, TX 76701
  - Really strong website with a consistent tone; great use of brand colors throughout the website and media.
  - Appealing pictures that fit the tone and mood of the brand and its audience.
  - Well-known by Baylor students.
  - Hours: 10 a.m. - 6 p.m.
  - Closed on Sundays.

- *Spice Village*
  - 213 Mary Ave., Waco, TX 76701
  - Diversity in items; lots of options for consumers.
  - Well-known by tourists and Waco tour companies.
  - Hours: 10 a.m. - 6 p.m.
  - Closed on Sundays.

- *Apricot Lane*
  - 2444 W Loop 340 Frontage Road Unit 14, Waco, TX 76711
  - Strong website with an upscale tone; consistent brand message and tone; appealing and professional photos; cohesive theme; great use of colors and brand identifiers.
  - Well-established brand in Waco; reputable brand in the U.S.; has seven other locations.
  - Strong social media presence; targets college women effectively.
  - Named the No. 1 Women's Fashion Franchise; is the leading fashion boutique retail franchise.
  - Hours: Monday - Saturday; 10 a.m. - 7 p.m.
  - Sunday Hours: 12 p.m. - 5 p.m.

SWOT *Dylan*NICOLE

ANALYSIS

STRENGTHS

- Specific target market
- Unique items found only at Dylan Nicole
- Benefits the local economy
- Flexible to changes
- Less expensive than other boutiques in Waco

WEAKNESSES

- Not well-known
- Local boutiques get similar clothing from same vendors
- Narrow range in sizes
- Incohesive social media
- Poor SEO

OPPORTUNITIES

- The brand is unique
- Not like other boutiques in Waco
- Large potential market
- Expand target markets by including a variety of sizes
- Growth of social media

THREATS

- Well-known clothing brands, department stores and retail shops
- Lower prices at department stores
- Trends in thrifting
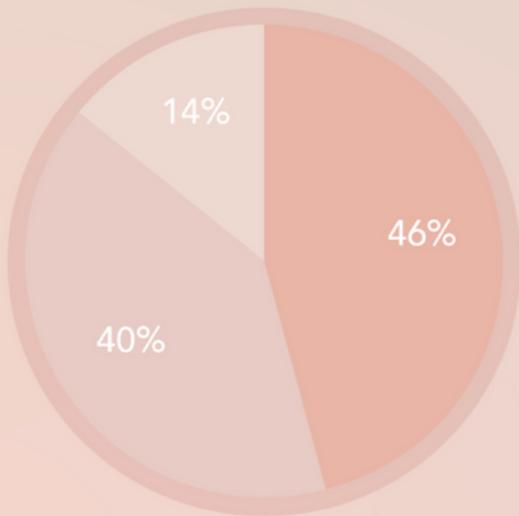- More accessible boutiques
- Results of the pandemic

DYLANNICOLE

LOOKING AT THE STATS...

86%

Will sometimes or always buy new outfits for big events

14%

46%

40%

AVERAGE STUDENT BUDGET FOR ITEMS AT

BOUTIQUES

SHIRTS **$36**

$52 PANTS

DRESSES **$56**

$68 SHOES

ACCESSORIES **$25**

Spring
SALE

Authentically You

25% OFF

SHOP NOW

@shopdylannicole

700 Franklin Ave., Suite B, Waco, Texas

SPRING LOOKS
ARE HERE!

AUTHENTICALLY
YOU

ALL NEW STYLES

→

Situation Analysis Part 2 References

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