



A STUDY ON BREATHING UNDERWEAR BRANDS
FOR COMPETITIVE ADVANTAGE

BY
LIHE MIAO

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (INTERNATIONAL PROGRAM)
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ACADEMIC YEAR 2022
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Abstract

This research aims to study on QH company focus on new independent brand call breathable underwear brand business. This study were qualitative methodology via in-depth interview, and content analysis. The study found that: 1) Market Segmentation were divided into male and female underwear, age, income, The target QS lingerie brand focus on the middle- and high-income female consumers aged 25-50 years old who mainly live in first and second tier cities. Market positioning, QS lingerie brand as a domestic lingerie brand that takes the fashion design route, with unique fashion style, exquisite craftsmanship and excellent quality as the main features. 2) Management Plan production and quality control, and has a complete product line and production staffing; and provide design services for brands and accumulate their own design experience and pattern structure, with mature lingerie design capabilities and cutting-edge, Production plan as a major producer of lingerie in China, QH has a complete supply chain at all levels and has mastered the mainstream technology, which makes it more convenient for QH to purchase fabrics, transport goods and recruit skilled workers. 3) Financial projection for 5 years, initial investment = 2.2 Million Yuan), NPV = 2,318,428 Yuan , IRR = 25.45 % ,ROI average per year = 41.07%, and Payback Period = 2 years and 2.5 months.

Keyword: lingerie brand, China

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Section 1

Introduction

1.1 Company Description

QH is in Shantou, a beautiful coastal city, and is a textile enterprise specializing in the design, development, production and trade of various medium and high-grade underwear, including bras, panties, corsets, sleepwear, etc. The product line has been developed for more than 10 years and has included the whole category of underwear. The company is in the central area of Shantou city, with 6600 square meters of garden-style detached factory building and a number of advanced production equipment, the main production equipment is basically imported from Japan and Germany, with excellent equipment performance, and has trained a professional production, design, foreign trade and textile talents [1].

Since its establishment in 2009, QH has been following the pace of international fashion, adhering to the production tenet of excellence, focusing on product quality and customer needs, and successfully expanding its business to all over the world, establishing long-term cooperation with fashion brands in France, Italy, Germany, Switzerland, Russia, Japan, Southeast Asia and emerging economies in South America and other countries and regions. At the same time, we have introduced UFIDA ERP and other information management technologies in production management to closely integrate strategic objectives with manufacturing and operation management, to create an information-based modern manufacturer, and to prepare for adapting and matching the company's future development strategy [2].

At present, through the application of ERP technology, relying on the information technology platform and strong database support, as well as the training and growth of the design team, QH has basically realized the information management of product planning and design and layout, and the brand design and development team can get timely feedback on sales and understand the new

technology, new products and new designs in the industry, respond quickly to market demand, and develop new products at a speed and The number of new products has been able to meet the requirements of strategic development, reaching 2,000 models in 2017, 2,500 models in 2018, and more than 3,000 models in 2019. After 10 years of cultivation and consolidation, QH has its own factories and production bases in Shantou and Nanhai, the main towns of lingerie in China, and gradually established processing bases in Jiangxi and Hunan in order to meet the trend of industrial workers returning home, thus establishing a complete lingerie production chain and a complete supplier system [3].

At the beginning of its establishment, QH registered "QUEENA'S", "FAIREFROUFROU", "QIAOYA", "QIUUYA", and "QIZHUA" according to different market segments and positioning. "When the time is ripe, we plan to launch the market separately and successively to realize the original intention of "learning from the west, learning from the east and serving our compatriots"; on this basis, we will further expand out and push our own brands to the international market to achieve the goal of On this basis, we will further expand to the international market and realize the dream of Chinese brands going global. Finally, we will achieve the group management goal of research and development, design, production, manufacturing or outsourcing manufacturing and sales in the world, so that Chinese brands can go international and realize the value-added of brands. In the process of OEM/ODM production and export for many years, while ensuring that the company is "alive and well", QH has never forgotten its original intention and mission to deliberately select and cultivate international brands that are consistent with its own brand genes for cooperation, thus accumulating, developing and acquiring a series of product data adapted to Chinese and Asian body structure and consumption habits. QH's determination in investing in new products and materials can be seen from its thousands of new products coming out every year [4].

In 2016, it became a partner of LV Group's lingerie brand through layers of assessment and has evolved from its OEM supplier to an OEM/ODM partner since

2017 with its excellent design and ability to comprehend its brand genes. In 2017, QH participated in the Shantou Industrial Design Competition for the first time, and it took only one week from receiving the notification to coming up with the products, and all six products were shortlisted. In the same year, "Qiu Ya" was awarded the title of excellent independent brand of Guangdong Province [5]. QS lingerie is a mid-range brand of QH company focusing on exquisite and luxury women's lingerie, and is also the core brand of QH company, which is committed to providing urban young women with exquisite, elegant and fashionable lingerie, striving to meet the basic protection function while achieving comfort, health, elegance and sexiness at the same time. QS lingerie follows international production standards and has a team of designers with international backgrounds, from quality to style, to break the current status quo of a single "pop" domestic lingerie, the pursuit of a healthier, more beautiful product experience.

QS independent lingerie brand was founded with the vision of providing comfortable, elegant and sexy lingerie for sisters in China and around the world, and the mission of QS independent lingerie brand is to seek the best lingerie wearing solution for sisters in more kinds of life scenes through long-term and unremitting investment in research and development, and to seek a balanced effect of comfort, elegance and sexiness in the lingerie wearing experience. Love, integrity and health.

1.2 Current Situation Analysis

I. PEST Analysis

From the general definition of the academic community, macro environment generally includes the following four aspects: Policy Environment (Political), Economic Environment (Economic), Social Environment (Social) and Technological Environment (Technological), that is, PEST. macro environment analysis is to analyze and elaborate the external environment in which the enterprise is located from these four aspects [6].

① Policy environment (Political)

(i) China-US trade war

In recent years, global trade frictions continue, by the influence of the Sino-US trade war, the development of China's garment export trade has been hindered to a certain extent. Due to factors such as rising tariffs and high exchange rate fluctuations, the business volume and profitability of domestic foreign trade processing enterprises have received an adverse impact, and practitioners in the garment processing industry should not only cope with the reduction of external orders, but also explore new development paths more actively to cope with external risks [7].

On the other hand, due to the unstable exchange rate and trade friction, the price of imported products will produce certain fluctuations, which is also a time for the development of domestic brands. Furthermore, the number one lingerie brand in the U.S., Victoria's Secret, was acquired at the end of 2019 due to a change in the economic situation and competitive dynamics, which led to operational failure and directly led to the downsizing of the domestic super OEM/ODM with the U.S. as the main market, laying off industrial workers and contracting the supply chain, making a temporary glut in the supply of supporting domestic lingerie industry. Fortunately, since the U.S. is not QH's main market, the trade friction between the U.S. and China and the acquisition of Victoria's Secret had little direct impact on QH, and even, on the contrary, allowed QH to indirectly obtain better industrial workers and supply chain protection, thus smoothly achieving the expansion of production capacity and smoothly producing QH's own brands according to the market expansion plan.

QH's original business base is a foreign trade oriented production enterprise, the main revenue comes from foreign trade, the original business is subject to the global economic situation is relatively large; in the face of such external environment, promote the transformation of enterprises, from foreign trade production enterprises to independent brands is QH company must go through the road. At the same time,

the operation of big foreign brands such as Vimy in China is affected to some extent, which also indirectly provides space for the development of QS lingerie brand [8].

(II) One Belt, One Road

The "One Belt, One Road" is a national strategy launched to promote and stimulate the development of China's economy and trade, connecting and communicating the economic and trade exchanges between China and Southeast Asia, Eastern Europe and other countries. This initiative will promote the upgrading of China's garment industry chain, from the original processing and manufacturing gradually upgraded to the level of research and development and design.

This indicates that the development direction of China's apparel industry is independent research and design, gradually abandoning the traditional way of relying on cheap labor to obtain profits, and instead relying on technological progress to improve productivity to obtain profit margins and attach importance to the added value of products [9].

Under the "One Belt, One Road" strategy, QH has been making efforts to develop Southeast Asian markets such as Indonesia, Thailand, and Malaysia since 2018 in line with the national policy guidance, and has established cooperative relationships with local lingerie distributors and brand owners to directly export QS brand to these countries, and in the next step, we will consider setting up local production plants when conditions are ripe. The next step is to consider setting up local production plants when conditions are ripe to solve the problem of rising labor costs in China. The "One Belt, One Road" policy has brought benefits to QS independent brands.

(3) National encouragement for the garment industry

As an important industrial sector in China, the textile and garment industry is also a major employer, and the national policy has given a lot of encouragement and pointed out the development direction, such as the "Thirteenth Five-Year Plan" for

the development of China's garment industry, which proposes to accelerate brand building, accelerate brand innovation and enhance brand connotation, as well as the The "Three Products" strategy. The "three products" refers to increasing variety, improving quality and creating brand, which is from the "Opinions on the Special Action of "Three Products" in Consumer Goods Industry to Create a Good Market Environment" issued by the General Office of the State Council. This shows that brand building is the direction encouraged by the state, and it is also the necessary road for the development of apparel enterprises [10].

QH Company in the early stage of development to comply with the national call for the development of light textile industry, expand foreign trade, and now according to the various strategies and outlines promulgated by the state can also be derived from the current favorable trend of developing its own brand. As early as 2015, when the province proposed to encourage small and medium-sized enterprises to implement industrialization and informatization, QH has completed the introduction and smooth implementation of the enterprise's ERP system, becoming the first lingerie manufacturing enterprise in eastern Guangdong through the application of UFIDA ERP system, becoming a provincial pilot unit for the integration of two, the enterprise has received many training and learning opportunities from the government, and won the local governments The company has received many training and learning opportunities from the government, and has been awarded the "Science and Technology Innovation Award" by the local government, as well as economic rewards.

② Economic environment (Economic)

After three decades of rapid development of China's GDP, China's GDP growth rate began to gradually slow down in recent years, and in 2017, for example, the domestic GDP growth rate was 6.9%. For domestic garment trade processing enterprises, this means that the bonus period of the primary stage of economic development has gradually passed, and the garment industry is bound to change with

the pace of domestic economic development. China's garment enterprises on the one hand to strengthen internal management to improve the ability to fight external risks, on the other hand, it is also the time to upgrade and transform, relying on the domestic economic development to provide the market and consumer power to support the reform and transformation.

Brand, quality will become the key to the development of enterprises, should also pay attention to the production capacity and inventory control. At the same time, China's residents' income and consumption levels continue to rise. The increase in per capita disposable income has brought a more than sufficient consumer base and purchasing power support for products in the market, while the continuous optimization of the consumer structure also indicates that consumers will pay more attention to the quality of goods in the future, including the quality and brand culture added value. The increase in national income and development level, consumption upgrade and change in consumer demand all indicate that China's domestic market has great potential and QH's products have potential consumer groups and market potential; QS brand lines and styles also have corresponding audiences and are willing to pay for additional content beyond practical value. The resources and soft technologies that QH has accumulated through OEM for international mid- and high-end brands, especially niche personalized brands, have landed on the ground in response to the current economic development of China to a certain level, and the post-90s and millennials have started to pursue the embodiment of individuality and self-worth, which precisely meets the needs of this part of customers nowadays. Since the end of 2019, QH's self-developed and designed products are basically in overtime production, and are well received by consumers in the market. ③ Social environment (Social)

The continuous rise of urban residents' per capita disposable income will naturally bring about changes in the upgrading of consumption structure, and clothing consumption presents new characteristics. It is mainly manifested in the following aspects: first, more attention is paid to product quality and higher requirements for

quality; second, more diversified preferences for clothing styles; third, the post-90s and post-95s as the emerging force in the field of consumption show strong purchasing power and personalized demands. Because QH has been the OEM of major foreign mainstream lingerie brands for many years, the quality is on par with the international standard and the design aesthetic is also on par with the international; the change of the main consumer group and purchasing power in the current domestic market and the open and enlightened cultural style make the style of QS lingerie have the corresponding consumer group, which provides the possibility and support for the development of QS lingerie [11].

④ Technological environment (Technological)

The development of the Internet has given birth to various online sales platforms or channels such as Alibaba, Taobao and even micro-business, which has broken the information gap originally formed through markets at all levels and has given birth to new sales models and new shopping methods, greatly reducing the distance between consumers and brands, and even manufacturers. This on the one hand is to provide consumers with more choices, prompting businesses to focus more on differentiation, launch personalized products and update marketing tools; on the other hand, it also helps businesses more convenient contact with customers and access to new customers. In the past few years, online sales have had a huge impact on traditional brick-and-mortar operations, but as the e-commerce dividend period has passed, the market has leveled off and consumers have put forward higher requirements for quality and service in addition to price, making brick-and-mortar stores come back to life [12].

The business model of online and offline going hand in hand and complementing each other has become a new trend, and big data analysis and management make it easier for merchants to understand the market situation and respond to it. The booming development of domestic e-commerce and the formation of various private domains provide more opportunities for QS brands to enter the

market, and their financial pressure is less compared to the traditional retail practice of laying down offline stores; and it provides QS lingerie the opportunity to compete with the original big brands in the market. Under the epidemic, due to the changes in the international situation, making e-commerce get more rapid development, especially the recent introduction of various encouragement policies, more accelerated each e-commerce platform to support enterprises to develop the market through e-commerce.

As QH has been committed to the construction and training of the design and development team, from talents to products have been supporting mature, so, in this special situation since last winter, QH was able to respond to the call of the government at the fastest speed, quickly establish online live room, directly communicate with international customers to negotiate and carry out online trade fairs; establish Alibaba international station, directly send QS independent brand The company was able to respond to the government's call and quickly set up an online live room to communicate directly with international customers and conduct online trade fairs; set up an Alibaba international website to directly deliver QS's own brand to the markets of target countries; recreate, build, renovate and upgrade the Taobao factory store and Taobao style store that were online earlier, actively prepare for the establishment of a Tmall flagship store, and have reached cooperation intentions with many platforms such as Netease. Under the epidemic, QH is working hard to turn the crisis into an opportunity, and the results seem to be good so far.

Second, Porter's five forces analysis

① The bargaining power of suppliers

As a lingerie manufacturer, the management of lingerie fabric and accessories suppliers is the basis of enterprise production. Due to the reduction of export demand in recent years and the full development of China's garment fabrics, the cost of raw materials is relatively transparent and most of the suppliers in the market are close

to the production level and the quality of products is converging. Therefore, the competition in the fabric market is very fierce, and the price fluctuation is not big, so the bargaining power of suppliers is relatively poor.

On the one hand, most of the fabrics required by QH are conventional fabrics, such as lace, Joe Root and other common types of lingerie, and there are many suppliers with sufficient productivity; on the other hand, after years of OEM/ODM production and operation, QH has accumulated many fabric manufacturers who have been cooperating for many years, including high-tech product suppliers with new fabric development, therefore Therefore, QH has a full choice of new products and production procurement, and has the ability to effectively control costs and acquire new products with new technology.

② Bargaining power of the buyer

Since there are many companies in the Chinese lingerie industry and the industry is still growing rapidly, competition in the industry has intensified, so companies in the same category often need to reduce their profits to gain a larger market share. The information gap that existed at all levels of the distribution market due to the development of e-commerce platforms as mentioned above has been broken, making it less difficult to compare prices and making consumers more price sensitive. Thanks to the weakening of information asymmetry between sellers and buyers, consumers gain greater bargaining power and are able to choose the best or cheapest product among many. However, with the increase of consumption level and the change of consumer consciousness, especially the rise of personality-seeking young generation, more and more consumers have started to pay more attention to the added value of the brand, the degree of matching with their personal image and temperament, etc., instead of just considering the cost performance of the product [13].

For these consumers, they are not very concerned about the price, or the price is not their primary consideration, but the brand image, temperament, culture and other additional values. This is precisely the strength of QH, which is able to provide products and added value to meet the needs of this segment of consumers. Therefore, the bargaining power of the target customer group is still relatively weak for QH.

③ Threat of new entrants

Lingerie production is a labor-intensive industry with low technical requirements, so the barrier to entry is relatively low. China is originally the world's main force in lingerie production, with a high level of technology and abundant productivity, so the threat of new entrants is relatively high. And China's lingerie market has not yet formed a monopoly of the brand, the old production enterprises did not completely occupy the market, so the new brand also has more opportunities to come later. As China is the main base of lingerie production in the world, there are a large number of strong OEM companies, who often have a high level of production and can provide high-quality products; this part of the company is also a greater challenge for the existing market participants if they transform to shape their own brands [14].

④ Threat of substitutes

Lingerie, as an immediate need in people's daily life, basically does not have the possibility of being substituted in terms of broad categories. However, from the perspective of QH's products, because the technical barriers of lingerie production itself are not high, when a new "hit" appears in the market, many imitations often appear in the market quickly, and these imitations often offer lower prices to attract customers, causing the original manufacturer to lose consumers and fail to reach the original expected sales level. The company suffers losses. For this situation, on the one hand, we can only rely on the improvement of relevant laws and regulations to

curb, on the other hand, QH enterprises themselves can also improve the development rate of new products, through their own relatively strong development capabilities and rapid response capabilities, through rapid iteration and shorten the production cycle to occupy and defend the market [15].

⑤ Threat of existing competitors in the industry

The current competition in China's lingerie market is very fierce, with competition from both well-known local brands and many foreign first-tier brands, even affordable lingerie brands; competition from traditional brands offline, but also to face the competition from new competing net-competitive brands in the new era online. These companies often have strong strength and certain market awareness, online and offline stores are also very well laid out, has formed a certain scale, comprehensive strength is very strong. Therefore, for QH Company, the threat of existing competitors in the industry is very high.

1.3 Feasibility Analysis

Products and services: In the process of OEM/ODM production and export for many years, while ensuring that the company "lives well", QH has never forgotten its original intention and mission, deliberately selecting and cultivating international brands that are consistent with its own brand genes for cooperation, thus accumulating, developing and acquiring a series of product data adapted to the human body structure and consumer habits in China and Asia. QH's determination to invest in new products and materials can be seen in the thousands of new products it produces every year. The company treats its customers like God, so it is viable in terms of products and services.

Marketing: The target market and brand positioning of QS lingerie are determined through STP analysis: a first-class design mid-range lingerie fashion brand, with the main target group being young women in first- and second-tier cities,

including school students and urban white-collar workers. Then the 4P theory was used to study and analyze the brand's product strategy, price strategy, channel strategy and promotion strategy respectively to improve the marketing strategy of QS lingerie and strengthen the construction in brand design, brand management and brand communication in order to promote QS lingerie to open the market, enhance brand awareness and promote sales in order to shape the brand image and increase the market share while making the project gain maximum benefits. The marketing aspect is feasible.

Organization and finance: The project background, business model, organizational structure and staffing of QS lingerie project are reasonable and feasible. The CAPM model was used to calculate the capital cost of this project, and the four indicators of NPV, IRR, MIRR, and dynamic payback period were used to analyze and evaluate the QS lingerie project, and finally conclude that the QS lingerie project is worth investing in.

1.4 Research Objectives

To study on QH company focus on new independent brand call breathable underwear brand business. Detail as follow.

As mentioned earlier, the Chinese lingerie market is highly competitive and lacks leading brands. There are two main reasons for this situation, one is that China's lingerie production strength is strong, most of the international lingerie brands in China are also "made in China", coupled with the rise of the Internet economy and the prosperity of e-commerce, Chinese consumers have many ways and channels to buy homogeneous but inexpensive products, without having to pay for the brand premium; the second is that China With a large population and a huge market, the corresponding market segments are also very large, and the volume of individual market segments is also very large, so it is difficult for a single or a few brands to dominate and meet the needs of most people.

These two factors, the former prompted enterprises to technical innovation

and design style personalization to avoid homogenization, the formation of brand style; the latter provides the development direction for new brands and new enterprises: targeting specific consumer groups, deep plowing the target market, and providing products that precisely meet. The QS independent lingerie brand business plan can provide logical ideas and methodological references for lingerie market segmentation, and provide references for market participants in the lingerie industry to find their own foothold and enhance their brand competitiveness. As a relatively personal product, the degree of fit for each individual consumer varies greatly, and the accuracy of sizing is relatively high, with more emphasis on the pre-purchase experience, i.e., in-store fitting in the traditional model.

The QS independent lingerie brand business plan addresses this situation by designing and analyzing sales channels, exploring how lingerie brands can combine the convenience and speed of online sales with offline experience services to meet the evolving needs of consumers and expand their own sales channels. The booming Internet economy and the constant push for new social media also put forward new requirements for brand building. This paper explores how China's lingerie brands should adapt to the constant updates and developments in marketing techniques, how to react quickly to new trends, and how to ensure the company's financial stability and risk control from the perspective of actual production and operation by studying and analyzing the development of QS's own lingerie brands. In view of the unevenness of the lingerie market and the lack of uniform quality standards or authority, the study of market positioning and development strategies of QS's own lingerie brand projects provides a research idea and development model for the innovation or guidance of new ideas, product and technology enhancement in the lingerie market.

Section 2

Marketing Plan

2.1 Segmentation, Target and Positioning

The core elements of STP strategy include three aspects of market segmentation (Market Segmenting), target market (Market Targeting) and market positioning (Market Positioning). The lingerie industry is characterized by low barriers to entry, fierce competition and large market volume, and has the characteristics of a completely competitive industry. Under such circumstances, it is often impossible for a single company or a single project to meet the needs of all consumers. And in the face of fierce market competition, how to carry out market segmentation and how to choose the most suitable market segment for the company or project (i.e., target market selection) is a prerequisite for the success of a single company or project [16].

After determining the above two points, the company should also think deeply about its own market positioning and which methods should be applied to cater to the chosen target consumers, deepen the corporate image and clarify the company's market positioning. In this section, the marketing strategy for the QS lingerie branding project will be developed and analyzed in terms of these three basic steps of marketing construction.

① Market Segmentation

Market segmentation is the first step of STP strategy, which refers to dividing the market according to consumers' consumption characteristics and consumption needs, and grouping consumers with similar needs or similar consumption habits together to form a targeted market segment. On the one hand, enterprises can analyze the consumer characteristics of each market segment to make more reasonable target market selection, and carry out more targeted production and sales according to the needs of the target market; on the other hand, they can also select target groups according to their professional direction and the type of products they are good at,

and carry out targeted marketing and subsequent development. In the market segmentation, the reference basis for the division includes regional, consumption patterns, consumer psychology, purchase motives, brand loyalty, purchasing power and so on.

China's lingerie market consumption volume is huge, a variety of consumer groups, the following classification of the market from a partial perspective.

(1) divided by gender

Can be divided into male underwear and female underwear. Gender differences in the lingerie industry is the first element of choice, which is not only closely related to the style of products produced by enterprises, style, male and female consumer groups have very significant differences in consumption habits and spending power. At present, the lingerie market is still female as the main consumer, QS lingerie brand project is also mainly in the production and sale of women's underwear.

(2) Divided by age

The lingerie market can be divided into four main parts: children's lingerie, girls' lingerie, adult lingerie and senior lingerie. Different age lingerie categories have different consumer preferences, such as children's lingerie consumers focus on the primary factors are safety, environmental protection, natural and other key words, while girls' lingerie is mainly popular with cotton, solid colors, etc.

(3) Divided by income

Consumer groups can be divided into low-income groups, middle-income groups and high-income groups. Different income groups have very different sensitivity to the price of the product, and the consumer demand for the product is not consistent. Low-income groups tend to consider the product price first, while middle-income groups give priority to cost performance, and high-income groups are less sensitive to price and more concerned about brand factors and added value.

(4) By product functionality

The lingerie market can be divided into sports underwear, breastfeeding underwear, silicone underwear, body shaping underwear, etc. Different functionalities correspond to different scenarios of consumer use, representing a certain aspect of the consumer's daily rigid demand.

(5) Divided by the economic level of the region

Consumer groups can be divided into first-tier city consumers, second-tier city consumers, third-tier city consumers and consumers in rural areas, etc.. Under different geographical and economic environments, the consumption level and overall consumption preference of different cities will also produce large changes, for example, economically underdeveloped areas are mainly dominated by low-income fee-paying people, and the brand effect of national brands is stronger than that of luxury brands or niche design brands; more consumers in first-tier cities have higher consumption requirements for underwear, etc., and more consumers are willing to pay for the added value of brands.

② Target market selection

The second part of STP theory is target market selection. Target market selection is a strategic choice made by the company based on market segmentation. On the basis of sufficient market segmentation research and summarizing each market segment, the enterprise selects the target market according to its own advantages and judgment of the industry development direction to provide products or services for it in a targeted manner. The main advantage of QS lingerie brand is the original independent design - that is, a strong design team - as well as a complete production chain and rich production experience that can support the design. Thus, it is possible to provide consumers with lingerie products that are both distinctive in style and fashion, and also of high quality and exquisite workmanship [17].

The first target market of QS lingerie brand is the middle and high income female consumers aged 25-50 years old who mainly live in first and second tier cities, who have high disposable income, are more willing to spend money to invest in

themselves, have higher sensitivity and demand for fashion, and pursue quality of life, which is consistent with the product planning of QS lingerie brand; this part of consumers also pay attention to consumption experience, and the setup of QS lingerie offline stores can also better serve this group of consumers and build consumption scenarios and life scenarios for them [18].

Secondly, the second target market of QS lingerie brand is the young women aged 18-24 who mainly live in first and second-tier cities, this part of consumers are mainly post-95 and a small part of post-00, which are the "new generation" consumers with rapidly increasing consumption power, they tend to pursue personalization, and are more open about lingerie consumption, etc., and often They are also willing to spend for brand design and added value.

③ Market positioning

The purpose of market positioning is to make the enterprise or the brand form a distinctive cognition and occupy a certain position in the target customers' mind, so as to obtain more competitive advantages in the market competition.

Good market positioning helps enterprises to plan and market their products to consumers in a more targeted manner, to transmit the characteristics and culture of the enterprise or brand more effectively, to attract the attention of target groups and expand the market, and to increase customer stickiness. Market segmentation and target market selection are the prerequisites for market positioning, and through multifaceted investigation, understanding and research of consumer groups in the target market, consumer demand and preference can be grasped to enhance the accuracy of market positioning, provide strategic support for further planning and management, product planning and marketing, and promote the development of reasonable and effective marketing strategies to drive sales growth and expand the brand market [19].

QS Lingerie brand as a domestic lingerie brand that takes the fashion design route, with unique fashion style, exquisite craftsmanship and excellent quality as the main features, also accordingly QS lingerie brand project chose the two main target markets mentioned in the previous subsection. According to the above, QS lingerie

project is positioned as a mid-range fashion lingerie in China. Compared with the traditional fashion advertising, QS lingerie brand through the opening of boutique stores in busy shopping areas, young people gathering areas, to create brand windows, with online KOL such as Little Red Book and WeChat public number of soft advertising to achieve marketing purposes, to attract consumers.

Geographically and geographically, QS lingerie brands tend to open stores in the sub-business centers of first-tier cities and core business circles of second-tier cities, which are closer to the actual life and consumption areas of local consumers, and selectively open boutique stores in popular business districts to attract target consumers through store design and creating life scenes at prices slightly lower than those of ZARA, Uniqlo, etc. The prices are slightly lower than those of mainstream competitive brands such as ZARA and Uniqlo, and the design is more fashionable.

2.2 Marketing strategies

The 4P strategy is a marketing strategy proposed by American marketing scholar Professor McCarthy in 1960s, which refers to Product, Price, Place and Promotion, and is a marketing strategy that is developed from within the company through controllable factors within the company in order to achieve marketing objectives [20].

① Product strategy

Product strategy is a marketing strategy based on the consumer characteristics of the selected target market, based on the market positioning of the enterprise, to carry out targeted product planning and planning. The development of product strategy should consider both the needs of the target market and the differentiation from competing products to highlight the characteristics of the enterprise. The lingerie industry as a sub-category of the large apparel industry, its products are part of people's daily needs, the overall demand changes little; and the market between the brands of goods due to the low threshold of entry and there is a strong homogenization tendency. Therefore, QS lingerie brands should focus more on how to achieve brand differentiation when developing product strategies, and developing

a good product strategy is the basis and prerequisite elements for implementing other marketing strategies.

(1) The main fashion design line, highlighting the brand style

Exquisite French style and romantic lace design is the strength of QS lingerie brand, but also the brand has been the main style, for the target market to promote lingerie as decorative items, fashionable clothing lifestyle and consumer philosophy, promote the concept and sentiment of lingerie to make life more loving, so that lingerie is more than just lingerie. In product design QS arranges designers to pick up the wind and arrange procurement to obtain first-line materials and accessories, and strive to carry out innovative design and lead the trend.

(2) Limited production, highlighting the boutique, personalized

Different from other brands in the industry to play "explosive", a single production of huge style, QS lingerie brand to "limited" "boutique" line as the main body, closely follow the social lifestyle and QS lingerie brand to "limited" "boutique" line as the main body, closely follow the social lifestyle and the changing demands of the concept of consumption, and even guide the concept of women's consumption in pursuit of a better quality of life, the new fast, more styles for their own development line. Compared with creating a "pop-up" with hundreds of thousands of sales, QS lingerie production is controlled within 20,000 pieces per model, the pursuit of "the best of the best" and avoid "collision", so as to reflect the product The production of QS lingerie is limited to 20,000 pieces per model, and we pursue "the best of the best" and avoid "clashing", so as to reflect the differentiation of the product style and meet the individual needs of the target consumers. QS lingerie brand has its own production line to support the "limited" production of brand products and meet the new product planning, and also has a team of designers to constantly introduce new designs to attract consumers to buy again. In this way, QS lingerie stores are also faster than other brands, which can attract consumers to stop and browse.

(3) Emphasis on supporting, mainly series products

QS lingerie brand is focused on creating an elegant and sophisticated female image and lifestyle, each quarter's new products are presented in a series (COLLECTION), from the most basic bras to home nightgowns to form a complete series to meet the different requirements of women's different life scenarios, to enhance the sophistication of the product and a sense of seniority, both physical stores and online store displays are more Visual beauty and impact. The design of the collection is also closer to the style of fashion products.

QS lingerie series is not simply a single style of multiple colors, but a series of two to three colors, five to six products, including two to three sets of different versions of underwear and matching panties, with the same style and elements of the same robe, nightgown, small sexy thong, etc.. Such a series design is closer to the design planning of fashion products, but also in line with the brand line of QS lingerie.

② Price strategy

The price strategy is based on the enterprise's own market positioning, as well as the in-depth analysis of the consumer preferences of the target market, the price of the enterprise's products. Product pricing is not only to preserve the cost, but also to pay attention to the degree of conformity with the corporate image, because the price will also convey positioning information. The goal of the pricing strategy is to maximize the profitability of the enterprise's sales and increase its revenue.

In the 4P strategy, the price strategy is directly related to corporate revenue, and is the easiest of the four directions to adjust. QS lingerie brand to direct as the main business model, following the example of ZARA, Uniqlo and other brands sold directly in accordance with the label price. Because QS lingerie brand positioning for the fashion line, the pursuit of a sense of sophistication and quality, compared to the majority of popular lingerie brands based on cost for pricing, QS lingerie brand should also consider the impact of price for the brand and consumer perception.

Because QS lingerie does not need to consider dealer profits, and its own factories for production support, QS lingerie is in a position to provide high-quality design and products at a relatively medium appropriate price, rather than high pricing,

and thus more competitive in the market. Considering the impact of price changes on consumers' senses, QS Lingerie brand proposes to adopt a finger-skimming pricing strategy rather than a penetration pricing strategy. Too low price and too much promotion are not conducive to brand image building, and they also tend to create the impression of consumers that the brand is cheap.

Therefore QH will be more cautious in promotion, and the control of product quantity in the previous section is also more conducive to QS lingerie to control inventory and reduce the probability of promotion due to inventory backlog. QS lingerie will make certain promotional sales of the previous quarter's products after the new quarter's product launch, using combination sales or bundle sets to blur the specific discount level and consumers' perception of the promotion.

③ Place strategy

QS Lingerie brand adopts a combination channel of offline physical stores and online stores for sales, with offline stores as the mainstay. Lingerie as intimate apparel, there are strong individual differences and privacy, the demand for fit is relatively high; and lingerie as intimate items in general in online shopping is not allowed to return without reason, so consumers will have some hesitation for new lingerie brands that have not been contacted and tried on. The opening of offline stores helps to enhance the customer experience and also helps to showcase the brand. Unlike traditional department stores, QS lingerie offline stores mainly focus on brand image display, lifestyle building, and product quality experience as the main goal. Online, on the other hand, the network platform sales are conducted through Taobao, Tmall, WeChat public number and Xiaohongshu.

(1) Offline physical business model

QS Lingerie brand stores are mainly opened in the secondary commercial centers of first-tier cities and the main commercial centers of second-tier cities, opening stores in densely populated department stores. the basic layout of QS lingerie in first-tier cities is three to four offline stores, the first of which is the benchmark, the largest area (80-100 square meters), complete product lines, the

second and third stores as a supplement, with an area of 40-60 square meters. The display of each store differs, as it is adjusted according to the specific consumption power of the business district where the store is located.

(2) Online marketing

In addition to the traditional opening of e-commerce platform stores and participate in their daily business promotions, QS lingerie brand intends to open a brand microblog and brand WeChat public number to cultivate customers, help customers know lingerie, know themselves, learn more about lingerie and the human body and their own knowledge, better choose lingerie, to achieve the purpose of common growth. It is also possible to maintain a customer base in this way. Customers who buy offline purposefully attract their attention to the brand WeChat with more offers and new products in advance, and maintain old customers by means of WeChat groups to improve the repurchase rate and customer satisfaction. In addition to advertising and promotion information, the public number will also set up a special team to follow up and release updates on lingerie-related science and cutting-edge design news. At the same time, we will attract attention and rebate old customers through micro-blog retweeting and lottery. WeChat and Weibo marketing will also pay attention to KOL marketing, open up market awareness through weblebrities with goods, increase the marketing investment of waist KOL, pay attention to the attraction of fans of small bloggers, and implant through the daily sharing of bloggers to avoid raw soft articles.

④ Promotion strategy

As the name suggests, promotion strategy is a marketing strategy used by enterprises to promote product sales, including but not limited to advertising, media promotion, soft PR and so on. Companies use various promotional methods to attract consumers' interest and convert them into actual purchases. Because traditional marketing platforms such as paper and television have received the impact of the network and are declining, the exposure and conversion rate of advertising in this type of traditional channels are relatively low, so QS lingerie in the traditional media

advertising investment is less. In addition, the stores are mainly independent shopping, the role of clerk promotion is not much, so QS lingerie took the following promotion methods.

(1) Product portfolio promotion

QS Lingerie brand products to the image of the series, including a variety of women's underwear categories, through the series of brand image to create QS brand selling point, through the creation of fashionable product style to attract consumers.

(2) Store image promotion

QS Lingerie brand to offline stores as the main publicity window, through the store decoration design, display design, window design to create a brand image, create a living scene and consumer concept. The location in large shopping areas is also conducive to brand image building, giving consumers a sense of quality and "brand" hint.

(3) Concept marketing

QS underwear is the second layer of human skin, QS underwear brand is also committed to creating high-end and exquisite women's underwear, reflecting the taste of fashionable women's underwear, underwear is not only underwear. QS Underwear main point of view is that underwear is an important part of the image of dressing, but also women's self-pleasuring way, highlighting the female "love themselves" "QS lingerie from the selection of materials, design and other aspects of the implementation of this brand concept, the overall creation of the brand image.

(4) Membership promotion

QS Lingerie attaches importance to the maintenance and cultivation of old customers, for customers who have bought QS lingerie will be managed and served by means of WeChat group, etc. We do not force customers to fill in membership information and cards, but let them fill in relevant information to collect implicitly when issuing offers for members. The latest product information and discount

information will be pushed to customers regularly through WeChat and other means, and we can also open up exclusive member offers and issue coupons to attract customers to repurchase online.

(5) Integrated marketing communication

As mentioned in the previous section, QS lingerie will also use public numbers, KOL marketing and other means to continuously improve brand awareness and open up the market. Especially in the early stage of creation, KOL gathering marketing place such as Xiaohongshu is the key means of brand marketing.

Section 3

Management & Operation Plan

3.1 Management Plan

QH was formerly an OEM lingerie manufacturer and has built its own factories in three regions, with nearly 20 years of production and trading experience in OEM for major brands, experienced in product production and quality control, and has a complete product line and production staffing; and at the same time set up a design department to provide design services for brands and accumulate their own design experience and pattern structure, with mature lingerie design capabilities and cutting-edge We have mature design capability and cutting-edge design aesthetics. From OEM factory to private brand development, QH has set up marketing department, operation department and customer service department on the basis of the original production and design, in which design and operation are the main inputs, forming a more perfect vertical integration business model from design to sales of private brands.

3.2 Production Plan

QH's production department is transformed from its original self-built factory, which has a complete product line production capacity and system management capability, a reasonable ratio of various types of workers, production machines that keep up with the times, a mature and perfect production line, and a stable and skilled production staff. As a major producer of lingerie in China, QH has a complete supply chain at all levels and has mastered the mainstream technology, which makes it more convenient for QH to purchase fabrics, transport goods and recruit skilled workers.

3.3 Operation Plan

QH was formerly an OEM company, the main leaders of the company have been immersed in the lingerie industry for many years and have rich experience in production and management; the design director of QH has a background of studying

in excellent design colleges abroad and has been engaged in the fashion industry for nearly 20 years; the design team are experienced class designers who regularly go out to collect wind.

At the same time, QH has set up a group management and group meeting mode of design department-marketing department-operation department, which enables designers to receive market feedback and judge fashion trends quickly, making the product design more closely match the market demand, improve the market fit and avoid being detached from sales. At the same time, QH recruits management trainees from various universities to develop a talent pool for marketing operations and business management. In addition to recruiting new talents, QH attaches great importance to staff training, and regularly conducts targeted training for staff in all departments to promote staff's ability and personal development and enhance corporate cohesion; at the same time, QH has set up an incentive promotion channel and a perfect assessment system to effectively improve staff motivation and efficiency.

Section 4

Financial Projections

4.1 Financial statement

Based on the projected sales revenue data in the projected five-year income statement (annual report), the company's profitability is good and the company's net sales margin continues to increase, maintaining above 11% from the second year; meanwhile, the company's equity multiplier is 1, indicating that the company has no debt. Accordingly, the company intends to withdraw a reasonable proportion of its net profit as a return to shareholders. The specific way is: no dividend in the first year, and 40% of net profit every year starting from the second year.

4.2 Cash Flow

Table 4 -1 Cash flow of QH company projection for next 5 years

	2023	2024	2025	2026	2027
Turnover	863,624	934,065	1,049,119	1,583,272	1,259,471
Discount factor 10%	0.909	0.826	0.751	0.683	0.621
Cash flow PV 10 %	785,034.2	771,539.6	787,881.6	1,081,374.7	1,092,597.9
Accumulate	785,034.2	1,556,573.8	2,344,455.4	3,425,839.1	4,518,428

4.3 NPV, IRR, ROI, Payback Period

From table 1

Initial investment = 2,200,000 Yuan

NPV = 4,518,428 - 2,200,000 = 2,318,428 Yuan

IRR = 25.45 %

ROI average per year = 4,518,428 / 5 = 903,685.56

ROI average per year = $903,685.56 / 2,200,000 \times 100 = 41.07\%$

Payback Period = 2 years and 2.5 months

Section 5

Conclusion and Suggestion

5.1 Conclusion

This strategic analysis first uses PEST theory analysis to analyze the overall background of the consumer market and the industry situation of the lingerie industry, fully analyzing the industry characteristics and market environment, thus providing a background basis and analysis for the next strategic analysis and development of the QS lingerie project. Based on the fact that the Chinese lingerie market is growing at a fast pace, has a huge volume and has not yet formed a monopoly, this paper concludes that the QS lingerie project has potential for development. Next, the basic situation of QS lingerie project is introduced, including the operation mode of QS lingerie project, where the main competitiveness lies, and the Porter's five forces model is used to analyze the various difficulties or threats faced by this project, and the analysis concludes that QS lingerie project is with relatively obvious advantages and has market competitiveness. Based on the above analysis, the author used STP theory to segment the market according to consumers' age, income, and region for the domestic lingerie market, and then determined the market segment based on the specific advantages of the QS project, which led to the brand positioning.

Then a complete and targeted marketing strategy was developed for the project using the 4P strategy to ensure that the brand would open up the market, attract consumers and increase purchases. The paper then analyzes the feasibility of this project from a financial management perspective, estimates the initial investment and forecasts the cash flow of this project, determines the capital cost of the project using the CAMP model, and demonstrates that the benefits of this project are predictable and worth investing in from four indicators: NPV, IRR, MIRR and DDP.

From this, we can conclude that the QS lingerie brand project is feasible, with very significant economic benefits, low risk and worthy of investment.

5.2 Suggestion

QS lingerie focus on digging the niche in the lingerie market, to meet the growing consumer demand and increasing product requirements, aesthetic needs, should maintain the advantages while increasing efforts to make up for the marketing shortcomings, open up the market, improve brand awareness; in this process do not forget the original brand quality, to win the trust of consumers, QS brand to build a benchmark for the transformation of production enterprises, the domestic well-known lingerie brand.

Appendix

1. Age [Single-choice] *
 - Under 20 years old
 - 20~30 years old
 - 30~40 years old
 - 40 years old or older
2. Occupation [Multiple choice] *
 - Student
 - Commuters
 - Self-employed
 - Other
3. Your main demand for underwear is: () [Single-choice] *
 - A. Wear fashion, beautify the body shape
 - B. With correction function
 - C. Beautiful design and style
 - D. Other
4. your main consideration when buying underwear: () [multiple choice] *
 - A. Brand
 - B. Price
 - C. Fabric
 - D. Workmanship
 - E. Practicality
 - F. Style
 - G. Color
5. What brand of underwear do you favor: () [Single-choice] *
 - A. Triumph
 - B. Amour
 - C. Gujin
 - D. City Beauty

- E. Other
6. Your preferred style of underwear is: () [Single-choice] *
- A. Sports type
 - B. Simple type
 - C. Classic type
 - D. Cute
7. You prefer the material of the underwear: () [Single-choice] *
- A. Cotton
 - B. Silk
 - C. Polyester
 - D. Polyester
 - E. Other
8. In terms of comfort, you pay more attention to which of the following: () [multiple choice] *
- A. Breathability
 - B. Sweat absorption
 - C. Fit
 - D. Softness
 - E. Cut properly
 - F. Smooth to the touch
 - G. Other
9. Which style do you often use: () [Single-choice] *
- A. Front button
 - B. Back button
 - C. Side buckle
 - D. Other
10. You know the channel of underwear is: () [radio] *
- A. Advertising
 - B. Friends and relatives

- C. Experts
 - E. Magazine
 - F. Salesperson
 - G. Other
11. The price level you can accept for each piece of underwear is: () [Single-choice] *
- A.100 Yuan or less
 - B.100~149RMB
 - C.150~300RMB
 - D.300 Yuan or more
12. The place where you buy underwear: () [Single-choice] *
- A. online shopping
 - B. Lingerie stores
 - C. Department store
 - D. Supermarket
13. you like to buy online because: () [Single-choice] *
- A. Convenient and quick
 - B. To avoid embarrassment
 - C. Many kinds of online shopping
 - D. Other
14. The reason why you like to buy in physical stores is:
- A. I am afraid that the size of the underwear I bought online is not suitable
 - B. There are lingerie shopping guide
 - C. Higher credibility
 - D. Other
15. You need a shopping guide when you buy lingerie: () [Single-choice] *
- A. Need
 - B. No need
16. Which promotion method do you prefer: () [Single-choice] *
- A. Discount promotion

- B. Full reduction promotion
- C. Sweepstakes promotion
- D. Free promotion

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THIS IS TO CERTIFY THAT

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