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MARKET FOCUS

More German companies are fast-forwarding their plans to engage Asian suppliers to seek out better total costs of operation and also establish themselves in the Asian market. IE Singapore's Centre Director for Frankfurt offers insider tips and insights.

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CASE STUDY

Finding the right overseas market for Newbie

How market analysis helped a Singapore-based clothing chain choose a suitable market for their products

When Newbie, a teenage clothing chain based in Singapore, decided to expand their international reach, they engaged O&L Consultancy Services to determine whether their products would be more suitable for the German or the Australian market.

After a successful entry into Indonesia, the company, whose concept is a one-stop shop for teenagers with the Newbie cartoon as its icon, was deciding on the next country to penetrate.

At first Newbie favoured the German market, because it would have served as an entry point into the much larger and lucrative European market.

However, the clothing chain needed more information before committing to a particular country.

To assist in Newbie's decision, O&L conducted preliminary market analysis in both Germany and Australia, which would later be followed by more in-depth research in the chosen market.

A basic focus group and interviews based on a sample size of 50 people were done in Munich, Germany in order to assess the consumer behaviour of German teenagers. Interviews with distributors provided additional insight into the saleability of the products. Over in Australia, a similar exercise was also conducted.

Despite the company's initial preference for the German market, the results of the market analysis showed that Newbie's products stood a higher chance of success in Australia. Although the concept might have worked to some degree in Germany, the product would not be particularly saleable as some of the featured icons and pictures were deemed to be too cute for the targeted age group of 13 to 21.

The seasonal weather conditions in Germany posed another challenge, as Newbie's existing range of products were designed for tropical weather. The company would have been able to sell for only four months out of a year, if they did not make adjustments to their product line to adapt them for the autumn and winter seasons.

Sizing adjustments would also be required to suit larger German body frames, while the language barrier would make translations necessary for all correspondence with potential German distributors.

In the end, market analysis saved the company from incurring unnecessary costs, as the Australian market was revealed to be a more viable option than the German market. Since then Newbie has gone on to successfully sell their products via an Australian distributor in Sydney.



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Name: Lay Bin
Company: O&L Consultancy Services

Expertise: Market Research, Market Expansion Strategy

Market: Germany, Australia, China

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