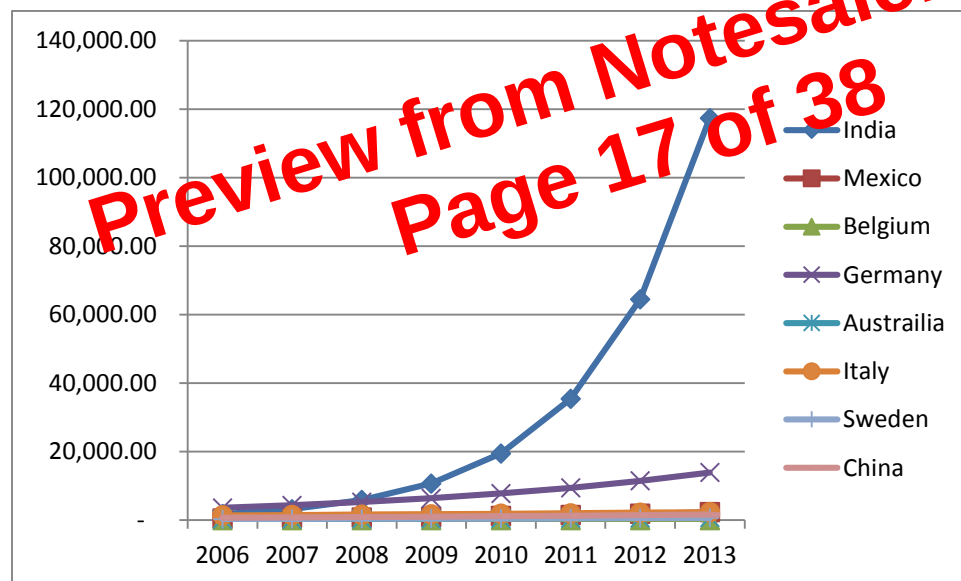


Belgium, Germany and Italy are the markets that Skagen has already entered during the last decade. Germany and Italy shows a less growth potential but the market values are high. That indicates that these are premium markets where only premium brands would operate such as Rolex, Omega, Tissot, Patek Philippe where the premium prices would play a major role in pushing the market value up. Therefore these markets were taken-out at the preliminary screening level as no further investments to be made.

In contrast India has reached the highest market value being the number one market by 2013 (117,377.44) through its market and population growth.

The Mexican market despite its large market volume has a low market value. The market is led by Swatch group having a share of 13% followed by Richemont de Mexico with a share of 8%. The rest of the market is built out of minor watch sellers with very low values.

Market Values (USD Millions)



[Figure 08] – Appendix 03

3.2) Market selection for Skagen

The ideal potential markets for Skagen to enter are India, Mexico and China based on the analysis results of section 3.2 above. Skagen should expect and intense competition in India and China where especially India is a country which promote majority of the locally made products.

In China there are many locally manufactured brands available at cheap prices due to the advantage of low cost labor. Entering the Chinese market would inevitably require setting up production facilities and as a result the payback period could be longer than the expectation due to the low prices that have to be offered.

However to offer watches at low prices Skagen will have to pursue a different strategy by launching a new segment with less specification and functions. This could be potentially adverse to Skagen since the company has always maintained high quality in designs and its products. If inferior quality is introduced this could lead to a market confusion and respectively may dilute the brand image.

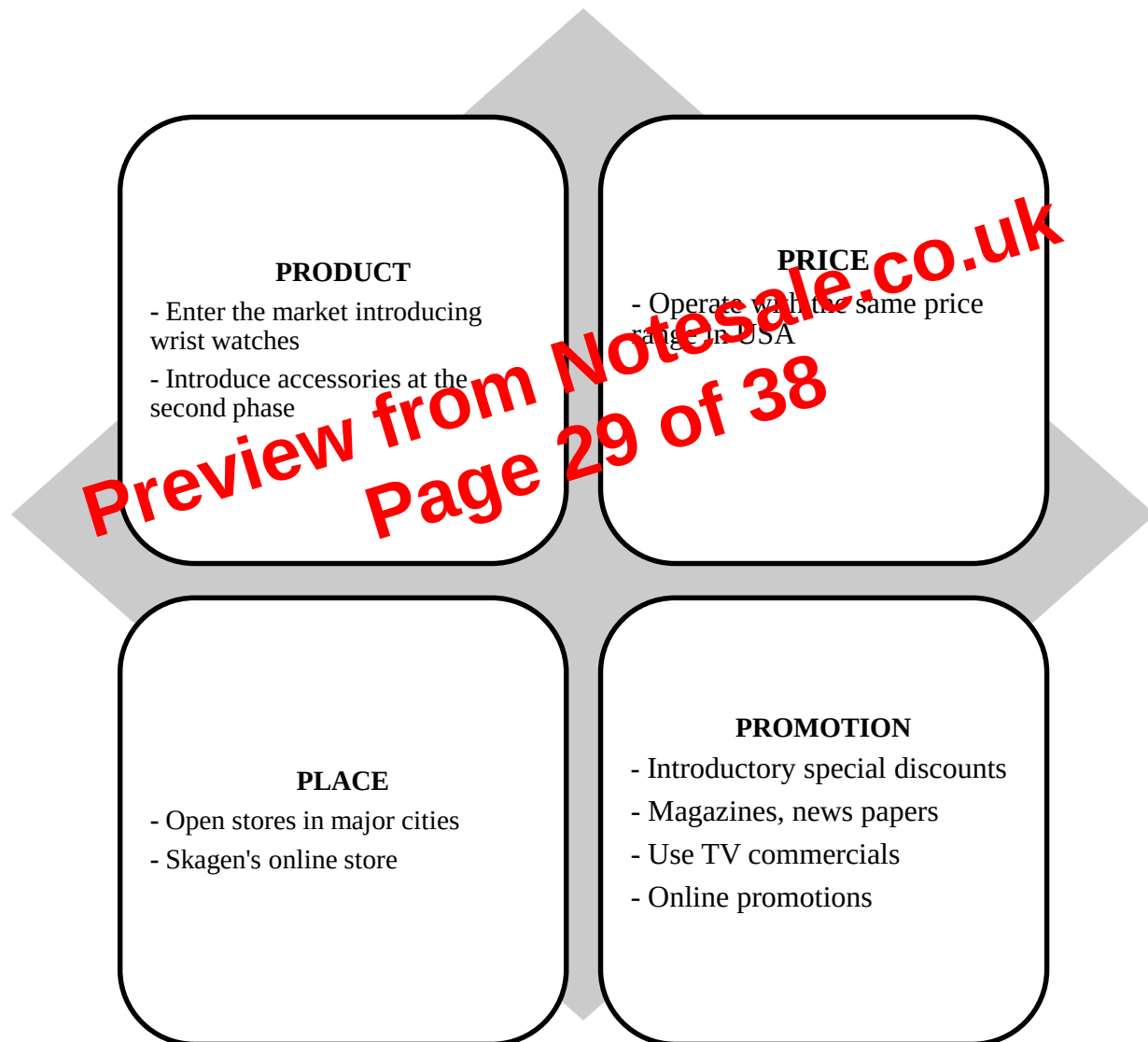
However, due to the fact that China is an inferior market, ideal markets for Skagen to enter would be India & Mexico.

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Page 18 of 38

4.2) Enter the Mexican market

It is recommended to invest in opening Skagen stores in major cities of Mexico such as Mexico City, Ecatepec, Guadalajara, Puebla and other major cities by deputizing an approximately similar marketing strategy which is currently being done in USA and in addition deputizing a TV commercial campaign would provide additional benefits within Mexico.

Marketing Mix for Mexico



[Figure 14]- Source - Author

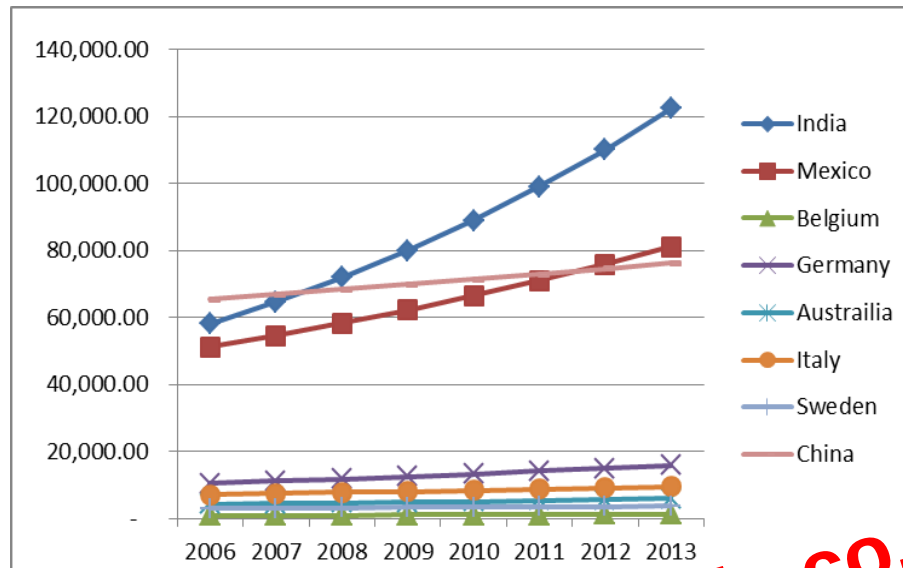
5.0) Conclusion

In conclusion Skagen should follow the Market Development strategies as identified in the report and execute the strategic plan accordingly. Alternative strategies should consider upon the successful implementation of primary strategies as recommended in section 4.1 & 4.2 above in order to obtain a better competitive result.

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Page 31 of 38

6.0) Appendices

Appendix 01 – Wrist watch market volumes based on projected growth rates



Country	2006	2007	2008	2009	2010	2011	2012	2013
India	58,185.18	64,701.92	71,948.53	80,000.77	88,967.53	98,912.89	110,012.26	122,333.63
Mexico	51,105.47	54,580.64	58,222.22	62,255.99	66,488.33	71,110.67	75,839.40	80,996.48
Belgium	870.34	954.00	981.61	1,042.27	1,107.10	1,175.74	1,248.64	1,326.05
Germany	10,471.99	11,120.41	11,809.87	12,542.88	13,319.69	14,145.51	15,022.54	15,953.93
Australia	4,201.88	4,411.97	4,631.52	4,864.20	5,107.41	5,362.78	5,630.92	5,912.47
Italy	7,168.97	7,455.73	7,753.96	8,064.12	8,386.68	8,722.15	9,071.03	9,433.87
Sweden	2,976.29	3,071.53	3,169.82	3,271.25	3,375.93	3,483.96	3,595.45	3,710.50
China	65,408.00	66,846.98	68,317.61	69,820.60	71,356.65	72,926.50	74,530.88	76,170.56

[Table 01]

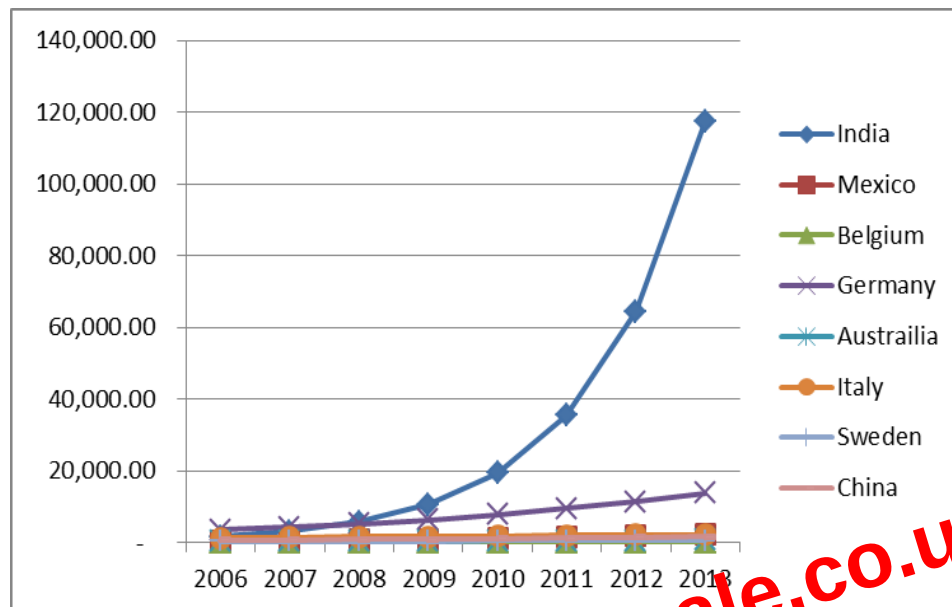
Notes

- Highlighted lines – Already entered markets
Plain lines – Potential markets
- Volumes are in thousand units
- Values are projected values based on an assumed year-on-year growth rate (Appendix 02)

Assumptions

- Annual figures are based on year-on-year average growth rate

Appendix 03 – Market Values (USD Millions)



Country	2006	2007	2008	2009	2010	2011	2012	2013
India	1,774.54	3,229.66	5,877.97	10,393.91	15,470.20	35,435.77	64,493.10	117,377.44
Mexico	535.93	661.33	816.83	1,007.05	1,242.70	1,533.49	1,892.33	2,335.13
Belgium	31.98	33.71	35.5	37.44	39.47	41.60	43.84	46.21
Germany	3,586.76	4,354.33	5,286.16	6,417.39	7,790.72	9,457.93	11,481.93	13,939.06
Australia	317.88	358.57	404.47	456.24	514.64	580.51	654.82	738.63
Italy	1,411.29	1,518.55	1,633.96	1,758.14	1,891.76	2,035.53	2,190.23	2,356.69
Sweden	348.98	382.48	419.20	459.44	503.55	551.89	604.87	662.94
China	736.32	827.62	930.25	1,045.60	1,175.26	1,320.99	1,484.79	1,668.90

[Table 03]

Notes

- Values are in USD Millions
- Values are projected values based on an assumed year-on-year growth rate (Appendix 04)

Assumptions

- Annual figures are based on average year-on-year growth rates