

✦LONDON STREET✦

If you haven't heard of Nasty Gal, Nasty Gal became a Silicon Valley investor backed online thrift store from what began as an E-Bay merchant store which eventually migrated to a branded website. What made Nasty Gal stand out was the owner's initiative to market her inventory well through targeted marketing using hashtags like #vintage, along with quality images where models were styled in a way that appealed to the consumer. However, Nasty Gal's target market and aesthetic was obscure vintage items that when it came to scaling the business, this was set to become an issue for investors and for scaling revenue. How could a business whose target market relied on fashion that was obscure possibly scale in popularity without losing that audience? There were several reasons Nasty Gal became tight financially and had to remodel the business structure including scaling too quickly by spending finances on their own warehousing without being able to recover the funds as quickly as they were spent. But perhaps it was Nasty Gal's decision to source extra inventory through wholesale suppliers of relatively less vintage and obscure styles that has sunk its individuality into mediocrity. What we've realised from this case study and further research is that an opportunity is available to learn from these mistakes and improve on the business model.

We aim firstly for our business model to be scalable, and have taken that into consideration by addressing a target market that does not rely on obscurity to stay relevant but instead relies on quality, consistency, versatility and an aesthetic that could be worn as easily to the office as it could after hours (including what may be appropriate office wear at a creative agency or fashion house). We also endeavour for the store to solely function as an e-commerce store. As another example of where our customer segment fits, while online retailers such as ASOS do provide this aesthetic along with the low price and often of good quality, they fail to appeal to the ethically conscious consumer. A number of research articles have made it clear that there is often a cognitive dissonance with these consumers who are both fashion conscious and have a low income when it comes to making a purchasing decision between ethical options and fast-fashion which lacks sustainability. Sustainable fashion still appears to be catching up in terms of meeting consumer needs to look stylish at an affordable price. Our solution seeks to fill the gap by encouraging the recycling rather than waste of good quality fashion. We believe this would absolve a number of our target customers of the cognitive dissonance. To remain consistent in our vision of encouraging sustainable options and quality production, we also seek to abstain from recycling garments that are poorly made and often of poor material choice such as in the case of Boohoo. These garments are often made in unethical conditions and we seek to take a step above this by encouraging our target market to seek quality while maintaining affordability and aesthetic desirability.

In the case of mass market places such as Trademe, FB marketplace and to some extent, Walk in Wardrobe's 'sell' section, the clothing is not consistently presented in a way that would raise the sales value of the items. This was successfully addressed by Nasty Gal by providing consistent, quality imagery and utilising fashion styling (pairing items to create

outfits) to appeal to the customer. We have considered two approaches to provide an opportunity to account for the financial viability of the business when it comes to marketing items. The most desirable of the two options would be to have in-house models who exhibit the clothing and can demonstrate the way the garment sits through short video footage. The second option, and possibly more affordable in the long run would be to have visually appealing and dynamically positioned mannequins of various clothing sizes. This could possibly be more than financially beneficial if customers begin to recognise which mannequin wears their size in which case shopping online would become much easier. This could potentially be done with models as well so long as the models are consistently represented on the site and associated with specific sizes and cuts.

Another area which has contributed to the amalgamation of strategic models is by implementing an in-store credit system. Paper-Bag Princess, while only being a brick-and-mortar-store at present, introduced the in-store credit system which encourages customers to provide the store with clothing in exchange for credit. This system would be one avenue for receiving inventory along with building inter-business relations with stores that may find it harder to sell a few items in-store where they might be successful if marketed online. Online marketing also offers a greater opportunity for a higher pricing mark-up as the pool of customers is wider and the rate of inventory turnover often faster. While Paper-Bag-Princess does curate for a nicer aesthetic than the randomness found in charity stores or mass-market places, the quality of items can sometimes be found to have faults such as holes, loose buttons, thread baring, stains and poor mending. While London Street would accept items where mending such as buttons and thread baring can easily be done in-house and with care, other such faults would not be acceptable if we are to provide quality, consistency, reliability and build trust with our customer base.

To save customers from sending in items we would not be prepared to sell and wasting money on postage, they would first send us a photograph (not necessarily high quality) and a description of the items, check a few boxes regarding the items' condition and we'd provide a quote. After the items are sent in with the customers' details we would evaluate the items and credit the customer's account. These items would then be effectively displayed, photographs taken, the price marked-up (which also accounts for shipping costs), the details placed in-store and the items stored in the warehouse ready to be re-distributed. To account for the loss of goods in the case of any unfortunate event such as a warehouse fire, we would have offices and warehouses set up in two separate locations, one in the North Island and one in the South Island. This would also speed up the delivery process and likely increase customer satisfaction. This would ensure if anything did occur, the business would retain some inventory and still be able to run without temporary suspension. We would also have insurance where necessary to account for any loss of goods and compensate for customer losses where items put up for rent have been lost.

In the long-term, London Street would be able to re-package the business model to set up internationally. We would also like to see London Street promote independent designers who produce sustainably made clothing as an online up-sell. We recognise that while our customer base primarily has low income or are frugal, on occasion, many would be willing to spend more on a piece they love as an occasional expense. This would generate income as a percentage of the designers' sale. London Streets' current team has previous experience with pay per click advertising, blogging and photography so we believe we have the human capital to take strides in our marketing initiatives.