Consultancy Report

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Plagiarism declaration

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Acknowledgments

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Executive Summary

Kari Traa AS is a Norwegian sportswear company that only targets women with their unique and colourful products. It started with Kari Traa and Olympic winner within freestyle skiing. She was inspired to create more than just basic colour activewear and in 2002 Kari Traa AS was established. Their products spread from the snowsport community in Norway to the sportswear market of soon 11 countries. Kari Traa is a household name in Scandinavia and with their strong attitude towards international expansion we will consider the UK as a potential new market in this report.

Our research consists of primary and secondary data that has been gathered through interview and observation, and second hand information. These methods were used to answer our research aim and objectives.

This consultancy report consists of market information about womenswear and activewear in the UK, as well as the snowsport market. Furthermore, competitors in the UK that target the same consumers as Kari Traa AS have been analysed to make our client aware of the competitive environment. Finally, we have gathered information about potential distributors that could import Kari Traa’s products and made a recommendation.

Our research concluded that even though it is a competitive market, there is a strong potential for Kari Traa AS in the UK. Out of the analysed competitors in this report, The North Face and Sweaty Betty would be the strongest. Out of the analysed potential distributors, the Snow+Rock retailer would be the best suited for Kari Traa AS.
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**Introduction**

The Consult University Ethics Policy at Leeds Beckett University has approved this consultancy report. Furthermore, all interviewees have remained anonymous and observation has been done with the approval of the respective store managers/assistants. The photos provided of competitors stores and potential distributors have been taken by the authors, and have not been publicised elsewhere.

The exchange currencies used (Valutaveksel, 2015):
Rate: £1 = 11, 64 NOK Date: 17 April 2015
Rate: US$ 1 = £0,6 Date: 30 April 2015

The aim of this consultancy report is to give our client, Kari Traa AS, valuable information about the UK market that will help determine a possible market entry.

**Research Aim:**
Conduct an investigation into the sportswear segment in the UK, in order to determine the possibility of market entry for Kari Traa AS.

**Client Aim:**
Get an overview of the UK market with focus on competitors and distributors. (Sissel Himle, March 12, 2015).

**Objectives:**
Objective 1: Develop an understanding of the current UK market, both sportswear and snowsport market. This will include market size and target group.

Objective 2: Research into the competitors in the UK sportswear market, such as their products, price range and market share.

Objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client.
Methodology

When conducting this consultancy report we have used observation, interview, online observation and secondary research, as our methods to answer our research aim. Our primary research methods, observation and interviews were conducted in Leeds, England. This included the competitors that have their own stores and the potential distributors for our client. Each method is linked to the objectives explaining why and how they were used.

Observation

Observation is a primary research method to systematically gather data in natural occurring situations (Johnson Foundation, 2008). This research method has advantages and disadvantages (Strathclyde, n.d):

**Advantages:**
- Primary data
- Direct access
- Applicable in a wide range of context
- Natural settings
- Self reliance

**Disadvantages:**
- Time consuming
- Resource demanding
- Researcher bias
- Lack of control

The store managers approved all observation.

We have used observation to answer the following objectives:

**Objective 2:** Research into the competitors in the UK sportswear market, such as their products, price range and market share. When observing the competitors we gathered the following information:

- Products category
- Design
- Layout
Objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client. When observing the distributors we gathered the following information:

- Store layout
- Product categories
- Target group
- Competitors represented

By gathering information through observation we will have a better understanding of our clients competitors and their potential distributors in the UK.

**Interview**

There are several types of interview methods, the type we have used is called semi-structured interview. A semi-structured interview contains several questions that are prepared and will help outline the areas to be researched. It will also allow the interviewer or interviewee to be flexible about the questions asked in order to follow-up an idea or answer in more detail (British Dental Journal, 2008). This method was used to answer the following objectives:

**Objective 2: Research into the competitors in the UK sportswear market, such as their products, price range and market share.** When interviewing the two store representatives of the competitors store the following questions were asked:

- Does your store carry any other brands?
- What is your target group?
- Does the layout change with the seasons?
- What time of year do you sell the most?
- After each ended season, what happens to your products?

These questions and given answers gave us an insight into how the potential competitors operate in the UK sportswear market and gave us an indication as to what our client is up against.

**Objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client.** We were able to interview two out of the three potential distributors. The following questions were asked:

- Which brands are the most popular?
• What is your target group?
• Does the layout change with the seasons?
• What time of year do you sell the most?
• After each ended season, what happens to your products?

These interviews gave us information about how the potential distributors operate and how our client would be presented.

By conducting interviews we have gathered primary information about two competitors and two potential distributors on the UK market.

Online observation
Online observation is a research method that provides second hand information. This method is conducted by observing data online and is an effective and less time consuming technique (Kozinets, 2002). This research method has been used to answer the following objectives:

Homepages
Objective 2: Research into the competitors in the UK sportswear market, such as their products, price range and market share. We have used online observation to analyse the competitor’s homepages, to see what Kari Traa AS is up against when it comes to their English homepage. This is important information as the concept e-commerce has gotten more and more attention from consumers and is being used by our client (Vinsign, 2005). The following factors are based on Hailstorm (2014), an award winning e-commerce development agency, and their guidelines for a website that provides excellent usability and accessibility for the consumers (Hailstorm, 2014). Hailstorm guidelines consist of 13 main factors, which we have chosen to divide into the following three categories:

• First impression:
  A first impression of a website is critical. If the page fails to make a good first impression, the consumer will immediately exit without a second click (Webwisewording, 2014). When observing the homepages of the competitors, we focused on our immediate impression of what the site is for and what they sell.
• User-friendly:
  It is crucial a website is self-explanatory and obvious (Friedman, 2008). Descriptive text should be provided about each product to help the consumer to make an informed choice before proceeding to the checkout section (Hailstorm, 2014). Our analysis is
therefore based on easy navigation through the products, organised content and the checkout functionality.

- **Layout:**
  The primary goal of a website layout is simplicity (Friedman, 2008). In most cases users are looking for information/products despite the design and layout (Friedman, 2008). Our goal with observing the competitors' homepages layout was to see if it was clean and organised or cluttered and distracting.

By using online observation to analyse the competitors' homepages we have gathered information about what our client is up against, in regards to their English homepage.

**Objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client.** We have used online observation to analyse the potential distributors' homepages. Our three criteria's were as followed:

- How the products are categorised
- Product description
- Do they feature the brands logo

The reason for analysing the potential distributors homepages is because it is important that our client will be presented in a way that helps them build their brand as they are potentially entering a new market.

**Social Media**

Part of online observation was also to analyse the competitors and distributors' social media use. The social media platforms analysed are Facebook and Instagram, as they both provide direct communication between the company and consumer, and are growing marketing tools, (Gallagher and Ransbotham, 2010, cited in Dimitriadis, 2014). The online observation of social media has been used to answer the following objectives:

**Objective 2: Research into the competitors in the UK sportswear market, such as their products, price range and market share.** Our analysis was based on the following:

- Amount of followers and likes
- How frequently they update their pages
- Type of content
- Information provided
Objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client. Our analysis was based on the following:

- Amount of followers and likes
- How frequently they update their pages
- Type of content
- Information provided
- Diversity in featured brands

By analysing the social media use of competitors and potential distributors we have been able to measure how well they use this platform as a marketing tool.

Secondary research
Secondary research is the gathering of data collected from other resources (Gripsrud, 2010). The benefit of using secondary research to gather information about the UK market is that it saves time and money. Therefore this is the main research method we have used and it has helped us gain knowledge on each objective.

Objective 1: Develop an understanding of the current UK market, both sportswear and snowsport market. This will include market size and target group. For this objective we used secondary research gathered in reports from the following databases:

- Marketline:
  Marketline is a database that offers a wide range of information from company news, to country profiles and different markets (Marketline, 2015). Marketline has been used in this report to gather information about the UK womenswear market.

- Keynote:
  Keynote is another database that provides market and company information (Keynote, 2015) and in this report it has been used for research on the UK activewear market.

- Mintel:
  Mintel is a database that focuses on market research in the UK, while also offering research on European and US markets. They also focus a lot of their research on consumer behaviour (Mintel, 2015). Mintel was used to gather information about the snowsport market in the UK.
With the help of secondary research such as these databases, we believe we have gathered an understanding of the current UK market in regards to womenswear, activewear and snowsport.

**Objective 2:** Research into the competitors in the UK sportswear market, such as their products, price range and market share. A lot of company information is distributed through secondary sources and we have used the same databases as in objective one to conduct research into competitors. Furthermore, the competitors’ homepages also offered a lot of information when it came to their products and prices. Overall, we believe we have gathered information about competitors in the UK market that is relevant for our client to be aware of.

**Objective 3:** Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client.

Similar to objective 1 and 2, databases have given us information about the leading distributors and retailers in the UK sportswear market. Furthermore, out of the potential distributors for our client we have researched their homepages, which has given us valuable information about their product line and prices. This information is relevant for our client when choosing a potential distributor in the UK market.

Overall, secondary research has been the main method used to conduct this consultancy report.
Kari Traa is a household name in Norway, holding three Olympic medals for freestyle skiing. She herself started knitting beanies that spread across the ski community and in 2002 they established Kari Traa AS (from now on referred to as KT) in Voss, Norway. The company has expanded since then and is currently distributed in 10 countries including Norway (Kari Traa, 2015). What makes KT stand out as a brand is that they only offer products for women.

Vision and Goal

“We wanted to be a brand for girls in sports, and we wanted to be different with lots of colours and playfulness – that’s still our idea today” – Kari Traa (Snews Outdoor, 2015). Their site further explains that they wish to inspire girls and women across the globe to be: “proud, to move, to live life, to challenge opinions, to push boundaries, to dare stand up for themselves and take charge” (Kari Traa, 2015).

When it comes to their goal, Kari Traa explains “My brand was helping to make the sport industry much more feminine in Norway. Fifteen years ago there weren't many women who went into sport stores for buying. Now, it’s kind of 50/50 with products for men and women” (Snews Outdoor, 2015). In other words the brands goal and vision is to make women across the globe feel happy about themselves and create a sport market for women.
Internal Analysis of Kari Traa AS

The internal analysis focuses on factors within the company that gives KT certain advantages and disadvantages in meeting the needs of its target market, the UK. Our aim with this analysis is to find out if KT is capable of internationalisation. This analysis will be conducted as follows:

- Company information
- Product Information
- Strength
- Weakness
- Internationalisation: Attitudes, Competence and Embodiment

Company Information

Owner: Active Brands

Company Size
50 – 200 employees (Active Brands AS, 2015)

Active Brands is a supply company that owns KT. Active Brands (from now on referred to as AB) is one of the leading suppliers of premium brands to sport retailers in the Nordic region and KT is their only brand that exclusively targets women (Active Brands, 2015).

Mainly AB is relevant for KT when it comes to their financial strength and support for international endeavours.

Figure 1: Total Revenue of Active Brands 2007 - 2013

Source: purehelp.no, 2015
Kari Traa
Kari Traa was established in 2002 and since then the company has had continual growth every year. As shown in figure 1.1 KT’s turnover shows exceptional growth over the past years, with no indication of slowing down.

Furthermore, the main part of their sales is from their distributors rather than their homepage (Sissel Himle, 2015). This is valuable information, as KT has experience with distributors located in different countries. Based on the fact that they have always used distributors as importers when entering a new market, this will be the basis of a possible market entry into the UK (Kari Traa, 2015).

Though KT is distributed in other countries, Norway remains their main market with a total of 92% of their sales (Sissel Himle, 2015). Export only accounts for 8%, indicating a potential for growth. Their export numbers is expected to grow, as KT will be distributed in the U.S as of fall 2015 (Snews Outdoor, 2015).

Current list of distributors (Kari Traa, 2015):

<table>
<thead>
<tr>
<th>Distributors:</th>
<th>Company Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benelux</td>
<td>CJ Agencies BV</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Northtrappers s.r.o</td>
</tr>
<tr>
<td>Germany</td>
<td>Amplifi Coalition AG</td>
</tr>
<tr>
<td>Denmark</td>
<td>Skigutane Scandinavia AB</td>
</tr>
<tr>
<td>Greenland</td>
<td>Skigutane Scandinavia AB</td>
</tr>
<tr>
<td>Sweden</td>
<td>Skigutane Scandinavia AB</td>
</tr>
</tbody>
</table>
Switzerland    Sport Concept SA  
France     Twin-Berg S.A.R.L  
Finland    Bluesport Oy  

Products:
KTs products embody their vision and goal of women living in full colour. They offer a wide range of products, from summer season to winter season, and from activewear to comfort wear. Their biggest product category is their famous base layers that account for 65% of their sales (Varden, 2014).

Price range:
£30 – 300

Winter clothing
Beanies and Headbands  
Gloves and Mittens  
Jackets and Parkas  
Ski Pants

Activewear
Active Bra  
Tees and Tops  
Tights and Shorts  
Active Jacket

Base layers
Pants and Capri  
Tees and Tops  
Long-sleeved

Pictures of products found in Appendix 1.
Strength

- **Financial resources:**
  Based on their current growth KT and AB has the financial capability of entering the UK market.

- **International experience:**
  KT has moderate international experience with their current distribution in 10 countries. Their attitude towards internationalisation is strong considering their entry to the US market in the fall 2015.

- **Female empowerment:**
  KT has a clear message about female empowerment. This is a brand by women for women, which separates them from their competitors.

- **Good foundation:**
  KT actually has a story behind it with Kari Traa as the “Heroine”. This is a story that could be sold when entering new markets.

- **Marketing:**
  KT has been awarded best marketer in 2009 (MFO, 2009) on the Norwegian market.

- **Products:**
  KT offers a wide range of products in all variations of colours and patterns, which has become their trademark. In fact it other large Norwegian fashion brands, such as Moods of Norway, has been inspired by their designs and released similar collections (Nationen, 2011).

Weakness

- **Pronunciation:**
  Though a traditional Norwegian name, Kari Traa might be difficult to pronounce if not heard before. However, it might also make the brand memorable.
• **Unfamiliar brand in the UK:**
  KT is not a globally known name, especially outside of the snowsport community. This poses a potential challenge when entering the UK market, as they have to introduce the brand and build brand awareness.

• **Inexperienced in the international market:**
  Though they have had previous success with entering new markets, KT is still relatively inexperienced as their base has always been Scandinavia. Also their main market and source of income is still to this day Norway (Sissel Himle, 2015). However, with their US endeavour their international experience will grow and the brand will potentially be stronger.

• **Company size:**
  The number of AB employees would indicate that KT is a small firm. This could potentially make it difficult to enter a new market, as they might not have the manpower to do so.

**Internationalisation**

In order to draw a conclusion to KT’s export capability we will use the Good Export Circle (ACE – model), which will show KT’s attitudes, competence and embodiment when it comes to their export activity (Solberg, 2009). It is important that there is internal support and commitment to the internationalisation of the company, or else operations abroad might suffer (Solberg, 2009).

**Attitudes:**

KT shows a positive attitude towards international expansions. They are currently looking towards the US market with the opening of a Colorado based office (Snews Outdoor, 2015). Since their start in 2002 KT has had successful endeavours in foreign markets and export accounts for 8% of their revenue (Sissel Himle, 2015).

Furthermore, in 2014 they sold products for NOK 173 million and hope to reach NOK 240 million by next year (Varden, 2014). Also, their base layers accounted for 65% of their sales (Varden, 2014) proving that this might be the product to focus on when entering the UK market.

Also, KT continues to feature their products at sport trade shows such as the SIA (Snowsport Industries America) snow show in Denver, USA, and the ISPO (International Sports goods
trade Fair) in Munich, which is the leading international sports business trade show (ISPO, 2015). It was at their SIA trade show that their adventure into the US market began. Furthermore at the Munich ISPO show 2015, the Snow+Rock distributor showed interest in the KT brand for the UK market (Sissel Himle, 2015).

Overall, their attitude towards export activity is good.

**Competence:**

When it comes to the competence, insight and experience is key yet not sufficient to make a firm a good exporter. Nevertheless, it will give value to a firms’ decision about exporting (Solberg, 2009). KT distributes to 10 countries and soon the US will make 11. Their international experience with export, over 10 years since their beginning, has given KT a good foundation to understand how sale techniques, contract negotiation, culture, market research and other factors play in to make a good exporter (Solberg, 2009).

However, Norway is KTs main market and it is here they gain their main income. Nevertheless, they have built up such a product with their marketing resources that the demand continues to grow and become popular (DN, 2014). As their products revolve around women, they involve women in their product development. With strong social media techniques they build their reputation and consumer base. With a Norwegian television show “Kari Traa Leikane” (Kari Traa, 2013) they built up their message about strong, sporty, confident women. Their marketing skills in Norway even awarded them the prize for Best Marketer in 2009 (MFO, 2009). Their marketing skills in the Norwegian market is strong, however as their distributors have control over marketing elsewhere, KT is not able to use their skills and are subject to word – of – mouth, social media and contract negotiation to build their brand recognition.

Overall, their competence is moderate with much potential.

**Embodiment:**

Embodiment relates to the fact that the whole organisation, especially the top leaders need to be on the same page and asking the same questions when it comes to internationalisation (Solberg, 2009). There needs to be a clear signal that export is not the marketing- or the export managers’ domain alone, but it involves the whole company (Solberg, 2009). With a supply company located in Norway, Denmark, Sweden and Shanghai (Active Brands AS, 2015) and with a clear vision of further growth and internationalisation, it is clear that KT has the needed support to enter the UK market.
Summary of internal analyse of Kari Traa AS
By the use of the Good Export Circle we have concluded that KT's total commitment and support for internalisation when looking at attitude, competence and embodiment can be seen as moderate to strong.

By assessing KT strengths and weaknesses we have found that the strengths will together create a solid foundation for entering the UK market. However, KT's main weakness will be that they are an unfamiliar brand in the UK.

Findings in Internal Analysis of Kari Traa AS:
- The company is financially strong
- Strong position in the Norwegian market
- Products for women only
- Potential for export growth
- Strong attitude towards internationalisation
- Moderate competence of internationalisation
- Overall, moderate to strong potential towards international expansion
External Analysis of the UK Market

In the external analysis of the UK market our aim is to answer objective 1: Develop an understanding of the current UK market, both sportswear and snowsport market. This will include market size and target group. We will therefore analyse:

- The Critical factors in the UK
- The UK womenswear market
- The UK activewear market
- The snowsport market in the UK

We start with the macro specific factors that might influence KT’s entry and business in the UK, before we micro analyse the womenswear, activewear and snowsport market. Finally, we will have gathered some valuable information that will tell us if there is a market for KT and what consumer segment they should target.

Critical Factors
A PESTLE analysis is a concept used as a tool by companies to track the environment they are planning to operate in (Pestle Analysis, 2015). This framework gives an overview of the environment from different angles that one wants to keep track of and will give a better understanding of the market as a whole, as well as give guidelines as to what a company should do (Pestle Analysis, 2015). In regards to KT there are a few factors that stand out such as Political, Economic, Social and Legal.

- Political:
  EU member have a 1.0 per cent average tariff rate (Heritage Foundation, 2015). Although some non-tariff barriers exist, the EU is relatively open to external trade. The UK generally treats foreign and domestic investors equally (Heritage Foundation, 2015). As a member of the EEA, Norway is part of the four freedoms of the EU allowing for free flow of service, products, people and capital (European Union, External Action, n.d). If KT should enter the UK market it will be an easier entry, compared to other countries outside the EEA.

- Economic:
  As a part of OPEC (Organisation of the Petroleum Exporting Countries), Norway is vulnerable to price changes on the oil market. As witnessed in December 2014 when the oil prices fell the Norwegian krone (NOK) weakened against the euro, pound and US
dollar (Aftenposten, 2014). Though the NOK has now stabilised against these exchange rates, it is vulnerable to the potential changes of oil prices. Therefore it is important for KT to monitor the NOK against the GBP if they enter the UK market.

**Social:**
The UK has a population of 64.1 million (Heritage, 2015) where 32.2 million are women (Office for national statistics, 2012). As a result of improved healthcare and longer life expectancy, there is a consistent growth in the population (Keynote, 2014). This naturally means a larger potential target market, which will be beneficial for KT as new consumers are continually entering the activewear market.

There seems to be a growing trend in the activewear market to wear something more than black, which is part of KTs vision (Kari Traa, 2015). More and more sportswear companies, like the leading brand Nike and Adidas, are featuring collections where colours and patterns dominate the workout outfits (Nike, 2015; Adidas, 2015). As shown on the competitor’s section in this report, Sweat Betty is the strongest competitor for KT on the UK market when it comes to this trend. However, compared to all the competitors analysed in this report, KT still stands out with their unique design. This gives them a competitive advantage on the UK market.

**Legal:**
The majority of clothing retailer in the UK has production overseas (Keynote, 2014). Leading sportswear brands around the world has been affected by the close scrutiny of these production plants, where allegations of sweatshop-style conditions and child labour have been made (Keynote, 2014). Supplier lists, factory owners, and working conditions became a spectacle when the Rana Plaza clothing-manufacturing factory collapsed in 2013. Though none of the clothing produced in that factory were sportswear brands, the demand for greater transparency has been made (Keynote, 2014). AB is transparent and operates with open supplier lists, and will give out their list with name and localisation if asked for (NRK, 2013). With the growing demand for transparency in the UK market, KT will be a good fit for this business environment.
The UK Womenswear Market
Since KT offers products for women, market information about this segment is vital for KT when considering the UK as a possible market. Here we will inform about the market and the competitive advantages to give KT a better view of the UK womenswear market as a whole. The UK womenswear market refers to casual wear, essentials, formalwear, outwear and activewear.

*The Market (Marketline, 2014):*
- 2013: 1.4% growth. Value: $32.7 billion
- 2013-2018: 4.0% expected growth. Value: $39.9 billion

Overall, the UK womenswear market value makes up 14.9% of the total market in Europe (Marketline, 2014).

**Figure 3:** UK womenswear market, Value forecast

![UK womenswear market chart](source: Marketline, 2014)

As for the distribution channel in the UK market, retailers accounted for 83.3% of the total market value (Marketline, 2014). This is significant when it comes to choosing a distributor for KT as their choices include both department stores and retailers. This would indicate that KT should focus on retailers as their distribution option in the UK market.
To summarise, the UK womenswear market has had a positive growth and the estimation is that this will continue, making it an attractive market for KT. 

Industry attractiveness in the UK womenswear market

Porters' "diamond" has four elements that in a dynamic process shows the effects of a nations industries (Solberg, 2009). Furthermore, Porters’ diamond has developed to five forces that are used to analyse a countries competitive advantage (Solberg, 2009). These five forces consist of the buyers' power, the suppliers' power, new entrants power, the threat of substitutes and the degree of rivalry within the market. Here the clothing retailers will be the main focus and the buyers refer to the individual consumer. The aim here is to find out if KT could potentially enter the UK womenswear market and compete with existing players.

Buyer power:

When looking at buyer power in the womenswear market there are two factors we will focus on:

- Price sensitivity
  
  Depending on different income status within the UK, high disposable income versus low disposable income, clothing has different functions and meaning (Marketline, 2014). Where women with low disposable income, clothing is a basic necessity and functionality of the clothing is the main driver in decision – making (Marketline, 2014). On the other hand, women with high disposable income, clothing is more associated with social status and reflects a lifestyle (Marketline, 2014). This would indicate that KT should focus on
women with a higher disposable income, as KT's products are not a necessity, but rather represent an active and, as we shall explain later on, fashionable lifestyle.

• Switching tendencies
The buyers in this market are conscious of brands, loyalty to a brand is not always important when it comes to their decision-making; therefore there is a tendency to switch (Marketline, 2014). Furthermore, tendency to switch is also strengthened with a low product differentiation (Marketline, 2014). Nevertheless, brand loyalty is more associated with a particular designer than a supplier, which would benefit KT.

Buyer power in the UK womenswear market is calculated as moderate (Marketline, 2014). KT should focus on women with a higher disposable income as their segment.

Supplier Power:
Considering the fact that KT already has a supplier, AB, and are not looking to switch the supplier power is considered low (Marketline, 2014).

New Entrants:
With a steady and promising growth of the womenswear market new entrants are highly likely (Marketline, 2014). Considering the low product diversity and switching tendencies of the buyer (Marketline, 2014), KT has a potential to compete with existing and new players. Important competitors that KT needs to be aware of are analysed in the competitors’ section of this report.

Overall, the threat of new entrants is considered to be high (Marketline, 2014).

Threat of Substitutes:
When looking at threats from substitutes we look at the option of purchasing directly from the manufacturer, which is a moderate threat as online shopping is a growing trend (Marketline, 2014). However, considering KT already offers online shopping through their homepage, they have a strong position when it comes to this threat.

Overall the threat of substitutes is considered low for KT.

Degree of rivalry:
Rivalry within the womenswear market is quite strong as there are low switching costs and lack of diversity between the competitors’ products (Marketline, 2014). Considering the
womenswear market is affected by fashion, trends and demands there is always room for a new player (Marketline, 2014). To lessen the rivalry it is important for KT to find their consumer segment within sportswear, and women with moderate – high disposable income.

Overall, the degree of rivalry in the UK womenswear market is considered high (Marketline, 2014).

Summary of the UK womenswear market
Overall there is strong rivalry within the womenswear market in the UK, which is heightened with low switching costs and low product variation (Marketline, 2014). Though clothing is an essential product our client is focused on sportswear, which is not essential for all consumers. This then strengthens the buyer power and shows that KT needs to find a buyer segment that has a lifestyle that includes sport and activity.

This analysis has shown us that KT can enter the UK womenswear market since there are low entry barriers and despite high level of competiveness they have the potential to compete. However, if KT is to survive they need to target women who have an active lifestyle and with moderate – high disposable income.

Findings in the UK womenswear market:
• Expected 4.0% market growth from 2013 - 2018
• Retail channel sells the most: 83.3% of the market
• Potential consumer segment: Women with moderate – high disposable income
• It is a competitive market
The UK activewear market
Similarly to the womenswear market the UK activewear market has experienced growth and this is expected to continue. Furthermore, since KT offers activewear as part of their product portfolio, we have gathered relevant information about the UK activewear market.

The activewear market is dominated by a few mass – market brands such as Nike and Adidas. We have not included these brands as competitors of KT in the UK market as we will focus on premium brands that are niche oriented. More information about KT’s competitors in the UK market is located in the competitors section (Page, ) of this report.

The numbers and figures provided entail sport clothing and sport footwear and there is no separation between men and women. Nevertheless, the figures and numbers give an indication to the women’s activewear market and will be beneficial to KT.

The Market (Keynote, 2014):
2009 – 2013: Growth 20.9%. Value: £5.39 billion
2013 – 2018: Expected growth 23.3%. Value £7.05 billion:
  • 71.1% sport clothing. Value: £4.94 billion
  • 28.9% sport footwear. Value: £ 2.11 billion

Figure 5: Forecast UK Market for Sportswear, 2014-2018

Source: Keynote, 2014
With the growth of the activewear market in the UK, KT has potential to take advantage and enter this market.

The Consumer:
The number of people that are active and play sports has a direct influence on the activewear market. In an survey to find out how many people, 16+, are participating in at least 30 minutes of moderate activity once a week, Sport England (2014) found that over an 8 year period the number had gone from 13.9 million to 15.6 million in 2014 (Sport England, 2014). There is an obvious growing demand for sports clothing and footwear as more and more people adopt an active lifestyle (Keynote, 2014). In Figure 7 a list of sports activities show the growth of participation in each activity. Here KT's products would potentially meet the demands of all but swimming and horseback riding.
Furthermore, in regards to KT that targets women, the female population in the UK is expected to make up 50.6% in 2018 (Keynote, 2014). However, with this expected population growth of women, more sportswear brands might start actively targeting women. This will make the competitive environment more challenging for KT if they enter the UK market.

Figure 7: % of adults in regular participation of fitness activities

<table>
<thead>
<tr>
<th>Fitness Activities</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swimming</td>
<td>7.6</td>
<td>7.2</td>
<td>8.6</td>
</tr>
<tr>
<td>Aerobics/keep fit</td>
<td>8.0</td>
<td>7.6</td>
<td>7.1</td>
</tr>
<tr>
<td>Jogging</td>
<td>5.5</td>
<td>5.1</td>
<td>4.6</td>
</tr>
<tr>
<td>Weight training/weight machines</td>
<td>4.1</td>
<td>4.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Cardiovascular machines</td>
<td>4.2</td>
<td>3.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Running</td>
<td>3.6</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Dance classes</td>
<td>2.7</td>
<td>2.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Yoga</td>
<td>2.1</td>
<td>2.1</td>
<td>1.9</td>
</tr>
<tr>
<td>Pilates</td>
<td>1.4</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td>Martial arts</td>
<td>0.9</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Gymnastics</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Outdoor Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cycling</td>
<td>5.9</td>
<td>6.6</td>
<td>6.3</td>
</tr>
<tr>
<td>Mountain biking</td>
<td>1.1</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Climbing/mountaineering</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Horse riding</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Skiing</td>
<td>0.9</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Source: Keynote, 2014
**Trends:**
The previous year, 2013 – 2014, introduced a new trend, the ‘Sports luxe trend’ that mixed fashion and sport (Keynote, 2014). For example, famous fashion designer Stella McCartney, designs activewear for Adidas (Keynote, 2014). With this trend, activewear has become something more than a workout outfit. Additionally, this trend targets the female consumer (Keynote, 2014). KT already has innovative and colourful product styles and patterns, which makes them able to compete in this environment. Even more so, KT started with colourful styles and patterns on the Norwegian market from the beginning, meaning they have potentially more experience when it comes to fashion styles and activewear.

Also, with this growing trend, activewear is something consumers can use in general. In fact, as shown in figure 8, the general use sector had the most value in 2013.

**Figure 8:** The activewear market by sector and value, 2013

![Graph showing the activewear market by sector and value, 2013](source: Keynote, 2014)

The general use sector as a total was worth £1.27 billion in 2013 (Keynote, 2014), making it the largest sector that year, which proves that the merging of activewear and fashionwear has a large potential in both markets. This means that KT could not only target the activewear and snowsport market, but also the womenswear market as a whole.
Summary of the UK activewear market
There has been a large growth both of consumers and value of the UK activewear market over the past year. It is a lucrative market for KT considering the expected growth of the female population. As KT's designs are unique and colourful, they will have an advantage when it comes to the growing trend of fashion and fitness.

Nevertheless, large brands, such as Nike and Adidas are aware of these facts as well, and the competitive environment in this market might become more hostile. However, mass-market brands are not analysed in this report as our analysis is focused on the more niche premium brands that are equal to KT. Overall, there is an optimistic opportunity for KT to enter the UK activewear market.

Findings in the UK activewear market:
• Estimated market growth of 23.3%, 2013 – 2018
• Active people in the UK: 15.6 million, 2014
• By 2018, 50.6% is estimated to be women of the UK population
• Trend in activewear: fashion and general use
The UK snowsport market
There is a clear difference between the UK snowsport market and the Norwegian snowsport market. Where in Norway consumers have easy access to mountains and snow, the UK snowsport market very much consists of consumers traveling abroad. The UK snowsport market is rather a snowsport holiday market, with the occasional exceptions of indoor slopes and artificial outdoor slopes (Ski Club, 2012). Therefore, it is important for our client to know that when we address the snowsport market it is in regard to the snowsport holiday market in the UK. Combining information about the UK womenswear, activewear and snowsport market will give KT valuable information when it comes to a potential entry in the UK.

The Market:
Overall, the UK snowsport market is estimated to grow, since its fall of 27% in 2007/08 (Mintel, 2014). As shown in Figure 9, the market evened out in the 2012/13 seasons and had an increase of 1.4% (Mintel, 2014). This growth is expected to continue.

**Figure 9:** Forecast volume of the UK snowsports market, 2007/06 – 2017/18

Furthermore, with the potential growth of the market, the value of it will follow. As shown in figure 10, the snowsport market levelled out reaching £661 million in the season of 2012/13 (Mintel, 2014). However, it is important to take into consideration that the growth of the market and the value is dependent on the continued economic recovery in the UK (Mintel, 2014).
The Consumer:
It is important to understand that the UK consumer market for snowsport holidays is a small one. When participants in a Mintel research where asked, “When thinking of a snowsport holiday, which of the following applies to you?” the majority said they had never taken and was not interested in taking one (Mintel, 2014) as shown in figure 11.

Figure 10: Forecast value of the UK Snowsports Market, 2007/06 – 2017/18

![Figure 10: Forecast value of the UK Snowsports Market, 2007/06 – 2017/18](image)

Source: Mintel, 2014

The Consumer:
It is important to understand that the UK consumer market for snowsport holidays is a small one. When participants in a Mintel research where asked, “When thinking of a snowsport holiday, which of the following applies to you?” the majority said they had never taken and was not interested in taking one (Mintel, 2014) as shown in figure 11.

Figure 11: Snowsport Holiday experience, 2014. “When thinking of a snowsport holiday, which of the following applies to you?”

![Figure 11: Snowsport Holiday experience, 2014. “When thinking of a snowsport holiday, which of the following applies to you?”](image)

Source: Mintel, 2014

However, there is a potential with 13% that would like to take another snowsport holiday and 17% wants to take one for the first time. Though it is a small market, KT is not fully dependent on it as their winterwear products are not only for snowsport.
Furthermore, there is a small difference between the genders in the UK snowsport market. As shown in figure 12 over half of the consumers are male (Ski club, 2012). This makes the female consumer segment within snowsport small, with potentially more competition.

![Figure 12: Gender 2007 - 2012](image)

Source: Ski Club, 2012

When looking at the age and gender there are upsurges of female participation in the 20s as well as in the 40s, shown in figure 13 (Ski club, 2012). This is similar to KT's age group from 18 to 50 (Sissel Himle, 2015).

![Figure 13: Participation by Gender and Age 2007 - 2012](image)

Source: Ski Club, 2012
As previously stated KT would benefit from a segment of women with a moderate - high disposable income, this is also proven by the analysis of the snowsport market in the UK. This is based on the fact that snowsport activity mostly requires the UK consumers to travel abroad. As shown in figure 14, even with an increase of snowsport holiday cost, the consumers in this segment are still willing to spend their disposable income on snowsport.

**Figure 14:** Average Snowsport Holiday Cost, 2007 - 2012

Source: Ski Club, 2012
Summary of the UK snowsport market
Though the consumer base has fallen with 27% between 2007/08 and 2012/13 it is clear that it is because of the recession, which hit the UK snowsport market especially hard (Ski Club, 2012). On the other hand, optimism is returning to the snowsport market as the UK economy continues to recover. More importantly, this market has shown resilience against the economic downturn in the UK, which indicates that there is a loyal consumer base with snowsport athletes not willing to miss their snowsport holiday. If KT could enter this segment, they would have a whole new group of loyal consumers.

Findings in the UK snowsport market:
• Consumers travel abroad for their snowsport activities
• Market growth of 1.4% in 2012/13
• Women make up 42-45% of the consumer base
  - These women are most likely in their 20’s and 40’s
• A consumer base with moderate – high disposable income
Summary of the External Analysis of the UK Market

The UK market is a stable and lucrative one and KT has nothing to be concerned about when it comes to critical factors as long as the NOK stays relatively stable, and trade rules and regulations within the EEA and EU stays consistent.

More importantly the activewear and womenswear market shows an overall positive potential for KT. Growth is expected in both markets, more so in the activewear market, reaching a total value of £5.39 billion in 2013 (Keynote, 2014), as the fashion designs are drawing more and more females into activewear.

Also, the snowsport market in the UK is showing growth, reaching £661 million in 2013 (Mintel, 2014), an optimistic return to this market. This gives KT a potential to actively be a part of that growth if they position themselves well with a distributor that fronts their winter clothes and market themselves to wintersports consumers.

However, there is a competitive environment on the UK market and KT will need to introduce themselves as either an activewear brand or a snowsport brand, if not both, to reach a wider consumer base. It is suggested that KT needs to find female consumers that have an moderate - high disposable income, are aware of fashion and committed to an active, healthy, fun, and sporty lifestyle. As KT is an unknown brand in the UK, they need to introduce themselves with their vision and history to stand out and front their most colourful and fun pattern products to appeal the activewear, snowsport and potentially the fashion market.

Though a competitive market, KT has a strong attitude and moderate experience, which could make the UK market a potentially positive endeavour. Furthermore, if their US expansion goes as expected KT will have increased their international experience and raised their export sales, potentially making them more willing to enter a new large market. Considering their success in Scandinavia and a growing snowsport and activewear market in the UK, there is potential for KT to enter.

Findings in the External Analysis of the UK Market:

- KT has potential to enter the UK Market
- It is a competitive market
- Womenswear, activewear and snowsport market are estimated to have positive growth from 2013 - 2018
- KT should target women between the ages of 20 – 50, with moderate – high disposable income, who are active, fashion aware and want exclusivity
Competitors for Kari Traa AS in the UK Market

This section of the report relates to objective 2: Research into the competitors in the UK sportswear market, such as their products, price range and market share. The sportswear market is largely dominated by a small number of global sports brands, such as Nike and Adidas (Keynote, 2014). However, as mentioned mass market brands are not analysed in this report. The competitors analysed are niche premium brands that are equal to KT and have the same estimated market share (appendix 7).

The brands analysed in this report are:
- The North Face
- Under Armour
- Helly Hansen
- Sweaty Betty
- Bergans of Norway

The North Face, Helly Hansen and Bergans of Norway, are brands that KT has competed against on the Norwegian market, and considering they are well established in the UK they are also considered a threat in this market. Special attention has been given to Under Armour and Sweaty Betty, as these are unknown competitors that have a similar price range and products as our client.

Sweaty Betty and The North Face are the two competitors who have stores in Leeds, England. With permission by the store managers, we gathered additional information about their target group and layout. Furthermore, we took some pictures in the stores, which are shown in their profile.

In this section we will analyse the competitors:
- Product category
- Product design
- Price range
- Turnover
- Dealers
The North Face

*Product category* (The North Face, 2015):
- Jackets
- Gilets
- Mid layers
- T-shirts and shirts
- Trousers
- Shorts and skirts
- Base layers
- Footwear and socks
- Accessories

*Product design:*
- Mostly one single colour on each product
- Some bright colours, mostly neutral
- Almost no patterns

*Price range* (The North Face, 2015):
- £14 - 300

Products: Appendix 4
About:
The North Face is an American company established in 1968 owned by the VF corporation (VFC, 2015). They specialise in clothing and equipment for climbers, mountaineers, skiers, snowboarders, hikers and endurance athletes (The North Face, 2015).

Turnover 2013:
- VF: £111 mill (Passport Euromonitor, 2014)

Dealers:
- Dealer: 291
- Stores: 23
- London: 6 stores

Target group:
They target both men and women, where men make up the largest percentage of sales (Store assistant, 2015). Mostly the consumers are adults, however there is a rise with the younger segment, as fashion is becoming a part of sportswear and vice versa (Store assistant, 2015).

Layout of a typical store:
The floors are divided between products for men and women, however more floor space is given to men. The layout of the store changes with the seasons and the photos displayed were taken between winter – spring season.

Winter is the busiest season with the most purchase. They change the layout of the store according to season, summer/winter. They focus on wintersport, where as in the summer there is thinner jackets and lighter clothing. After the Christmas sale the remainder is sent to warehouses.
Competitive position against KT in the UK market:

- Biggest competitor
- Strong distribution across the country
- Similar product category
- Busiest season: winter (Store assistant, 2015)
Under Armour

**Product category:**
- Sleeveless & Tanks
- T-shirts
- Sports bras
- Long sleeves
- Hoodies
- Trousers
- Leggings & Tights
- Capris
- Shorts
- Footwear
- Accessories

**Product design:**
- Somewhat strong and bright colours
- Mostly single colours
- Some patterns

**Price range:**
- £18.00-100.00

Products: Appendix 6
About:
Under Armour, Inc. has established itself as a major player in the performance apparel industry and built increasingly strong positions in footwear and sports accessories (Under Armour, 2015). With their mission “to make all athletes better”, Under Armour almost exclusively focus on the sports industry, refraining from entering the lifestyle clothing business (Marketline, 2014) Under Armour operates in North America, Asia and a few countries in Europe, one of them being England (Marketline, 2014).

Turnover 2013:
• £16 mill (Passport Euromonitor, 2014)

Dealers:
• 50
• London: 25

Competitive position against KT in the UK market:
• New competitor
• Similar product category
• Cheaper price range
• Moderate distribution across the country
Helly Hansen

Product category:
- Jackets
- Pants
- Base Layer
- Fleece & midlayer
- Sweaters & knits
- T-shirts & shirts
- Skirts & dresses
- Shorts & beachwear
- Footwear
- Accessories

Product design:
- Somewhat strong and bright colours
- Mostly single colours
- Some patterns

Price range:
- £18.00 - 400.00

Products: Appendix 3
About:
Helly Hansen is a Norwegian clothing company founded in 1877 that provides high quality, protective technical gear for harsh environment and sports activities (Helly Hansen, 2015). Helly Hansen are continuously working to optimise the technology and design of their products (Helly Hansen, 2015)

Turnover 2013:
• £15 mill (Keynote, 2014)

Dealers:
• 224
• London: 29

Competitive position against KT in the UK market:
• Weaker position in the UK market compared to Norway (Appendix 7)
• Similar product category
• Strong products technology
• Similar price range
• Strong distribution across the country
Sweaty Betty

Products:
- Vests
- T-shirts
- Long sleeved tops
- Jackets
- Leggings
- Trousers
- Capris
- Dresses/skirts
- Shorts
- Footwear & Socks
- Accessories

Product design:
- Strong colours
- Mostly single colours
- Some patterns

Price range:
- £30.00-500.00
About:
Sweaty Betty is a British retailer and was the UK´s first fashionable take on fitness gear (Business of Fashion, 2014). Like KT they specialise in active wear for women with an aim to “inspire women to find empowerment through fitness” (Sweaty Betty, 2015). As well as Sweaty Betty´s own brand, it features sportswear like ASICS (trainers) and ANON (ski helmets and goggles) (Store manager, 2015).

In 2014 the British designer Richard Nicoll created a limited collection with Sweat Betty’s technical fabric and Japanese inspired prints that was unveiled at London Fashion Week, September 2014 (Sweaty Betty, 2015). This was the first time that Sweat Betty collaborated with a fashion designer, which indicates that they are following the mentioned “Sport –luxe-Trend”.

Turnover 2013:
• £25 mill (Keynote, 2014)

Dealers:
• 40 boutiques
• London: 18 boutiques

Target group:
As mentioned, Sweaty Bettys target group is women. “Basically anyone who wants to feel good and look good while they work out is welcome” (Store manager, 2015). Though mostly adult buy their products, the younger consumer base is growing (Store manager, 2015).

Since the case is when someone feels good about their selves and how they look when working out, they may perform better. That is why their clothing is focused on the woman shape so that anyone can fit and feel good about them.

Layout of a typical store:
The layout of the store changes with the seasons. In the winter season ANON equipment is brought in, and in the summer season bathing suits and similar products are featured (Store manager, 2015). Clothes out of season are always available on sale, with the attention of selling everything (Store manager, 2015). The pictures displayed below, were taken in the winter/spring season.
Competitive position against KT in the UK market:

- Strongest competitor in activewear
- Sport luxe trend
- Similar product category
- Similar designs
- More expensive
- Moderate distribution across the country
- Same target group

The store viewed from the outside

Offers a lot of choices
Bergans of Norway

**Product category:**
- Jackets/parkas
- Vests
- Sweaters
- T-shirts
- Pants
- Base layers
- Shorts
- Accessories

**Product design:**
- Some strong colours
- Mostly single colours
- Some patterns

**Price range:**
- £20.00 - 400.00
About:
Bergans of Norway is a leading provider and developer of outdoor equipment and technical clothing for mountaineering, skiing and lifestyle in Norway (Bergans, 2015). The brand is a household name in Norway and has gained a large marked share by promoting themselves through TV-shows (DT, 2011). Though a large competitor to KT in Norway, Bergans does not have the same competitive advantage in the UK market.

Turnover 2013: est. from NOK:
• £78.2 mill (purehelp, 2015)

Dealers:
• 30
• London: 10

Competitive position against KT on the UK market:
• Large and similar product category
• Weak distribution across the country
• Similar price range
• Strong product technology
Summary of competitors in the UK Market

If entering the UK market, KT will face strong competition from all of the five brands. Most of the competitors offer the same products as KT, however KT would stand out with their unique design. As mention, KT biggest product category is their famous base layers that account for 65% of their sales (Varden, 2014). Out of KT’s competitors in the UK three out of five offer base layers, The North Face, Helly Hansen and Bergans of Norway. However, their products do not have the same patterns and designs as KT, giving our client a strong potential in this product category on the UK market.

KT’s activewear will face the strongest competition from Sweaty Beatty, as they also specialise in activewear for women only. Sweaty Betty’s products design is colourful with fun patterns, like KT, however they are more expensive, which gives our client an advantage.

Besides Sweaty Betty, none of the other competitors target women only, which could be an advantage, as KT will offer more specialised products and exclusivity. However, the other competitors have a larger target group, men and women, which will result in a bigger market share.

KT would definitely stand out among the other brands with their unique design of fun colours and playfulness.

Position map:
We have placed all the competitors in a position map too see where the brands are positioned when it comes to price and quality. This will give our client an overview of how the competitors are position against each other on the UK market, and also give an indication of what KT should focus on when it comes to their position.
Findings of competitors in the UK market:

Turnover in 2013:
- The North Face: VF: £111 mill (Passport Euromonitor, 2014)
- Under Amour: £16 mill (Passport Euromonitor, 2014)
- Helly Hansen: £15 mill (Keynote, 2014)
- Sweaty Betty: £25 mill (Keynote, 2014)
- Bergans of Norway: £78.2 mill (purehelp, 2015) The turnover is from the Norwegian market and the value estimated from NOK.

Dealers:
- The North Face: 23 stores and 291 dealers
- Under Armour: 50 dealers
- Helly Hansen: 224 dealers
- Sweaty Betty: 40 stores
- Bergans of Norway: 30 dealers

Price range:
- The North Face: £14-300
- Under Armour: £18-100
- Helly Hansen: £18-400
- Sweaty Betty: £30-500
- Bergans of Norway: £20-400
Competitor’s Homepages and Social Media Use

This section of the report relates to objective 2: *Research into the competitors in the UK sportswear market, such as their products, price range and market share*. Even though KT sells more through distribution, we felt it was important to see what KT is up against when it comes to their English homepage against the competitors. Their homepage has a lot of potential as a source for greater sales as they export to the UK (Kari Traa, 2015).

In this section we will look at KT’s competitors and their homepage features. We have used Hailstorm (2014) and their guidelines for excellent usability and accessibility for the consumers, when analysing. We divided the guidelines into three categories: first impression, user-friendly and layout. This includes the navigation of the site, if it is organised, easy to find product information and prices. We have also looked their check out functionality.

This section also includes KT’s competitors social media use. KT is a brand that is active on social media, such as Facebook and Instagram, and uses these as a marketing platform. We wanted to see how active the competitors are with this type of marketing and to get an overview on how popular they are among the consumers, this will be based number of followers and likes. This is important information for KT as this type of marketing is a direct line to the consumers. If the competitors prove to have a larger consumer base, based on likes and followers, it will give an indication to what KT is up against in the UK market in terms of marketing.

Overall, this section of the report will give KT valuable information about competitor’s webpages and social media use compared to them selves.
Kari Traa

First Impression:

- Clearly a site for women
User-friendly:
- Organised
- Easy to navigate
- Products categorised by function
- Noticeable price
- Some product description
- No requirements for registration when shopping
- Clear information about payment method
- Easy check out
- Self-explanatory

Layout:
- Simple
- Organised
- Visual elements: not distracting
- Light colours

Social Media:
- Followers on Instagram: 35,000
- Likes on Facebook: 41,000

KT is active on a daily basis on their social media pages (Facebook, 2015: Instagram, 2015). Their Instagram posts are mainly of happy women, either displayed together as a team or while exercising (Instagram, 2015). This platform for marketing seems to be used to front their vision rather than their products. There is a lack of product information and displays on both platforms. Their Facebook page has similar photos and when consumers post comments they are relatively quick to respond (Facebook, 2015).

KT’s use of social media as a marketing tool is moderate - good.
The North Face

First impression:
• Obvious that the site is for sportswear and outwear

User-friendly:
• Organised
• Easy navigation
• Products categorised between gender and activity
• Noticeable price
• Detailed product description
• No requirements for registration when shopping
• Easy step by step checkout process
• Self-explanatory

Layout:
• Simple
• Organised
• Visual elements: somewhat distracting
• Dark colours
Social Media:

- Followers on Instagram: 719,000
- Likes on Facebook: 4,000,000

Their social media use seems to advertise an adventurous lifestyle rather than promoting products (Facebook, 2015: Instagram, 2015). Their pictures involve natural landscapes and some extreme sports indicating that the brand is for the outdoor and sporty consumer. Of the pictures displayed with their clothing, there is detailed product description (Instagram, 2015). When consumers leave comments on their Facebook page, they are somewhat quick to respond (Facebook, 2015).

The North Faces use of social media as a marketing tool is moderate.
Under Armour

First impression:
• A site for indoor activities and activewear.

User-friendly:
• Organised
• Easy navigation
• Products categorised by gender and function
• Noticeable price
• Some product description
• No requirements for registration when shopping online
• Easy step by step checkout process
• Self-explanatory

Layout:
• Simple
• Visual elements: somewhat distracting
• Dark colours
Social Media:

- Followers on Instagram: 893,000
- Likes on Facebook: 3,400,000

Under Armour's posts on social media are focused on both indoor and outdoor activities (Facebook, 2015; Instagram, 2015). Their products are featured both alone and in use. As for their brand logo, it reappears frequently, creating brand awareness for consumers (Instagram, 2015). However, when it comes to comments on Facebook, they seem to only reply when direct questions are asked (Facebook, 2015).

Under Armour’s use of social media as a marketing tool is strong.
Helly Hansen

First impression:
- Obvious that this is a site for outwears and sport.

User-friendly:
- Organised
- Easy navigation
- Products categorised between gender and activity
- Very detailed product description
- No requirement for registration when shopping
- Clear information about payment method
- Easy checkout process
- Self-explanatory

Layout:
- Cluttered
- Visual element: distracting
- Light colours
Social Media:

- Followers on Instagram: 10,000
- Likes on Facebook: 454,000

Their posts are largely dominated with people wearing their products outdoor (Facebook, 2015: Instagram, 2015). This is a clear indication that their products are made for any outdoor activity. Furthermore, they post informative pictures of their products (Facebook, 2015: Instagram, 2015). They are also quick to respond to comments posted on their Facebook site (Facebook, 2015).

Helly Hansen’s use of social media as a marketing tool is strong.
Sweaty Betty

First impression:
- Obvious a site for women

User-friendly:
- Organised
- Easy to navigate
- Product organised between activity and function
- Noticeable price
- Very detailed product description
- Registration is a requirement when shopping
- Easy checkout
- Self-explanatory

Layout:
- Simple
- Organised
- Visual elements: not distracting
- Light colours
Social Media:

- Followers on Instagram: 33,500
- Likes on Facebook: 54,000

There seems to be a clear difference between the two platforms. Their Facebook page site displays products with descriptions and features active women (Facebook, 2015). On the other hand, their Instagram profile reflects their vision of female empowerment and is used to inspire the consumers (Instagram, 2015). They also communicate to their consumers on both platforms (Facebook, 2015: Instagram, 2015).

Sweaty Betty’s use of social media as a marketing tool is moderate – strong.
Bergans of Norway

First impression:
• Obvious that this is for outdoor activities

User-friendly:
• Organised
• Easy navigation
• Product categorised between activity and function
• The price is not noticeable
• Some product description
• Registration is a requirement when shopping
• Easy checkout once registered
• Somewhat explanatory

Layout:
• Simple
• Organised
• Visual elements: not distracting
• Light colours
Social Media:
- Followers on Instagram: 11,800
- Likes on Facebook: 179,000

There is a clear display of nature on their social media platforms indicating that their products are for outdoor use (Facebook, 2015: Instagram, 2015). However, their Facebook page is not in English, creating a disadvantage when it comes to using it as a marketing tool (Facebook, 2015). Also, their posts do not promote their products well (Facebook, 2015: Instagram, 2015). Though there is a lack of comments by consumers, they respond when questions are asked (Facebook, 2015).

Bergans of Norway’s use of social media as a marketing tool is weak.
Summary of competitors’ homepages

Like most of KT’s competitors, the first impression represents the content of the site. KT’s content is organised and user-friendly. Furthermore, the site, like most of the others, is also self-explanatory and obvious.

However, compared to the competitor’s, where most of them had a fully detailed product description, KT should expand more here. This is an important feature, considering that a UK consumer doesn’t have any knowledge about their products. KT is also the only site that states when paying for the products; one will be redirected to another site. This is a positive advantage for KT as this helps the page be self-explanatory, which is a vital requirement. All in all, KT’s English homepage is able to compete with the competitor’s.

As for the social media use as a marketing tool, KT could display their products more frequently and with description to gain a better advantage against the competitors. Overall, KT’s marketing through social media is moderate with a lot of potential.

Key findings of analysis of competitors’ homepages and social media:

• KT should expand their product description to better position themselves on the UK market
• KT should use their social media platform to market their product better
Potential Distributors for Kari Traa AS in the UK

The aim of this section is to answer objective 3: *Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client.* Ideally one distributor would be the most beneficial to KT, as they would not have to segment their products through different dealers. In this section we will analyse Snow+Rock, Cotswold and Harvey Nichols. This will include:

- Turnover
- Employees
- Stores
- Brands
- Typical layout
- Target group
- Potential distributor for KT

There are large retailers, such as JD sports and Sports Direct, in the UK market that account for a large market share of retail stores (Appendix 8). However, we have not included these retailers as 1) Dominant brands such as Nike and Adidas would be competitors of KT, 2) KT is an unknown brand in the UK and need proper introduction and 3) these retailers offer products at lower prices. With this in mind, we wanted the potential distributors for KT in the UK market to have location advantages, exclusivity and have experience with similar products.
Snow+Rock

Snow & Rock is the UK’s leading expert retailer of outdoor sports equipment and clothing. They specialize on snow sport, running, cycling and climbing/hiking (Snow+Rock, 2015).

Turnover 2013: £42 mill. (Keynote, 2014)

Employees: 500-1000

Stores: 23 including 7 stores in London

Brands:
Snow Rock carries a lot of different brands, the main ones are Arc’Teryx, Icebreaker Merino, Salomon, The North Face, Kjus and Spyder. In Leeds, Salomon and The North Face are the most popular (Store manager, 2015). These were also the brands that had the most floor space.

Layout of a typical store:
The layout of the store is subject to the seasons, where winter equipment and clothing get a prominent space on ground and first floor, with climbing and running equipment in the back. The layout then changes for summer where running, climbing and cycling are promoted. As for the winter gear, it is transported to Snow+Rock stores that are located at indoor snow slopes (Store Manager, 2015). Furthermore, it is the winter season that sales are the highest, which would indicate that KT would do well with their winterwear products. Also, with winter equipment being moved to indoor snow slopes (Xscape, 2014), these products will always be in demand at a Snow+Rock retailer.
Target Group:
Snow+Rock actively targets women, as there are a 40/60 percentage of customers being men (Store Manager, 2015). KT would greatly benefit from this incentive and also help Snow+Rock target women.

Potential distributor for KT:
- Potential to carry all product categories
- Actively target women
- Experience with similar brands
- Based on store name: Clearly a retailer that carries winter gear
- Large section for winter gear in stores
- Sales are higher in the winter season
- Carries the competitors: The North Face, Under Armour and Helly Hansen
- Stores located at indoor ski slopes
- Strong location in London, England
- Moderate-strong location across the UK
Good space and organisation

Simple colours: nothing matching KT's style and patterns

Base layers displayed in their packaging
Cotswold

Cotswold is an award winning outdoor retailer that offers a range of outdoor clothing, products and equipment (Cotswold, 2015).

*Turnover 2013: £111 mill. (Keynote, 2014)*

*Employees*: 1000 – 1500

*Stores*: 67 stores including 8 stores in London

**Brands:**

Cotswold carries a lot of different brands, however as displayed on their home page their most popular brands are shown below. In Leeds, The North Face, Rab and Berghaus are the most popular (Store Assistant, 2015). Out of these brands, The North Face clearly stood out with given floor and wall space.

![Brands](image)

*Layout of a typical store:*

Layout changes with the season, where the Autumn/Winter season winter gear and base layers are more displayed at the entrance of the store, and in Spring/Summer the travel section is featured (Store assistant, 2015). The autumn/winter season is when the sales are highest, and after the winter sale most of the gear is brought back to warehouses (Store assistant, 2015).

*Target group:*

Cotswold targets both men and women, however the larger percentage is men. Due to the fact that they sell more to men than women, the brands and products that target men often get more floor space (Store assistant, 2015). Nevertheless, at the entrance of the store they focus on displaying everything that the store has to offer, and therefore products that target men and women are equally displayed (Store assistant, 2015).
Potential distributor for KT:

- Potential to carry all product categories
- Experience with similar brands
- Sales are higher in the winter season
- Large section for hiking/climbing
- Carries the competitors: The North Face, Helly Hansen and Bergans of Norway
- Strong location in London
- Strong location across the UK
The store is large, with great room for consumer to look around. Also there are few colours that stand out in the store, which is a great potential for Kari Traa as their clothing carries a wide range of colours.

Helly Hansen’s base layers are displayed in their boxes as well as folded on the
Harvey Nichols

Harvey Nichols is one of the UK’s primary luxury fashion department stores (Harvey Nichols, 2015). They have become renowned for their beauty merchandise, expertly edited fashion and restaurants (Harvey Nichols, 2015).

**Turnover 2013:** Private

**Employees:** 1,000 – 5,000

**Stores:** 7 stores including 1 flagship store in London

**Brands:**
Harvey Nichols carries 435 different brands and most of them are designer, such as Michael Kors, Mulberry, Louis Vuitton, Gucci (Harvey Nichols, 2014).

**Layout of a typical department store:**
Each floor level offers different products, beauty, clothing or accessories as well as a floor for restaurants. There is no sport section at the department store, but as fashion and fitness is emerging there is a small section for fashionable sport clothing.

**Target group:**
Based on the high end products they carry, Harvey Nichols targets consumers with high disposable income (Harvey Nichols, 2015).

**Potential distributor for KT:**
The reason why we analysed observed Harvey Nichols is because they offer a target group of consumers with high disposable income who are aware of fashion trends.

- Exclusivity
- High end consumers
- Weak location in London
- Weak location across the UK
Organised and spacious
Summary of potential distributors in the UK
We have conduct research into potential distributors in the UK market for KT. We have found that both Snow+Rock and Cotswold’s could be a good fit for KT. Both have strong location in London, though Cotswolds have more stores across the UK. They both focus on sport and outdoor clothing and they specifically target consumers that are active and have a lifestyle that involves the outdoor.

We would suggest that KT chooses a distributor that fronts them as a sports brand and not a fashion brand. Though Harvey Nichols could feature KT’s product as they introduce themselves into the UK market, they should not be a long-term distributor, as KT might loose the sport consumer segment.

Findings of potential distributors in the UK market:

• Snow+Rock
  - Moderate – strong location across the UK
  - Sales higher in winter season
  - Large section for winter gear
  - Actively target women
  - Competitors: The North Face, Under Armour and Helly Hansen

• Cotswolds
  - Strong location across the UK
  - Sales higher in winter season
  - Large section for climbing/hiking
  - Focus on male segment
  - Competitors: The North Face, Helly Hansen, and Bergans of Norway

• Harvey Nichols
  - Weak location across the UK
  - Targets consumers with high disposable income
  - Offers exclusivity
Analysis of potential distributors homepages

To further answer objective 3: Determine the retailers and distributors of sportswear in the UK market. This will include whom the competitors use and who is the most suitable for our client, we have analysed the potential distributors homepages.

In this section we have not included Harvey Nichols, as previously mentioned we recommend that KT focus on a distributor that would front their product in a sport segment. The reason that the distributors homepages is important to analyse is due to large growth of online shopping, and KT’s potential to export through a UK distributors homepage. Therefore, it is important that KT will be displayed in a way that enhances their products features and builds brand awareness.

When analysing the homepages we have looked at:

- How they categorises the products
- Display of logo
- Provides a search tool
- If the site provides a detailed product description
Snow+Rock

Snow+Rocks’ homepage is very organised, user-friendly and easy to navigate.

Product categorisation:
The products are categorised by gender (Snow+Rock, 2015). If KT were to have Snow+Rock as a distributor the potential consumer will easily find the products. The products on this site is also categorised between different activities, which suits KT’s products (Snow+Rock, 2015).

Display of logo:
When clicking on a category, all the products shown have the logo for the brand in the left corner on each product, as shown on the right (Snow+Rock, 2015). The logo is also noticeable when clicking on each product. Considering that KT is unknown in the UK, this could be hugely beneficial. The consumers are not familiar with the name Kari Traa, however this type of logo placement would build brand awareness. This is essential for KT as they are building their brand in a new market.
When looking for products, consumers will see the KT logo, and most likely start to recognise the brand. The Snow and Rock webpage also allows the consumer to see all the brands that they carry (Snow+Rock, 2015). Here as well, they have just the brands logo, as shown on the right.

**Search tool:**
The homepage provides a search tool, which is noticeable on the top of the page (Snow+Rock, 2015). Consumers can easily search for the brand or type of product that they are looking for. If consumers do not recognise the brand by the logo, they could just type in the brand name.

**Product description:**
Snow+Rock provides each product with a very detailed description and a list of the product features. This is very beneficial for KT if they were to be presented on their site. KT’s products have a lot of features and technical fabric, which should be presented when entering a new market. The site also provides a size chart and consumer reviews of the products.

All in all, Snow+Rock has a suitable homepage for KT.
Cotswold homepage is organised, user-friendly and easy to navigate.

*Product categorisation:*
The products are categorised between gender and activities, which is suitable for KT's products.

*Display of logo:*
Brand logo is only displayed when choosing a specific product. This will not build brand awareness for KT, which is vital when entering a new market. Cotswold site also allows the consumers to see all the brands that they carry, however it is displayed by name and not the logo, as shown below.
Search tool:
Cotswold also provides a search tool on their page, where the consumer has the ability to search for a product or a brand. This would give KT the same benefits as mention in Snow+Rock, that if a consumer does not recognise the brand by the logo, they could type the name in and find the products.

Product description:
Cotswold provides product description and a list of features on each product. However, their description is not as detailed as Snow+Rock. KT’s products need to be presented with a detailed description, as they are entering a new market. Like Snow+Rock, Cotswold has a size chart and consumer reviews.

All in all, Cotswold homepage is somewhat suitable for KT.
Summary of analysis of potential distributors homepages
When analysing the potential distributors homepages, we found that Snow+Rock would be best suitable for KT.

Findings in analysis of potential distributors homepages:

- **Snow+Rock**
  - Organised
  - Search and navigation to products: easy
  - Brand logo is presented
  - Detailed product description

- **Cotswolds**
  - Organised
  - Search and navigation to products: easy
  - Brand name, not logo
  - Somewhat detailed product description
Conclusion of Consultancy Report for Kari Traa AS

- KT is a company with financially capability and a moderate-strong potential to enter the UK with their market specific products.

- The expected growth in the potential markets for KT between the period of 2013-2018:
  - Active wear: 23%
  - Womenswear: 4%
  - Snowsport: 1.4%

- The UK market is competitive, so KT should target women between the ages 18-50, with moderate-high disposable incomes who are active, fashion aware and wants exclusivity.

- On the UK market Sweaty Betty and The North Face will be KT’s biggest competitors.

- Out of the five competitors, The North Face, Helly Hansen and Bergans of Norway are the brands that offer base layers. Though KT will face competition in this product category, they will have an advantage with their unique design.

- Sweaty Betty will be the strongest competitor on the activewear market, as they only have products for women.

- KT should better their product description on their English homepage as well as their social media platforms to strengthen their competitive position.

- Snow+Rock and Cotswold are both potential distributors for KT. These will provide a larger consumer segment within the sports market.
  - Snow+Rock actively targets women

- The homepage best suitable for KT is Snow + Rock as they feature brand logos and provides detailed product description.
Recommendation
Based on this consultancy report, KT has the potential to enter the UK market. However, to strengthen their competitive position, they should provide a better product description on their English homepage, and use their social media platforms as a marketing tool to promote their products. This is based on the analysis of the competitor’s homepages and social media use. With this in place, KT could enter the UK market. Our recommendation is based on Snow+Rock as an importer considering they are able to carry all of KT's product categories, with a special attention to winterwear. Additionally, they actively target women, which is an obvious advantage for our client. The recommendations for KT are as follows:

**Recommendation 1:** Distribution through Snow+Rock homepage

*Advantages:*
- Less risky
- Inexpensive
- Potential for brand awareness and recognition
- Offers detailed product description

*Disadvantages:*
- The UK consumers have little to none experience with KT's products
- Time consuming to get loyal consumers
- Loss of potential sales as the consumers are not able to try on the products
- Competitive environment

**Recommendation 2:** Distribution through Snow+Rock stores including homepage

*Advantages:*
- Consumers are able to experience the products first hand
- When the season is over the winter clothes will be sent to indoor snow slopes
- Strengthens their position against the competitors as they are represented in store
- Coverage through 23 stores across the UK

*Disadvantage:*
- Risky
- Expensive
- Competitive environment

We advise recommendation 2 for our client if entering the UK market.
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Reports:


Pictures and Figures:


Snowsports – UK – April 2014 (2015) [online image] Available from:


Appendix

Appendix 1

Products: Kari Traa

Winterwear and Winter sports wear
Activewear

KARI ADJUSTABLE BRA
NOK 449

TRAA TEE
NOK 299

TRUDE JACKET
NOK 1199

TRUDE SHORTS
NOK 349

TRUDE SHORTS
NOK 349

TRUDE SINGLET
NOK 399

TRUDE SINGLET
NOK 399

SVALESTJERT TIGHTS
NOK 699

SVALESTJERT TIGHTS
NOK 699

SVALESTJERT TIGHTS
NOK 699

SVALESTJERT TIGHTS
NOK 699

TINA SINGLET
NOK 299

TINA SINGLET
NOK 299

TINA TEE
NOK 299

TINA TEE
NOK 299
Appendix: 2

Products: Bergans of Norway

- Cecilie Top
- Down Lady Parka
- Akeleie Kids Tights
- Oslo Ins Lady Coat
- Akeleie Lady Tights
- Granitt Down Lady Parka
- Cecilie Light Anorak
- Cecilie Wool Shirt W/Hood
- Cecilie Jkt
- Cecilie Down LT Jkt
- Cecilie Tee
- Cecilie Pant
Appendix 3
Products: Helly Hansen
Appendix 4
Products: The North Face
Appendix 5

Products: Sweaty Betty

- Bakasana Yoga Vest: £60.00
- Haven Retreat Harem Pants: £75.00
- CUMULUS 16: £110.00
- Training Over Tee: £39.00
- Dandasana Yoga Tee: £50.00
- Match Play Tennis Skort: £60.00
- Ardha Yoga Harem Pants: £65.00
- Pacesetter Run Tunic: £55.00
- Luxe Run Backpack: £90.00
Appendix 6
Products: Under Armour

- Women’s HeatGear® Alpha Legging
- Women’s UA SpeedForm® Gemini
- Women’s ColdGear® Cozy 1/2 Zip
- Women’s UA Charged Cotton Tri-Blend Full Zip Hoodie
- Women’s UA HeatGear® Alpha Printed Legging
- Women’s UA StudioLux® Artsy Legging
- Women’s UA Fly Fast 1/2 Zip
- Women’s UA Eclipse Bra
- Women’s UA Still Gotta Have It Bra
Appendix 7: Market Share

Norwegian Brand Shares of Sportswear: % Value 2010 - 13

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Source: Passport Euromonitor, 2014

The UK Brand Shares of Sportswear: % Value 2010 - 13

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Source: Passport Euromonitor, 2014
Appendix 8

Retailers in the UK, non-grocery specialists Brand Shares: % Value 2011 - 2014

<table>
<thead>
<tr>
<th>% retail value rsp excl sales tax</th>
<th>Company</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<td>Boots</td>
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<td>2.4</td>
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<td>-</td>
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<td>PC World</td>
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Source: Passport Euromonitor, 2015