



# ATHLETA IN SWEDEN

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# Athleta



- ❖ Athleta is an American-owned brand that makes comfortable and trendy athletic wear for women.
- ❖ They were originally founded in Petaluma, California in 1998 but were purchased by Gap in 2008 for \$150 million.
- ❖ Athleta has proven themselves to be a successful company since they opened their first store in 2008.
- ❖ Gap Inc. decided to further this success by creating a three year plan in 2020 aimed at doubling Athleta's profits to \$1 billion.
- ❖ Athleta exists in 200 stores in the United States and Canada and, because of their success so far, is currently looking to expand and plant new stores around the world.

# Economy & Political Risks



- ❖ Sweden has a free-market economy and an advanced education system which makes it an attractive place to do business.
- ❖ According to the World Bank's Doing Business Report in 2020, Sweden is ranked 10th out of 190 countries for ease of doing business.
- ❖ Sweden is the fourth most competitive economy in Europe and has one of the highest performing economies in the world.
- ❖ Sweden is a democracy and values freedom of expression. The political risk for doing business is pretty low because Sweden consistently scores high in democracy and freedom of speech.

# Legal Risks



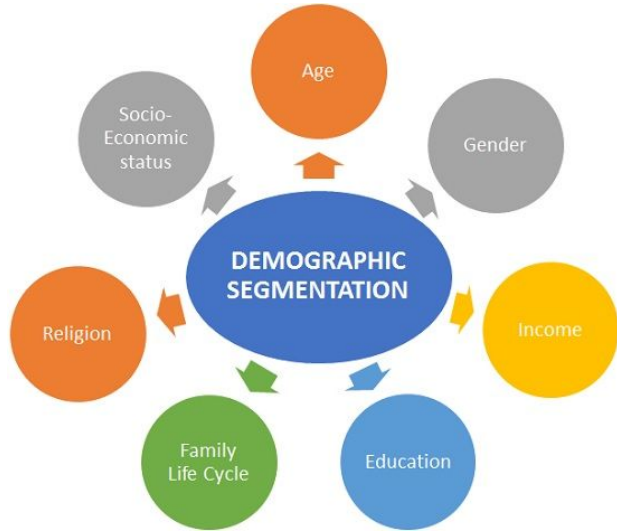
- ❖ Some of the challenges of doing business in Sweden are the strict labor laws that are in place.
- ❖ Some of the main acts put in place to protect workers would be the Work Environment Act, Employment Protection Act, Working Hours Act, and the Wage Guarantee Act.
- ❖ The basis of these acts are to ensure that employees are in a safe and nondiscriminatory working environment, that they are working within the legal amount of hours, and that they are getting paid what they have agreed upon with their employer. These labor laws enforce protection of all employees equally.

# Demand



- ❖ There is a high demand for Athleta in Sweden as it is a very popular athletic wear brand in the U.S. and Canada.
- ❖ According to a survey done in 2017, around 53% of the population of Sweden exercises or plays a sport with some regularity. This emphasizes the value that is placed on exercise in Sweden and helps explain why the demand for Athleta would be high.
- ❖ The overall population of Sweden is around 10.2 million people. The size of the potential market is medium to large. Because athletic brands in Sweden are very popular, the market size has potential to grow.

# Market Segment



An essential market segment is demographic segmentation. Demographic segmentation groups consumers based on age, gender, income, etc. The target market of Athleta is mostly girls ranging from 18-30, but its primary consumers are women aging from 30-50. With demographic segmentation, Athleta can better market to their target audience.

# Infrastructure in Sweden



- ❖ Sweden possesses a modern transportation network
- ❖ Railroads = 7,967 miles of track
- ❖ Paved Highways = 101,570 miles
- ❖ Navigable waterways = 1,275 miles
- ❖ Natural Gas Pipeline = 52 miles
- ❖ Everything has modern terminals
- ❖ Sweden's energy sector is strong
- ❖ 68 phone lines per 100 inhabitants

# Strategic Importance



- ❖ Cooperation between Sweden and NATO
  - Education
  - Training
  - Situational awareness
- ❖ High popularity in other countries leading to success in Sweden
- ❖ Athleisure demand is continuing to grow throughout the country
  - Market size has increased
- ❖ Large coastline with seven major ports
  - Assisting with trade
- ❖ Many people who live in Sweden live an active lifestyle leading to high demand for Athleta's products.
- ❖ Surrounded by the Baltic Sea and the North Atlantic Ocean which leads to access to commercial shipping sectors

# Strategic Importance



- ❖ Pricing strategy will be based off of competitors pricing strategies
- ❖ Cost of sales will be slightly higher in Sweden due to higher taxes
  - Not overly concerned, we feel that demand in the country will be high enough to bring in revenue
- ❖ Overall, there is a high availability of key inputs that Athleta would need in order to be successful and maximize their profits when expanding their store into Sweden

# Recommendation



- ❖ Athleta's entrance into Sweden's market is predicted to be successful due to their competitive advantage, the high demand for athletic wear in Sweden, and resources that Sweden has available to them.
- ❖ While not having a market presence already could prove to be challenging, the high demand for athletic wear in Sweden as well as Sweden's desire to foster innovation and growth in the country will give Athleta a competitive advantage and will greatly increase their chances of being successful.
- ❖ It is recommended that Athleta opens a store in Sweden in order to further expand their brand, to have their name known in new places, and to continue being a successful company in other parts of the world.