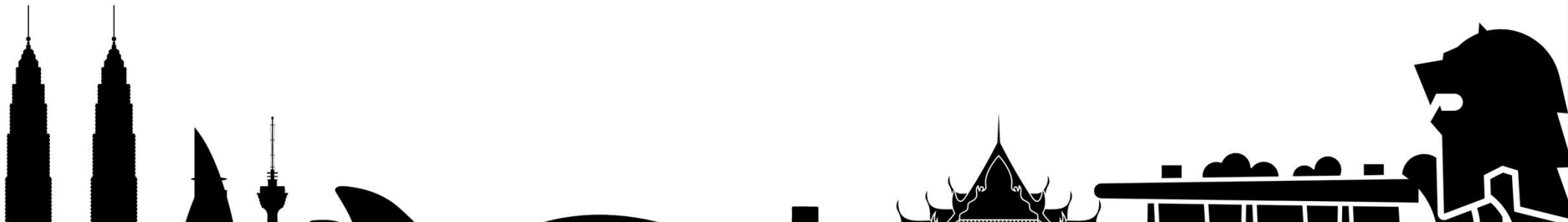


# BUSINESS DECISIONS IN CRISIS (危機中的商業決策)

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# AGENDA

- Introduction 2:45PM – 2:50PM
- Cost decisions in adopting different business models 2:50PM - 3:10PM
- Cost decisions made in COVID 3:10PM - 3:30PM

# Cost decisions in adopting different business models

## **Business Models**

- Wholesale Channel (B2B)
- Licensing Channel (B2B)
- Direct to Customer (B2C) ((i) Own & Operated Store; and (ii) E-Commerce)

## **Financial Consideration**

- Initial capital investment (location and store concept)
- Return of investment (benchmark to internal rate of return)
- Benefit and costs to setup and operate a legal entity

## **Non-Financial Consideration**

- Market Potential & Entry Barrier
- Local business environment (language, talent, business partner)
- Political risk, legal and compliance requirement

# Cost decisions in adopting different business models

## Financial Consideration – Hong Kong Market

Business

**Lululemon opens first street-facing store in Central, Samsung takes up prime space as Hong Kong's retail rent tumbles by a third**

RETAIL

### Burberry Joins Tiffany, Valentino and Coach in Closing Hong Kong Flagship

By PYMNTS    
Posted on July 11, 2022

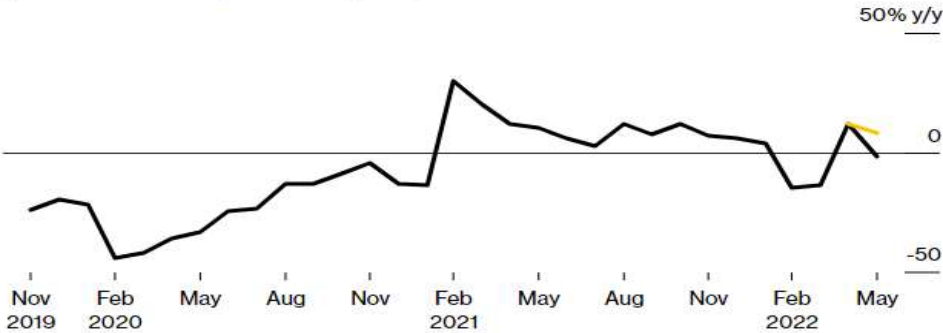
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**China's currency just had its worst month ever. It's still dropping**

#### Surprising Drop

Hong Kong's retail sales unexpectedly fell back into contraction in May

 Retail sales value  Bloomberg survey estimate



Source: Census and Statistics Department, Bloomberg

Cost decisions in adopting different business models  
Financial Consideration – Other Asian Market

## Retail labour shortage reaches record high across Australia

MARKETS

Adidas Slows Its Pace Due to Supply Chain Disruptions

## Prada's First Ever Digital Fashion Week Show

BUSINESS DEALS

Under Armour's Japan distributor to be bought by Itochu

Japanese trading house continues push in sportswear market

Under Armour Appoints India Distributor

Posted by SGB Media | Apr 20, 2022 | Apparel, Footwear, SGB Updates, Sports/Fitness, Update

# Cost decisions in adopting different business models

## Non – Financial Consideration

June 23, 2022  
11:17 PM GMT+8  
Last Updated 23 days ago

Business

## **EXCLUSIVE Nike to make full exit from Russia**

Non – Financial Consideration

## **Nike, H&M face China fury over Xinjiang cotton 'concerns'**

🕒 25 March 2021

China / Diplomacy

**Canada Goose says all Chinese customers can return clothes after policy triggers nationalist backlash**

# Cost decisions made in COVID-19

## **Revenue**

- Net Sales and discount (Cash Flow vs Profitability)
- Financial Support (Credit Term, Credit Limit, Sales Return) to wholesaler & licensee
- Retail price adjustment between countries

## **SG&A**

- Logistic & Supply Chain (Sea freight vs Air freight, location of warehouse)
- Marketing & Advertising (Digital vs Traditional, Reusable vs Non-Reusable)
- Labor Costs (In house vs Outsourcing)
- Store Rental (Large store vs Small store, Prime vs non-Prime Location)
- Office & Admin. Costs (Traditional office vs Work from Home)

## **Contribution Margin (EBIT)**

- Growth vs Sustainable