Nasty Gal

Executive Summary

Nasty Gal, INC. buys and sells clothing, shoes, and accessories from new designers such as Mink Pink and One Teaspoon. Nasty Gal provides one-of-kind vintage pieces and new products that help young women feel confident and beautiful while wearing them. Nasty Gal offers numerous of choices and styles to all types of young women with all different styles. Nasty Gal believes that their clothing pieces can be transformed in any look with correct styling.

Nasty Gal’s ultimate goals to expand the company’s brand recognition and the company’s headquarters and fulfillment center, by expansion of fulfillment center will reduce a tremendous amount of inefficiency of manual tasks.

Nast Gal’s strategic alliances are:

- Build new fulfillment center that will create at least 300 job openings in Shepherdsville, Kentucky.
- Enhance customer service. Improve customers experience for Nasty Gal’s online website
- Increase in sales by conducting research focus groups to examine what customers’ needs and wants.
• Create individuality by adding Nasty Gal Collection to major department stores and adding plus-size clothing collection to attract plus-size customers.

**Situation Analysis**

**Company Overview**

Nasty Gal was founded by Sophia Amoruso in 2006. The company’s headquarter is in Los Angeles, CA, where Nasty Gal has a team of less than 200 people working customer service, buying, styling, and photography. The company has about 60 people in their downtown Los Angeles office and 50 people in Nasty Gal’s warehouse, which located near Burbank, CA approximately 20 minutes from Los Angeles.

According to Forbes, Nasty Gal’s founder and CEO Sophia Amoruso’s goal is to expand the company’s headquarters to 50,000 square foot and 500,000 square foot fulfillment center “speed up new products” and to add more space for products. Amoruso’s goal is open more job positions and plans to hire at least 100 people this year to help the company expand and build brand recognition.

Forbes also later stated that Nasty Gal will build its 527,000 square foot fulfillment center in Shepherdsville, Kentucky. This move will help the company reduce inefficiency and create more space for orders to be processed, allows photographers a larger area to do photoshoots, and more styling. Nasty Gal is a small privately held company with only one is expansion growth goal in sales but also the founder, Sophia Amoruso is working towards designing her own clothing line and successful launch Super Nasty, Nasty Gal’s first fashion magazine!
Currently, Nasty Gal has over 350,000 customers across the United States, Canada, Europe, Australia, and many more. Nasty Gal has an increasing number of 500,00 Facebook fans, 30,000 Twitter followers, 350,000 Instagram followers, and a growing number of Pinterest followers.

**Market Overview**

**Customers**

Nasty Gal’s focus is to reach out to girls between their mid teens and young adults to inspire girls to wear clothes, that is not too high fashion but fashionable in an every-day-wear style that is very fun and sexy.

**Collaborators**

Nasty Gal is an independent e-retail online clothing store with barely any collaborators. But Nasty Gal use social media such as Facebook, Twitter, Pinterest, Tumblr, and Instagram to advertise new arrivals and styled look books.

**Competitors**

The competition for Nasty Gal is naturally high with many different levels of retail stores such as department, specialty, discount, vintage, and online retail stores. Although, Nasty Gal’s biggest competitor may be Forever 21 because Forever 21 does offer similar clothing with a slight smaller price tag but Nasty Gal has an ability to stand out by having up to date and outstanding clothing pieces and vintage pieces. Not only Nasty Gal’s website provide fashion blogs for its customers and also monthly fashion lookbooks with its new arrival pieces styled. Also, to create individuality Nasty Gal’s website offers a more friendly or more relatable field to consumers by adding employees’ roles description.
Context

Nasty Gal’s e-commerce gives its consumers the ability to browse and to purchase clothes from the comfort of their homes. This gives Nasty Gal’s customers the convenience to shop anytime and anywhere without the hassle of being in traffic or stuck in lines at retail stores. According to IBIS World, online shopping operators pay extra technology to create, implement, and maintain the websites. Also, IBIS World stated that labor costs are acquired by hiring staff to process orders.

IBIS World stated that Streamlined Sales and Used Taxed Agreement organized by the Streamlined Sales Tax Governing Board are affecting the regulation of E-commerce that industry operators are required to collect sales tax if the business has a physical presence when the purchase was made.

**SWOT Analysis**

The following strengths, weaknesses, opportunities, and threats information are being gathered from Forbes and Hoovers Reports.

**Strengths**-

- New upcoming online clothing store that offers new fashion latest trends and unique vintage clothing.
- Online website its own Nasty Gal fashion blogs that introduce new arrivals.
- Provide frequent fashion lookbooks that shows Nasty Gal’s new arrivals.
- Less stress about stock loss and theft
- E-commerce is continuing to increase and expect to increase its usage among consumers.

**Weaknesses**

- Minimum promotion
• Minimum advertising and brand marketing
• Limited target customers
• Not an established brand.

Opportunities
• Expand variety to plus size
• Opening its own retail stores
• Frequent Shopper Program

Threats
• Many other online retail stores can provide similar products
• Numerous competitors such as department stores, retail stores, and multiple other online retail stores.
• Frequent changes in styles; frequent changes in customers’ wants and needs

Target Customers

Nasty Gal’s target customers are mid teens and young adults that are between the age of 18-24. According Forbes, Sophia Amoruso, Nasty Girl’s founder described a perfect target market is a 21 year-old girl, who is fun, sexy, and charming with body confidence that isn’t afraid to show off her assets. Amoruso also note she would like to target customers that are suitable to wear Nasty Gal’s pieces without being too high fashion or too revealing. Also, Nasty Gal offers a little taste of vintage to expand its target market to vintage shoppers as well. Sophia Amoruso hinted to Forbes that she’s currently working on her own fashion line, which will be introduce soon to attract more customers with more variety that no other online retailers can offer.
Goal

Ultimate Goal

Nasty Gal’s ultimate goal is to create a more solid and recognizable brand. By having a more recognizable brand will help Nasty Gal maximize net income because more consumers will shop online and spread the word by using social media and face to face.

Market Objectives

- **Customer Objectives**- Nasty Gal should focus on customer-focused behavioral objective such as increase purchase frequency by its current customers and loyal customers. Since Nasty Gal is new to the retail business, other objective should be allure new potential customers make a first- time purchase with Nasty Gal. Increase purchase frequency will help increase Nasty Gal’s overall net income. Make a first-time purchase will help also increase the company’s net income but will also increase the number Nasty Gal’s loyal customers.

- **Collaborator Objectives**- Extending distribution coverage will definitely increase Nasty Gal’s net income. Since Nasty Gal just recently released its own Nasty Gal Collection, distributing this exclusive collection to major department stores like Macy’s or Nordstrom’s will create brand marketing.

- **Company Objectives**- According Forbes, Nasty Gal does barely any brand marketing. In order to increase net income and to create a more recognized brand, Nasty Gal needs to improve the effectiveness of the company’s marketing actions. As mention in Collaborator objectives, distribution to major department stores will create better brand recognition for Nasty Gal.
To create more effective marketing, Nasty Gal should invest in television commercial to advertise to other potential customers that do not normally shop online.

- **Competitive Objectives** - Nasty Gal is currently buying from new upcoming designers that other major competitors can purchase. Nasty Gal should secure proprietary access to scarce resources and strengthen its market position.

**Strategy**

**Target Market**

- **Customers**

Nasty Gal’s current target markets are female teens and young adults within an age range of 15-25. Our gross income is coming from a quarter of our 350,000 customers from all around the world. To increase net income, Nasty Gal should expand their target market by adding a plus-size clothing line to attract plus size customers, give student discounts to college students, and introduce frequent shopper rewards.

Geographically, Nasty Gal’s target markets are mainly in the United States, Europe, Canada, and Australia. Currently, Nasty Gal should be expanding into new target markets in China.

- **Collaborators**

Distribution Nasty Gal Collection to major department stores will not only increases net income for Nasty Gal but also for any department store. Nasty Gal should expect the chosen department stores to contribute by using nationwide television and radio commercial to inform Nasty Gal’s current customer and potential customers that an exclusive line of Nasty Gal is available in their stores. Also, collaborators can contribute by providing customer’s feedback that will help Nasty Gal able to improve the Nasty Gal Collection.

- **Competitors**
Nasty Gal’s competition is a wide range such as department stores, retail stores, and numerous online retail stores. In order to achieve a competitive advantage Nasty Gal should continue improving on their customer service, the quality and variety of clothing, and lastly explore more new upcoming designers to offer more fashion pieces that other many competitors cannot.

Value Proposition

1. Customer Value

Nasty Gal offers many unique vintage clothing pieces and fashionable new styles to our target customers:

- Easy-to-navigate website. Nasty Gal’s website are very easy navigate for its customers by providing tabs that categorized from New Arrivals, Shoes, Accessories, Nasty Gal Collection, and Vintage.
- At-home convenience.
- Unique one-of-kind vintage items.

Positioning Statement

Nasty Gal’s website will provide great convenience for customers, who are in a time crunch to shop by give an all-in-one shopping experience that offers new and vintage clothing, shoes, and accessories.

2. Collaborator Value

When Nasty Gal collaborate with major department stores, it could offer the following benefits:
• An increase in loyal customers base. Currently, Nasty Gal has a customer base of more than 350,000 all over the world. This number is increasing everyday. Adding Nasty Gal Collection to department stores will definitely gain more customer base.

• Provide a higher margin. Nasty Gal’s increasing popularity among female young teens and college students according Forbes, a quarter of Nasty Gal’s customers visit the site once a day for at least seven minutes. There is no doubt that the Nasty Gal Collection will be a successful and worthwhile collaboration.

• Ability to try-on and feel Nasty Gal’s wonderful yet fashionable pieces before a purchase.

**Positioning Statement**

Nasty Gal collaboration with department stores can immensely increase in sales and offer department stores a competitive advantage that other department stores do not offer.

3. **Company Value**

• In 2011, Nasty Gal total revenues were $28 million that is $10 million up from 2010. Nasty Gal’s revenue is projected to quadruple to at least $128 million in 2012. This increase up the gross margins of approximately more than 60%. Nasty Gal has successfully created an outstanding online retailer with barely any marketing or advertising, but by posting updates and photos on social media sites such as Facebook, Twitter, and Instagram.

**Tactics**

• **Product**

  Products are bought from various new upcoming designers such as Mink Pink, One Teaspoon, Style Stalker, and Glamazon. Christina Ferrucci, the company’s first employee
as buying director who goes to trade shows to purchase fashion pieces for Nasty Gal. Liz Franczak, vintage buyer purchases all of the fabulous pieces.

- **Service**
  Nasty Gal’s online store provides monthly fashion lookbooks for its customers to view what the latest trends are and also offer its own Nasty Gal blog that includes behind-the-scenes videos of photoshoots for lookbooks, 24/7 live chat with Nasty Gal’s own makeup artists and buyers to give beauty and styling tips, contest for customers, most-loved products, Sophia’s Corner, which the CEO and founder of Nasty Gal personal blog, and many more.

- **Brand**
  Nasty Gal buys clothes, shoes, and accessories from various upcoming new designers and brands that have not yet gained popularity. Although, brands like Mink Pink, Style Stalker, and One Teaspoon are new in the fashion industry but that does not mean these brands can do less than more notable brands in the industry. These brands offer more styles that other online retailers can’t. With the help of Nasty Gal, these brands will achieve recognition no time.

  Nasty Gal recently released its own fashion line. With this new fashion line, Nasty Gal plans to reposition the “Nasty Gal” brand to increase brand recognition. Nasty Gal collection offers a style that is very fun and feminine, with a light touch of vintage and funky feel. This line will increase brand recognition because when customers see the label; they know it is coming from their favorite store!

- **Pricing**
The price for most of the clothes that Nasty Gal offers is reasonable and affordable. The new clothing price range from $20 to $200, vintage pieces can vary from $100 to $500 depending on the quality and condition of the product, shoes are no more than $300, and lastly accessories is around $10 to $150 depending on the material used.

• **Incentives**

Incentives for customers. Because of Nasty Gal’s everyday affordable prices for all of our products such as new clothes, shoes, and accessories, Nasty Gal does not regularly offer direct incentives like coupons or promotions but does give free-shipping incentive for purchase over $150. However, on special occasions like Black Friday or Cyber Monday Nasty Gal will join in to offer its current and potential customers promotion such as 30% off all outerwear.

• **Communication**

1. E-Newsletter. Customers can learn about what’s new with Nasty Gal by signing up for e-newsletter, which will directly send out e-mail notifications to customers about Nasty Gal latest finds and sales.

2. Media. Nasty Gal should invest in communicating to customers directly with nationwide television and radio advertising.

3. Social Media. Nasty Gal has already successfully conquer the social media such as Twitter, Facebook, and Instagram by posting updates and pictures. Nasty Gal can increase customers’ visits on Nasty Gal website by also posting videos and adding new looks more frequently on social media sites.

4. Slogan. Nasty Gal’s slogan is “Nasty Gals do it better” should be advertised on Facebook.
• Distribution

Nasty Gal’s distribution to customers is quite simple! Orders placed through Nasty Gal’s website will be processed through the warehouse and orders will be shipped directly to customers from Burbank, California.

Implementation

Nasty Gal sells new and vintage clothing, shoes, and accessories in high volumes using e-commerce technologies. These technologies include providing a safe website that customers can use without the worry of identify theft and creating a quick stop for customers to shop and receive what they need without spending extra time trying clothes on and waiting in lines.

In 2012, Nasty Gal plans to expand the company’s headquarters to 50,000 square foot and build a 500,000 square foot fulfillment center to increase space for new products, provide a larger area to do photoshoots, styling, and customer service. This expansion will move the company’s warehouse current location in Burbank, California to Shepherdsville, Kentucky. The relocation will help reduce time spent on manual tasks, therefore will increase efficiency Nasty Gal’s operation in Los Angeles, California.

Control

Performance Evaluation

Nasty Gal is constantly monitoring the company’s performance evaluation to make sure that Nasty Gal is providing great customer services to their loyal customers and working toward
expanding the company and achieving their goals. Nasty Gal should use the following metrics to keep track of the company’s performance:

- Number of orders made weekly
- Number of calls regarding our products
- Number of positive feedbacks on customer service
- Conversion rate on Nasty Gal’s online store
- Number of returned items

**Environmental Analysis**

Nasty Gal’s sales growth is relying on their ability to provide the latest trends and vintage finds that customers are looking for that no other online stores can give, and ability to adapt changes in trends throughout the year and still meet up to customers’ needs. To ensure that Nasty Gal is aware of the inevitable changes in fashion trends, they should use the following metrics:

- Participate in seasons’ fashion shows and trade shows
- Examine what consumers are willing to wear and pay
- Conduct focus groups to study how consumers are responding to new offerings.