

# McIntire Investment Institute

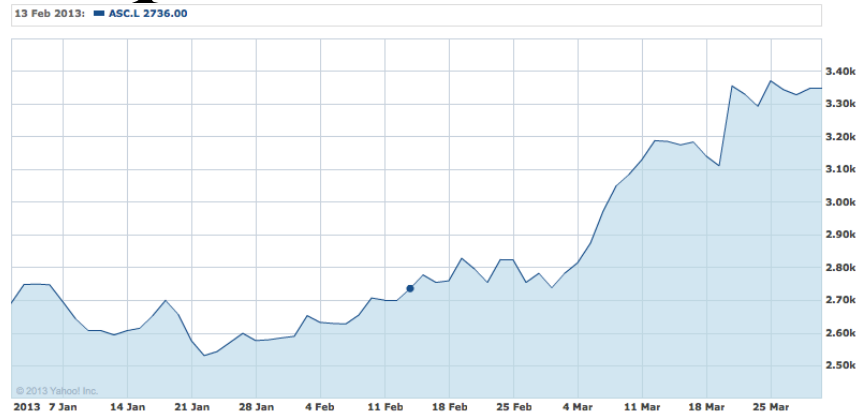
At the University of Virginia



# ASOS

discover fashion online

## ASOS Update: Five Forces



Mitchell Slovin, Associate | 18 April 2013

# ASOS

- International online fashion retailer
- Founded in 2000
- Target market: 18-34 year old men and **women**
- Numerous brands
- Anyone can make an account to sell new/used items
- Unique, intuitive, user friendly, attractive website
  - Models presenting every item of clothing
  - Integrated fashion blog
- Main Distribution Center: United Kingdom
  - Free shipping and returns in the united states

# Suppliers

- Key suppliers in China, Turkey, Romania, and India
- Spreads purchases among suppliers (at least 8 major suppliers in China alone)
- Third party testing and quality control
- Practices to ensure ethical standards are met
- Works closely with suppliers to prevent interruptions and delays

# Competitors

- Type of Competition
  - Price Competition
- Competitors
  - JP Boden&Co, NEXT, Marks & Spencer, New Look and Topshop. Riverisland.com
- Advantages
  - Video clip of model show
  - Attractive interface and stable website
  - Strategy of enlarging market in Asia and Northern America

# ASOS' Competitors Analysis

- Most visited fashion website on the planet
- Target Market:
  - Twenty-somethings
- Attracts 18.8 Million Visitors / month.
- Has 9.2 Million registered users.
- Has 5.0 Million active users.
- Customers are from 160 countries.
- Carries over 850 labels.

comScore rankings for 15-34 year olds (31 August 2012) showing ASOS as the most visited fashion website on the planet (daily)

|                     | Average Daily Visitors (000s) |
|---------------------|-------------------------------|
| ASOS Plc            | 625                           |
| VANCL.COM           | 619                           |
| KOUDAI.COM          | 471                           |
| HM.COM              | 465                           |
| Nike                | 453                           |
| MOONBASA.COM        | 355                           |
| INDITEX Group       | 334                           |
| Forever 21, Inc.    | 321                           |
| MYNTRA.COM          | 286                           |
| 360buy.com Clothing | 275                           |

# Substitutes

- Design of products is key
  - Must be fashionable
- Does have aspects that result in differentiation among other companies
  - Free Shipping, quality, customized, convenience, videos
- Moderate to low risk of substitutes

# New Entrants

- Strong and developed distribution network
- Economies of scale
- First mover advantage
- Brand
- Website
- Enormous customer base
- Strong Barriers to Entry Result in a Low Risk of New Entrants

# Buyers

- Typically customers purchase products as individuals
- No single buyer represents a large portion of sales
- Low buyer power in negotiating prices
- ASOS has a favorable relationship with buyers due to low buyer power in negotiating prices



# Summary

- Suppliers
  - Competitors
  - Substitutes
  - New Entrants
  - Buyers
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- Recent threats: United States government is considering an online sales tax

# Questions?

Price: £3,116.22

52 Week Range: £1,325-£3,453

P/E: 59.20

