**Francesca’s**



**INTERNATIONAL BUSINESS PLAN EVENT**

**Retail**

Ardrey Kell DECA

Ardrey Kell High School

10220 Ardrey Kell Road

Charlotte, North Carolina 28227

Nicole Khashmanian

Mariya Sebastian

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**COMPANY INFORMATION**

 Francesca’s Collection is a women’s clothing boutique specializing in trendy clothes, handbags, shoes, jewelry, and gifts. The boutiques are currently located in 45 states (and counting) across the U.S, with plans on international expansion into Dubai, United Arab Emirates. Since Francesca’s first opening in 1999, in Houston Texas, women all over instantly fell in love with the fun, preppy; Southern American inspired clothing line-so as much as to where there are now 500+ boutiques opened across the country, and an online boutique, francescas.com. In a wealthy, stable economy such as Dubai, and while targeting a population with extreme fashion awareness and a high appreciation of recognizable luxury, international expansion would bring endless benefits to Francesca’s Collections.

**LOCATION**

Dubai, United Arab Emirates serves as the perfect location to start up our new international venture. Dubai offers a very diverse and populated society that accepts western cultures and customs. “The retail sector in the Gulf has shown consistently strong growth over the last few years, and that is set to continue,” said Keith Flanagan, a noted Dubai retail owner. The combination of a growing retail sector and an open economy with a high per capita income that is ranked twenty-fifth in the world for ease of doing business provide a great marketing atmosphere to expand our store presence within the Dubai Mall, and take our brand into new international markets. The government of United Arab Emirates is also very lenient to foreign businesses with few regulations in place. Also the US UAE Economic Policy Dialog that meets twice a year aims at deepening economic and commercial ties between the UAE and the US hopes to maximizes efficiency and minimizes costs while providing access to a new world of fresh opportunities in the near future.

**PLANNED OPERATION**

Francesca’s Collections does not want to leave anything to chance, so we will enter United Arab Emirates with a flawless business plan. We will start up as an LLC Corporation due to the fact that the American branches are already established LLC Corporations. Francesca’s will be led by a CFO and a plant manager with 45 other employees below them. We do not own or operate any manufacturing facilities. Due to Francesca’s relationship with a diverse base of over 200 vendors that are not entered into exclusive contracts provides us with access to an even more extensive variety of merchandise from a greater number of vendors at competitive prices.Our vendors utilize a network of domestic and overseas factories, providing them access to significant capacity.

**PRODUCT AND DISTRIBUTION**

**PRICING AND PROMOTION**

**PROJECTED INCOME AND EXPENSES**

1. **Introduction**

We are proposing to open a branch of the Francesca’s clothing and accessories line in the United Arab Emirates. The Francesca’s boutique will carry a wide variety of dresses, maxi skirts, jewelry, handbags, shoes, sunglasses, and hats. The clothing line is a preppy; Southern American inspired look aimed at young ladies ages 18-35, although we find that women of all ages are attracted to our eclectic and sophisticated merchandise selection and boutique setting. Our brand can be compared to Lily Pulitzer due to their similarities in style. Since Francesca’s is a boutique each style of clothing or accessory offered is limited, so every customer can be satisfied in feeling unique with their clothes bought at Francesca’s. The sizes offered at Francesca’s are leaned more towards skinnier body typed women, both petite and tall. The brand will change some looks to integrate with the Middle Eastern styles and also to the more conservative side with outfit designs. The store will be located in the city of Dubai, the most populous city and one of the fastest growing economies in all of the United Arab Emirates (UAE). The store would be located in the Dubai Mall, which is the world's largest shopping mall based on total area and fourteenth largest by gross leasable area, which is the amount of floor space available to be rented in a commercial property. The Dubai Mall is part of the 20-billion-dollar Downtown Dubai complex, and includes 1,200 shops. The Dubai Mall opened in 2008, and since 2012 it has continued to hold the title of the world's most-visited shopping and leisure destination with more than 65 million visitors. The numbers surpass visitor arrivals to all landmark leisure destinations and theme parks in the world including Times Square (39.2 million), Central Park (38 million), and Niagara Falls (22.5 million). Dubai is a smart choice for us to start a clothing line/ retail business, due to such a prosperous and growing capitalistic economy. The economy is stable and very wealthy for consumers to spend money on wants, instead of needs. The unemployment rate is low;indicating that close to everyone in the area has an income that they can afford to spend on extras, such as high end clothing. Also the inflation rate is low, which mean the prices aren’t growing rapidly, they are steady so the consumers purchasing power is stable. The most help to us in opening up this business in Dubai will be the internet and also store managers and retailers who currently operate stores in the Dubai Mall. These business owners will be of special help to us in granting advice, setting up the business, and getting our brand known in the world’s biggest commercial setting. A close friend of ours who lives in Dubai and is familiar with opening up a business in the Dubai mall, along with knowing the culture and trends will be our advisor. Their experience and knowledge will help us to market well to the target audience and be successful in this international business endeavor. Being an unknown brand in the UAE, a challenge our business concept would encounter is being able to receive brand loyalty from our Dubai Consumers and being able to rent out retail space in such a high class mall as the Dubai Mall. Also in Dubai the way dresses are sized differ from how they are sized in America, so special attention would have to be given to marking sizes on each outfit.

**III A. Analysis of the International Business Situation**

 The United Arab Emirates is an open economy with a high per capita income and a sizable annual trade surplus. The population in the UAE is 9.2 million (2013 census), which counts for 1.4 million Emirati citizens and 7.8 million expatriates. The size of labor force is 4.588 million, expatriates account for about 85% of the work force. Agriculture counts for 7% of the labor force, while industry is 15% and services is 78% (2000 est.) The GDP per capita of the UAE is $29,900 (2013 est.).Since the discovery of oil in the UAE more than 30 years ago, the country has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living.

 The UAE’s primary natural resources are petroleum and natural gas. More than 90% of these resources are found in the emirate of Abu Dhabi. Natural freshwater is extremely limited and has been critically overexploited. There is no minimum wage in the UAE, and all workers are prohibited from organizing unions, bargaining collectively, and going on strike. However, the UAE does regulate workplace health and safety standards rigorously, and injured workers are entitled to fair compensation by law. By the end of the year, the UAE will have spent around $5 billion on technology investments. This will make the country one of the world’s fastest growing areas for information technology expenditures. For communication, the UAE has a variety of telephone systems, broadcast media, and the internet.

 The major exports of the UAE are crude oil (45%), natural gas, re exports, dried fish, and dates. The major imports are machinery and transport equipment, chemicals, and food. The country has a sizeable annual trade surplus. One U.S dollar equals to 3.67 UAE Dirham’s. There is a very high level of opportunities for foreign investments in the UAE due to an open market access and the UAE’s thriving economy. Also the UAE regularly scores within the top 15 on the ranking for the best destinations for direct foreign investments.

 The UAE government type is a federation with specified powers delegated to the UAE federal government and other powers reserved to the member emirates. Political parties are not allowed in the UAE. The UAE has a very stable government and is considered one of the least corrupt countries in the Middle East. The rule of law is relatively well-maintained, but the judiciary is not independent, and court rulings are subject to review by the political leadership. Corresponding to the federal institutions are the local governments of the seven emirates. Varying in size, they have evolved along with the country’s growth. However, their rulings and structure differ from emirate to emirate, depending on factors such as population, area, and degree of development. Dubai the second largest emirate in the UAE, only after Abu Dhabi and is the center of finance, commerce, transportation, and tourism.

 The government allows for free trade zones in the UAE that permit 100 percent foreign ownership with zero taxation which help to diversify the economy. UAE nationals rely heavily on public-sector employment and subsidized services. Oil and gas exports account for roughly 80 percent of government revenues. The UAE has no income tax and no federal-level corporate tax. In some emirates, different corporate taxes exist for certain business activities. Duty rates in UAE vary from 0% to 100%, with an average duty rate of 4.61%. Some goods can be imported free of duty (e.g. laptops and other electronic products). Imports with a CIF (Cost, Insurance and Freight) value up to AED1000 are exempt from duty. There is no sales tax applicable on imports in UAE or any other taxes or fees charged on imports in UAE. The UAE’s average tariff rate is 3.7 percent. Non-tariff barriers are not a significant deterrent to trade.

 The United States’ trade laws, in this case internationally with the UAE, include regulations that are required in order to export and import with that foreign country. The most important one is that the US must provide trade counseling so that market intelligence can be gained which will allow everything to be completed properly the first time. The UAE’s trade laws are that they can ban anything the US tries to import that could be of harm to the nation. The UAE’s government does not want any illicit products to pass their borders, which is why they are very strict. Since we are opening a clothing boutique we would need employees, which is where labor laws come in. Employees can work at a maximum of eight hours a day or 48 hours a week. They cannot work for more than five consecutive hours without a break, but breaks are not included in the eight working hours. All the laws are relatively reasonable and are enforced for the better of the countries.

**III B. Trade Area & Cultural Analysis**

The United Arab Emirates is located in southwest Asia. The UAE is situated in the southeast end of the Arabian Peninsula on the Persian Gulf, bordering Oman to the east and Saudi Arabia to the south. The country also shares sea borders with Qatar and Iran. The UAE climate features extreme heat because of its sandy landscape, although it is cooler in the eastern mountains. The UAE consists of seven Emirates, or states, with the Emirate of Abu Dhabi having the highest population growth rate in the world of 7.7%. The main reason for this growth is from Abu Dhabi’s incoming expatriate immigration. The UAE’s second largest Emirate, Dubai consist a population of 1.9 million (2010 census), with a 1.4 million male to 420,000 female ratio. The other five emirates of Sharjah, Ajman, Fujairah, Ras al-Khaimah, and Umm al-Qaiwain add to the total UAE population of 9.3 million. The UAE currently devotes approximately 25 percent of total federal government spending to education. The overall literacy rate is 90%. 20.4% of the population consists of ages 0-14 years. 15–64 years of age make up 78.7%, while 65 years and over only make up about 0.9% of the population.The UAE is one of the richest countries in the world, with a per capita GNI of USD 48,500 (purchasing power parity, PPP) for 2011. Most of the country's wealth is concentrated in Abu Dhabi and Dubai. Among the Emirati nationals, who make up 19 percent of the total population, most people live relatively well and have access to free public services, such as water, electricity, health care, and social security. However, large numbers of foreign workers earn low wages or inadequate salaries. The average monthly income for national households in the UAE is AED36,438.10 and expenditure is AED22,989, while non-national household income is AED15,074.30 and expenditure is AED9645.40. In UAE’s total population of 9.2 million; 1.4 million are Emirati citizens while 7.8 million are expatriates. Expatriates consist of other Arabs and Iranians 23%, South Asians 50%, and with Westerners and East Asians consisting of 8% of the UAE population.

 The United Arab Emirates has a diverse, cosmopolitan and multicultural society. The country's historical population as a small, diverse pearling community has been changed with the arrival of other nationals — first by the Iranians in 1810 and later by Indians and Pakistanis in the 1960’s. Certain folk dances, such as "al-habban", are originally Persian. Local Emirati culture has also been influenced by the cultures of East Africa and India.Major holidays in Dubai include Eid ul-Fitr, which marks the end of Ramadan, and National Day (2 December), which marks the formation of the United Arab Emirates. Five times every day, Muslims are called to prayer from the minarets of mosques, which are scattered around the country. The weekend begins on Friday due to Friday being the holiest day for Muslims. Most Muslim countries have a Friday-Saturday or Thursday-Friday weekend.

The framework for the UAE political system consists of federal, presidential, and absolute monarchy. The United Arab Emirates is a federation of seven constituent monarchies: the Emirates of Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah, and Umm al-Qaiwain. According to convention, the ruler of Abu Dhabi is President of the United Arab Emirates, the head of state. The ruler of Dubai is the Prime Minister of the United Arab Emirates, the head of government. The unique socioeconomic development in the Persian Gulf has led the UAE to become much more liberal than Saudi Arabia. Emiratis are known for their religious tolerance. Churches, Hindu temples, and Sikh Gurdwara can be found alongside mosques. However, there are no Jewish synagogues in the United Arab Emirates. A cosmopolitan atmosphere is gradually growing. As a result there are a variety of foreign-influenced schools, cultural centers, and themed restaurants.

 Dubai does have a diverse and richly populated society with only minor and infrequent episodes of ethnic tensions, primarily between expatriates, have been reported in the city. With a rich diverse culture in terms of films, music amongst other pastimes to indulge in. Since a good deal of the population in Dubai is made up of ex-pats, you can expect to find many different condos as well as apartments in Dubai as these types of residences are generally more comfortable to foreigners. Typically, Dubai houses usually come in the form of villas which can comfortably house a family of 4 to 6.

 Dubai and the UAE have varying degrees of tolerance to clothing styles from around the world and how to dress in the UAE. There are legal guidelines as to what is not acceptable, especially in Sharjah which has its own decency laws; but in general, residents, visitors, and tourists can mostly wear what they like within reason. If you are one to dress more revealingly than most, it is wise to tone down your dress code in the UAE, especially outside Dubai, and areas with a greater proportion of nationalities likely to be offended, and especially during Ramadan.

 Recreational/sports/leisure activities in the UAE consist of fishing, boating, falconry, the Date Palm, the camel - God's gift to the Bedouin, Pearls and Pearling, Traditional uses of plants, the Arabian horse, and music and dance. Arabic is the official language spoken in the UAE.

The type of customers we are targeting our market to is/are girls from ages ranging from about 15-25. Our merchandise will be shipped from America to Dubai so they will be more expensive which means these girls should typically be in the middle or upper class, but there is not a specific income their family needs, as are clothes are still affordable. Education level does not play a role in which we target. Since our store is in Dubai, the ethnic background does contribute to who shops here. Middle easterners are usually more conserved which is why we altered our clothing to conform to their style. Also, because of the location of our boutique, Dubai is where the majority of our shoppers will come from. Placing Francesca’s in an extremely popular mall will attract an abundance of people from not only Dubai but also various parts of the UAE. Our fashion line is mostly fancy and preppy which is ideal for girls who go out on special occasions or like to dress up for school. Purchasing items from our store does not take much thought or prior preparation. Clients can just casually come in and browse around until they find things that they enjoy and look good in. Anything that is sold in the store is also available online which can be more convenient for some people. Repeat customers are always great to have but that does not mean that one-time shoppers are not welcomed either. Even if the ultimate consumer is not purchasing the product we still appreciate any type of patron.

We have decided to locate our store in Dubai, which is a city in the United Arab Emirates. Dubai is one of the wealthiest areas in the UAE which would be a benefit to us when making a profit. Even if our clothes were more expensive than the average store, customers would still be able to afford them. Also the Dubai Mall, where we will place Francesca’s, is the most visited attraction in the world. This means that we will get a lot of publicity, especially since Dubai has never had a store quite like ours. Our access to suppliers, craftsmen, and distribution centers will come easily because of the city’s size which holds many opportunities for us. Since Francesca’s clothes are made in America, we are having all the items exported from the US to Dubai. This requires various trade documents to be sent. There is a commercial invoice which is a bill for the goods from the seller to the buyer. They also make an export packing list which has detailed and informative facts about the product. Another invoice is the pro forma invoice which informs the buyer of the goods and can offer a sale or price quotation. There are many documents that exporting countries require but these are the three most important required ones because they provide the most useful information.

**IV A. Proposed Organization**

We have decided to use the organizational, functional structure. A business that is functionally structured has specialized units that report to a top management. Each functional unit handles one aspect of the business and top management is responsible for coordinating the efforts of each unit and making everything work as one, cohesive group. This structure will help ensure an organized business. My partner and I will make the decisions regarding the business, which makes our decision-making centralized. Some advantages of having a partnership is that we can split up the work and we are both liable. Disadvantages would be if one partner works harder/more than the other and that no one else is liable, except for us. Dubai will contribute to our business as a strategic leader. The economy there is very strong and stable, which means they have a consistent expectation of what occurs and can be trusted. Dubai is very competent and capable of taking businesses to success. They will help us analyze threats to resolve problems and help us realize opportunities to take to benefit our business. Since Francesca’s is an American business we will organize it as such when we move it to the United Arab Emirates. We will also keep the American aspects of the business, but alter some of the products to appeal more to Dubai’s culture. This will introduce something new to Dubai and at the same time will make it easier for everything to stay organized.

To expand our boutique into the international market we will use a foreign direct investment. Implementing this strategy will allow us to have complete control over our business. We will buy an area in the Dubai mall and own it as a partnership. We will be able to promote our products more widely in the United Arab Emirates, which will allow more people to become interested in coming to check out our store. This will cause a long lasting link between America and the United Arab Emirate’s economies because once they see how much business we bring to our store they will trust us and our ideas. This will not only benefit us, but other American companies who want to expand internationally.

To start up Francesca’s we will first have to do research on Dubai, where we will operate the business and the culture because this will affect how we style our clothing and jewelry. We then need to acquire a business license since we are an American company opening in a foreign country. We will also need insurance so we are protected in case anything goes wrong. After this we will have to seek out for employees interested and fit for the job. We will then have to get the items made and manufactured so we can ship the entire inventory to Dubai. Then we will have to set up the shop in the Dubai mall and organize the store in a fashionable style. While all this is going on we will advertise around Dubai with posters, flyers, billboards, and online ads. This will give publicity to our boutique since it will be a new and unique shop to the Dubai area. Once we open we will continue advertising and try to get as many customers as possible so our business and profits can begin to soar.

Since Francesca’s is a female targeted store, our employees will be female. This will develop a strong employee-customer relationship because they will be able to help and relate to the women better. When the store is open there will be two employees working. Francesca’s is a small, cozy boutique so we do not need space to be taken up by unnecessary people. We will hire about six to ten employees though so they can switch off shifts throughout the week. These girls need to have the style Francesca’s offers. When working they will be wearing our merchandise so it is important that they enjoy wearing it and look good in it. They need to be responsible, hard working, and dedicated to their job. Our employees will represent us as a store so they need to keep our reputation high.

The following organizational chart shows the chain of command for Francesca’s. My partner and I are the top management, the United Arab Emirates, Dubai specifically, is the strategic leader, and our employees are the ladies we hire.

In order for employees to know what is expected of them, job descriptions are necessary in any organization. The following are the job descriptions for the workers at Francesca’s.

**B. Proposed product/service**

1. **Details of the product(s)/service(s) to be offered; include potential suppliers, manufacturing plans, inventory policies, if applicable.**

We plan to bring a Francesca’s retail store from America to Dubai featuring a conservative spin to the preppy Southern American style. Many varieties of products will be featured in our boutique including dresses, maxi skirts, shirts, jewelry, accessories, shoes, bags, and home and gift items. The products in our store are available in-store and online on our website, which allows customers to have the item shipped to the store or their house. This product mix was selected because it’s all the items that appeal to the selected target market of young women ages 18-35. Young women look for a pop of color and uniqueness to their wardrobes and outfits and accessories, which is just what the Francesca’s Collection offers to their customers.

 All the products will be altered to integrate a more conservative look that is common amongst the Middle Eastern culture. In addition to being more conservative the jewelry will be designed to appeal to Dubai shoppers by adding unique Dubai inspired designs and stones. Such adaptations will be made in an effort to avoid offending potential customers in the Dubai market.

 Potential suppliers in Dubai from whom we will buy the products and materials used in providing our services would be Jashanmal National Company ~~Tel: +971-4-266-6633~~. It’s a company operating across the Middle East that operates a chain of seven department stores and has a wholesale division that is responsible for the distribution and marketing of a number of major international brands. LuLu Group International ~~Tel: +971-2-418-2000 Y Tower~~, Abu Dhabi, United Arab Emirates will also be potential suppliers.

Francesca’s collection does not own or operate any manufacturing facilities. We have relationships with a diverse base of over 200 vendors. Of those we have a close working relationship with our top 10 vendors who have sourced approximately 42% of our merchandise during the fiscal year of 2011. Amongst all of our vendors; no single outlet accounted for more than 15% of our purchases. We do not enter into exclusive contracts with our vendors and are always looking to expand our vendor network so that we can attract new and unique styles. Our vendors utilize a network of domestic and overseas factories, providing them access to significant capacity. Our current corporate headquarters is situated in Houston, Texas. We will be expanding the Francesca’s franchise to add an additional corporate headquarters in Dubai that will be a center of distribution all throughout the city. This would be an excellent proposal as Dubai is a very industrial minded city that is committed to fostering the growth of manufacturing companies in the United Arab Emirates. Dubai also strives to provide all necessary support ranging from services to facilities that ensure industries operate at optimal capacity, and are able to meet future expansion needs.

 Inventory policies will include keeping a months’ worth of inventory on stock. The fashion industry is based off of trends and styles that are fast-changing and ever evolving. It is important that we limit our stock on hand so that we can remain current with customer needs and not weighted down with hard to move merchandise. Additionally, Francesca’s is a boutique so our product lines are limited in nature with so that each customer can have a unique purchase.



1. **Proposed Strategies**
	1. Proposed pricing policies, what currency will be used, costs, markups, markdowns, relation to competition, factors that could affect the price of the product

When pricing our products we will use the skimming strategy. This means we will price our items higher and have fewer items sold, but still end up with a high profit. We are going to use the United Arab Emirate currency, which is in Dirhams. One Dirham is equal to twenty-seven cents in America. The Dubai Mall has a high-class reputation so many of the stores sell expensive products. In order to fit the clientele this mall attracts we will price our products accordingly. ~~To be at the same level we will match our prices at about the same cost as the average store in the mall. We will not be competing as much with prices, but rather products. Dubai Mall customers are familiar with high prices so ours will not present much of a surprise.~~ Since we are bringing a new style to the area customers are more likely to be interested in what we have to offer. They are willing to pay higher prices in orderto have the newest fashions in Dubai. Additional exporting costs that may need to be considered are any tariffs that the United Arab Emirates has. Price escalation will play a role when pricing our products since we will have to spend money on not only making the clothes but also shipping them to our location in Dubai.

**Price List:**

|  |  |  |
| --- | --- | --- |
| **Product Item** | **AED Cost** | **USD Cost** |
| Jewelry (Necklaces, bracelets, earrings, rings):  | 35-185 AED |  |
| Clothing (Dresses, tops, bottoms): | 55-440 AED |  |
| Shoes (Boots, wedges, flats, sandals) | $185-585 AED |  |
| Bags: (Satchels, totes, backpacks, wallets): | 110-295 AED |  |
| Accessories (Scarves, watches, sunglasses, belts, socks, headbands):  | 35-145 AED |  |
| Home and Gifts (Gift cards, home décor, beauty, phone cases):  | 35-440 AED |  |

1. Proposed promotional program, promotional activity(ies), media availability, costs, one-year promotional plan outline

To convey our message to our target market we will use the Internet a lot since it is a widely used platform to communicate with customers. On our website there will be information all about our store that interested customers can read. It will include Francesca’s plan to success so people can see what we’re all about. There will also be customer reviews from our other locations to convey how people feel about our store.

While our store is preparing to open we will begin advertising. We will continue to use the Internet by placing ads on popular sites and search engines like Google, Bing, Facebook, and Twitter. In addition to that we will post flyers around town to bring awareness that a new store is opening in the Dubai Mall. There will also be a banner outside the mall that will state when we are officially opened. Once we are opened we will continue to advertise as we are still a new store and need to continue gaining attention in order to gain customers.

For our sales promotion plan we will use multiple strategies to motivate our future customers to come to our store. They will benefit the customer, which will lure them to shop at our boutique. We will mail a “50% of your first purchase” coupon to the people of Dubai who live within a 50-mile radius of the Dubai Mall. This will encourage them to come to our shop and use the coupon to buy something they fall in love with, but for half the price. In the store we will also have a raffle where each month a customer’s name is drawn from a bowl and that lucky winner gets a free $50 gift card.

To gain publicity we will host a special event. It will be a fashion show where we have numerous models wearing our clothes and walking down a catwalk. Not only will this be an exciting experience but it will also show off Francesca’s product line. The fashion show will portray to the women of Dubai what our style is like and how it looks on real people rather than a mannequin. It will be a public event and we will attract people by mailing invites to those who live within a 50-mile radius, who then can bring whoever they want as well.

To promote our business even more the owner of the Dubai Mall will sponsor us. Since he helped us bring Francesca’s to Dubai and make this process happen, it would make sense to have a sponsorship with him. He has the power to put ads of our business around the mall and possibly even have other stores within the mall promote our boutique as well. Not only will this acquire us even more business, but it will make us seem more credible since it is being promoted by the ownerof a very high ranked mall.

**V. Planned Financing**

1. Projected income statements for first year’s operation (sales, expenses, profit/loss)

|  |  |
| --- | --- |
| FRANCESCA’SPROJECTED INCOME STATEMENT | ANNUAL |
| Sales | $340,325 |
| Cost/goods sold | $164,260 |
| Gross profit | $176,065 |
|  |  |
| Expenses |  |
| Rent | $225,842 |
| Utilities | $32,306 |
| Misc. | $3,563 |
| Bad Debt | $25,000 |
|  |  |
| Total Expenses | $286,711 |
|  |  |
| Net Income | $44,389 |

**B.**Projected balance sheet for the end of the first year

|  |
| --- |
| FRANCESCA’S PROJECTED BALANCE SHEET |
| Total current assets | $82,425 |
| Total assets | $150,545 |
|  |  |
| Long term debt | $25,000 |
|  |  |
| Total liabilities | $72,748 |
|  |  |
| Total stockholder’s equity (deficit) | $78,067 |

|  |
| --- |
| FRANCESCA’S THREE YEAR PLAN |
|  | YEAR ONE | YEAR TWO | YEAR THREE |
| Sales | $204,158 | $296,373 | $340,325 |
|  |  |  |  |
| Cost of goods sold | $204,154 | $296,401 | $339,523 |
|  |  |  |  |
| Gross profit | $46,270 | $46,580 | $47,110 |
|  |  |  |  |
| Expenses | $186,984 | $230,412 | $286,711 |
|  |  |  |  |
| Net Income | $22,501 | $47,061 | $72,211 |

1. A brief narrative description of the planned growth of the proposed business, including financial resources, needs and a brief three-year plan projection

In our next three years of operation we are expecting to increase our profit rapidly. We will be able to do this if we price our merchandise strategically so we can raise our sales, which in turn will boost our income. At Francesca’s we care about the quality of our products, which is why we are willing to spend more on our goods each year. We don’t foresee us expanding our space since we are a boutique but we will redecorate and renovate the shop as needed. Redecorating and renovating will contribute to expenses the most, as well as technology and furniture. After these three years we are expecting to accumulate $141,733. To ensure growth we will do whatever it takes to make Francesca’s appealing to women so they choose to shop here versus another store.

**VI. Bibliography**

**VII. Appendix**