

# OUTFITTERS- Epitome of A Successful Business Model

**Authors:** Abdul Wahab, Arfeen Gohar, Maheen Tariq, Maryam Afzaal, Nimra Inam

## ABSTRACT

Outfitters and Ethnic is brilliantly running its business nationwide, directly emphasising product differentiation. They believe that Fashion is a celebration of individual style, and they target youngsters who own their personal style and individuality. They have a street-ready mix of casual, sporty and semi-formal looks, all in zesty shades. They strive to remove traditional boundaries from the apparel sector. Even after being involved in the fierce competition, they managed to sustain their market position. The failure to enter into international boundaries, financial crisis, export and import restrictions, discount-oriented customers, more bargaining power of customers than ever and other challenges have made them a stronger brand that every Pakistani would love to own. This case provides insights from their marketing department into their operations and how they overcame challenges.

## INTRODUCTION

As he sat in the courtyard of his home in Islamabad, Pakistan, in December 2017, Kamran Khursheed shined back on the achievements of his business, a fully integrated apparel enterprise.

In 1999, he was looking at a group of enthusiastic young boys buying shirts from a small local shop; Kamran Khursheed wondered if he could introduce his clothing brand by acquiring a small space in the same market. He aimed to satisfy the needs of the middle-class target audience who could not afford expensive imported denim jeans and shirts from brands like Levi's. The passion and impulse to start his own business led him to fulfil his dream of a small shop in the basement of I-10 market, Islamabad. The success of this small shop became the first step towards the journey of reviving the clothing sector in Pakistan. Later, they relocated their outlet from the I-10 market to Saddar Rawalpindi to cater for the much-growing demand of the mounting population. There were limited brands in Islamabad back in that era. Outfitters grasp teenagers' attention immediately after their store launch in Rawalpindi.

Outfitters is a trendy street-smart fashion brand for men and women. The success of outfitters is associated with youth culture. The company is steadily growing and has set foot in the international

## THE AUTHORS

Abdul Wahab, Arfeen Gohar, Maheen Tariq, Maryam Afzaal, Nimra Inam are based in the FAST School of Management, FAST-NUCES, Islamabad, Pakistan.

## KEYWORDS

Business model, marketing, operations, brand management, clothing, international business.

## Disclaimer

This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognizable information to protect confidentiality.

market, aiming to elevate the brand into a truly global player. Outfitters had a reputation for funky, trendy, enthusiastic and innovative designs; however, maintaining the detailed processes and designing was intricate.

Due to the Recession and 2008 financial crises, Outfitters began to lose its vivacity in sales and revenue. As a result, it began to suffer from declining equity. The perception of the brand in terms of the desired sales began to wane. Nevertheless, Mr. Khurshid was puzzled over whether it was practical to think they could regain the market share in the current international crisis.

## **BUILDING AN ENGINE FOR GROWTH**

### **OUTFITTERS - The Brand**

Outfitters built its leadership position in the local western clothing brands through continuous investment in marketing and innovation. The primary challenge for the brand was to increase the mislaid sales and revenue due to the financial crisis (2008) without destroying the brand's image in the consumers' minds.

The company diversified into the untapped segment of kid's apparel to overcome its deteriorating position. Moreover, they also made a website with all the apparel collections and a social media page to keep one and all updated (Exhibit 1). Brand managers recognize that they are responsible for delivering the new brand image to consumers to achieve their financial goals. The acceptance in the market was rightly reflected in their revenues. Brand consciousness and brand awareness have increased tremendously in the last 10 years. When the brand was initiated, people were not as brand conscious as they are now. Currently, the impact of the brand image directly influences customers' purchase decisions.

In 2003, outfitters opened its first retail outlet in Rawalpindi and now comprises over 80 outlets nationwide in fewer than 15 years. They provided more than 1100 people employment opportunities to cater value to their customers. 90% of outlets are company owned. It comprises both mall stores and stand-alone stores. Since a large number of customers are captivated by mall stores, outfitters are deliberately shifting all stand-alone stores to mall stores. The stores are of various sizes with similar layouts and strongly branded interior and exterior, the exposed concrete and raw wood; essential components of the ambience of each store include playing music, using unique signage, massive posters and employing staff that recognizes the customer.

The philosophy behind the Outfitters stores is forthright. Firstly, the stores are located near the consumer markets to provide customers' convenient access. Second, the stores offer everything desired by a Pakistani consumer. Above all else, the stores provide a platform for deeper insight into the consumer behavior. This helps drive innovation and the trendiest wardrobe for the masses.

Outfitters target kids and young adults from newborn babies to 35 through the captivating store environment. The brand has created a sophisticated relationship with young adults who are self-expressive and accepted by their peer group. The product offering includes kid's, women's and men's fashion apparel, footwear and accessories. The women's product assortment includes; denim, T-shirts, jackets, jeans, footwear, and accessories. The men's product collection includes; the same as women's segment and caps. The kid's product range includes; denim, shirts, formal outfits, accessories, footwear and much more.

Eastern buying behavior has evolved with time. Customers seek new trends and designs, and there is a huge segment for Eastern clothing. In 2012, one of their ambitious designers came up with the idea to introduce a new line of clothing, hence penetrating the eastern segment. After extensive market research, they successfully launched Ethnic by Outfitters, targeting young, independent and outgoing women providing a wide range of designs in their stitched and unstitched sections (Exhibit 2). They were offering formal, pret, premium and unstitched collections. It was a well-played strategic move since it boosted their revenues and resulted in increased market share. It also helped them create and grow an excited customer base in a highly competitive eastern market. Now Ethnic has more than 40 stores nationwide. Through these years, they have maintained their brand reputation by providing high-quality products and incomparable unique designs. External industrial growth factors were also in favour of this approach. The original contribution to the success of the brand comes from Ethnic. There is a massive demand for Eastern clothing due to cultural barriers and societal inspirations. Mainly women are more attracted to and are more comfortable wearing Eastern clothing; therefore, overall sales have increased after the launch of Ethnic. The buying patterns of men and women are also relatively different. Women's purchase patterns are more frequent.

Meanwhile, Outfitters expanded their business operations internationally by opening their outlet in the United Arab Emirates. However, they failed to cope with Arab marketing trends, upsetting their revenues and ultimately forcing them to shut down their international operations.

Middle East market has a viable market gap that one can utilize. To launch an effective marketing strategy for the Middle East markets, a strong base of data about the market opportunities is needed. Understanding the consumer does not come right away from conducting surveys or published statistics; it requires rigorous research to get the appropriate business analysis. Consumers in numerous Middle Eastern countries make purchases based on criteria that may or may not seem accurate.

### **Organizational Structure**

The company's organisational structure defines how certain activities such as roles, responsibilities and rules etc., are designed to achieve the target. Talking about organizational structure, Outfitters has a lean structure that focuses on creating more customer value by utilizing limited resources and producing the maximum output. Their main target is to deliver the best to the customers. They practice virtual merchandising by focusing on exhibiting products at the right

place to attract and retain maximum customers. Like every other organization, they have IT, HR, Marketing, Supply Chain, and Finance departments. IT has been imperative since the introduction of e-commerce and the digitization of the brand. It also comes in handy while working with the marketing department. The finance department is vital and the company's backbone in this organisation. They are the ones that determine where the company stands and what the company gained or lost.

The mission and strategy of outfitters are to strive to provide the best quality and wide range of products at competitive prices, thus aligning their goals with the business to make delightful customers. Outfitters has separate well-trained designers for ethnic and outfitters who have hands-on experience and expertise to fabricate patterns and designs beautifully. There are separate heads for Junior, Men and Women outfitters, often called Head Designers. They customarily offer three collections by ethnic and outfitters: winters, summers and festive collections.

### **Marketing – Buzz Behind the Brand**

Promotion and marketing at Outfitters and Ethnic take a different avenue than other companies. It is about building a charming two-way colloquium rather than a hollow one-way pitch. Outfitters' promotional campaigns intend to engage the customer with the technology. Outfitters spend a portion of their turnover on advertising. They follow the 'through the line' marketing aimed at both 'above the line' and 'below the line'. They provide a perfect blend of integrated marketing communications mix. It covers radio, print, and outdoor media. Haysom Tariq (Regional Sales Manager), who looks after the sales, described the focus:

*"We talk directly to the middle class. Our advertising campaigns are tailored towards the target market that harmonizes with the middle classes. The main aim of marketing is to make the brand active. The brand activation is further divided into brand awareness and brand equity. When prosperity ascent, so does our sales and vice versa. Outfitters is a street fashion brand where the rapidly changing designs attract the customers with new designs acquired every week."*

An in-house department creates all the marketing materials. Both Outfitters and Ethnic have been bombarding with campaigns year after year. The balance and composition are what the Outfitters team hands over to their passion and empathy for the brand. The energy guides the brand to create unique projects and campaigns such as Street Stories, Rhythm of Summer, Winter Escape, White Friday etc., with hashtags like #FridayIsNeverBlack #ItsSummerTime #MondayMotivation (Exhibit 3). Every message is a chance to influence the way a customer thinks. Their social media team is highly responsive and creative, and they keep engaging customers through striking content.

Outfitters has a nationwide presence with a robust culture. Every employee recognizes the given role within the company. For instance, the managers of the stores know that their key function is to act as the lead. They intensely focus on campaigns that provide a rock-hard image for the brand.

All the employees are skilled and aware of the image they should portray to all the customers entering the stores.

Outfitters' marketing strategy is product differentiation. Growth is focused on product quality, range and competitive pricing, with market penetration being the pricing tactic. Initially, they offered low-priced products to attain customers' attention. After earning huge revenues, the brand hauled backwards and forward integration. Backward integration – focused on their own production site, enhanced quality, minimized lead time and cost. Forward integration – focused on store expansion to display more variety. The main factory and headquarter of outfitters and ethnic are situated at Raiwind Road, Lahore - Pakistan. The fabric, accessories, and shoes are mostly imported from China and other countries where 90% of products in outfitters is produced in their factory. However, ethnic's products are manufactured in Pakistan.

### **Confronting The Classics**

Outfitters and Ethnic's largest and most basic competitors are the brands that provide Western and Eastern clothing. In the western segment, they have a seasonal competition (winter collection) with Breakout. Other indirect competitors include Stoneage, Levi's, Inc. etc. In the eastern segment, the competitors include; Khaadi, Sapphire, East Breakout, Minie Minors, Mothercare, Baby Shop, HopScotch, etc., their major Junior Kid's section competitors. The competitive edge of Outfitters and Ethnic is that they currently have more stores than competitors and provides a broader product range, resulting in a higher market share than competitors.

### **Making The Game Strong**

Being an entrepreneur is an accomplishment, but staying in the game is the real deal. Similarly, starting a business is a significant achievement for many entrepreneurs, but maintaining one is the larger challenge. One of the biggest challenges faced by Outfitters is seasonal weather changes. Weather is something that the company has no control over. The rapid change in seasons adversely impacts the production plan, ultimately affecting the business. The minimum time for the production plan is ninety (90) days, and import requires six (6) months. Uncertainty in weather conditions is also a major threat to Outfitters. The result is that the brand slashes prices, reducing profit margins to eliminate the ramping-up inventories.

On the other hand, customers are now shifted to discounts. They always expect discounts on everything, even newly arrived stock. Most customers hesitate to buy at the first price, and they expect and wait for discounts on every public holiday and do not buy until they get offers/promotions. This "too many discount" strategy offers and promotions damage the brand equity and positioning and create misconceptions in the consumer's mind. The most common myth is that if the company makes money even with the discounted price, they are ripping off customers with the first price.

The biggest challenge with the discounts comes with the competitors. There are many brands out there, and if the retailer is not offering a discount, then the consumer would buy from another store offering a discount. Black Friday, Independence Day, Pakistan Day, Christmas, Eid, and other

occasions continuously pressure retailers to offer discounts to drive sales. It has been estimated that 75 percent of the sales volume comes from off-price.

There was a boom of Eastern short stylish Kurtis, frocks and kameez. There were not enough clothing brands, only a few famous outlets to cater to consumers' needs. As the awareness increased, people's buying behavior also took a turn; hence, the demand for the products. In Pakistan, the retail industry has grown tremendously in the last five (5) years. The major chunk of the retail industry is from the eastern segment. There was a need in the market for Eastern clothes, and Ethnic filled the gap.

Modest apparel has seen a growing niche clothing market in the Middle East. According to a report by Thomson Reuters, the fashion sector of Islamic clothing in the UAE alone is expected to be worth \$484 billion by 2019. Despite an already well-established fashion market, Middle East fashion still has potential. Its textile and fashion sector has a very high diversity in color, design and quality, and UAE has an essential role in the Middle East fashion sector. On the other hand, in the coming years, the interaction between Middle East fashion designers and American and European brands will grow a lot, and this is an opportunity to get acquainted with Western culture with the traditional costumes and clothing culture of the Middle Eastern people.

Apart from these challenges, the apparel segment is very complex as customers are selective and particular regarding the designs, fabric quality and colors. Similarly, Outfitters faced a dilemma when one of their products had color bleeding issues. Customers complained about the color bleeding incident, and Outfitters immediately called back the product from all of its stores in Pakistan. A lab test was conducted to verify the defect, and the test came back positive. As compensation, the customers were asked to return their purchases and get their money back, and the company took severe measures to avoid such incidents in future. Outfitters fully facilitated its customer despite the heavy loss they had to bear due to the defect.

### **The Right Road?**

Despite all the challenges, Outfitters sustain their business and increase their revenues by 10% annually. Furthermore, through a user-friendly website, they tried to alleviate the imbalance between the in-store and online product range.

The future goals of Outfitters and Ethnic are targeted towards brand activation (increased brand equity) and store expansion. Ethnic (targeting only females) are planning to cater to the male segment's needs by providing Kurtas, Shalwar kameez, and other Eastern traditional clothing options. Ethnic is rethinking customers' solutions. Ethnic has plans to target the junior section as well further. Would it be a feasible option?

Outfitters and Ethnic plans to expand its business nationwide and internationally in the near future. When a brand reaches its maturity, it has to decide its next move strategically. The brand must cover its market locally before it can tap into the international market. They can further diversify into any other segment or take the brand overseas. However, international businesses

need to analyze market trends and learn from their previous shortcomings. What would be the future of Ethnic? Would it be correct to launch ethnic internationally after the failure it faced in UAE? These questions must be carefully evaluated before devising a new plan.

**Reference:**

Name: Haysom Tariq (Senior Area Sales Manager)

mail: [haysom.tariq@outfitters.com.pk](mailto:haysom.tariq@outfitters.com.pk)

**Bibliography**

*Ethnic*. (n.d.). Retrieved from Ethnic.com: <https://ethnic.pk/>

*Outfitters*. (n.d.). Retrieved from outfitters.com: <https://outfitters.com.pk/>



Exhibit 1: Outfitters Website & Social Media Page

The image displays a mobile browser interface. At the top, there is a search bar labeled "Search Tabs" and navigation options "Private" and "Done". The main content is a preview of the Outfitters website, which features a banner with three men in casual attire. Below the website preview is a white box with the text "Outfitters".

Below the website preview is a social media post for Outfitters. The post includes a banner image with the text "Stories" and "RES NOW". The profile information shows "OUTFITTERS" with the handle "@outfitterspk". There are two buttons: "Shop Now" and "Send Message". Below these buttons is the text "See the latest products from OUTFITTERS". The post also shows interaction icons for "Liked", "Following", "Share", and "Save". At the bottom of the post, it says "Clothing (Brand) • Lahore, Pakistan". A navigation bar at the very bottom includes "Home", "Posts", "Videos", "Photos", "About", and "Com".



Exhibit 2: Ethnic Website

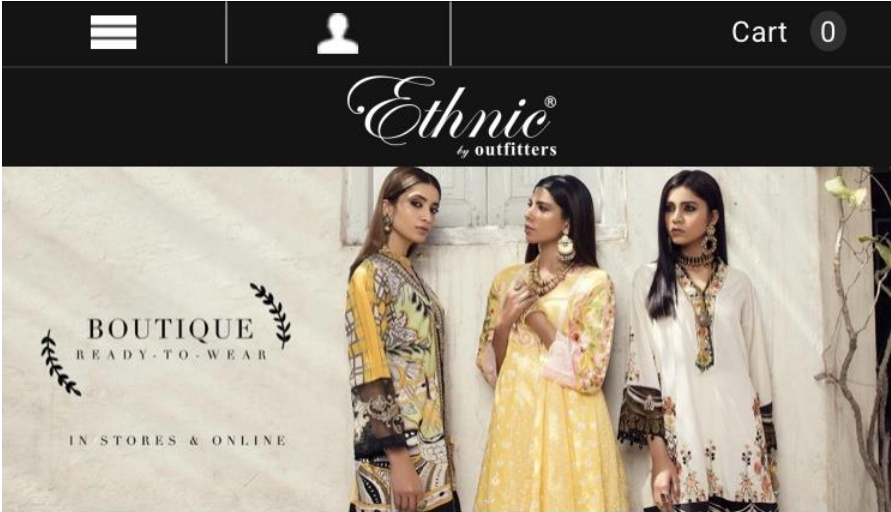


Exhibit 3: Marketing Campaigns



Outfitters Marketing Campaigns

