



**CHALMERS**  
UNIVERSITY OF TECHNOLOGY



# **Enhancing E-commerce Sales through Optimal Product Portfolio Management:**

A Quantitative and Qualitative Analysis of Eton Shirts

Master's thesis in Quality and Operations Management

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## Abstract

Eton Shirts is one of the largest producers of shirts in Sweden and has been one of the leaders in the industry for several years. In recent years, the company has started with sales through E-commerce, however, the model for how to develop new products has stayed the same since the wholesale model was used. There has also been a change in the market with casual shirts where the company strives to acquire a larger market share for these types of shirts, whereas Eton has largely been focused on dress shirts. Hence, the report's objective is to formulate a strategy for Eton to enhance its product portfolio in the E-commerce sector. Additionally, it aims to devise a strategy for incorporating casual shirts while preserving its presence in the dress shirt segment.

This report utilizes data obtained from a literature review, quantitative sales data, strategic group analysis, and interviews with key stakeholders from the case company. Firstly, for product portfolio management, the report used three goals for managing a product portfolio, namely maximization of value, balance, and strategic alignment, to provide a framework. Secondly, quantitative data in the form of raw sales was supplied by Eton which was analyzed to gather information about Eton's shirt portfolio, sales, and relevant performance metrics. Thirdly, the report used a strategic group analysis in order to better understand the shirt market and to analyze Eton's primary competitors. Lastly, qualitative interviews with key stakeholders from Eton were held to provide data of high relevance to the study and to understand Eton's operations. With the gathered information obtained from these data collection methods, the report could produce relevant results.

The first result of the research concluded that the company has a large portfolio of shirts that are not performing in terms of sales. Consequently, in order to enhance E-commerce efficiency, the company must streamline its product offerings. Not only was this result supported by the quantitative sales data, but also by comparison with competitors and research found in the literature review. The second result of the research concluded that Eton has to work more on establishing more strict frameworks for how product portfolio management is supposed to work. By utilizing the frameworks presented in this report, the company can create and manage a product portfolio that is more focused on the most profitable products, better balanced, and more in line with the company's strategy.

Keywords: Eton Shirts, Product Portfolio Management, E-commerce, Business Strategy.



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Secondly, we would like to express our gratitude to Erik Hedlund, Head of Strategy and Business Development at Eton, and Emil Lindstedt, Assortment Controller at Eton, for supporting and providing the authors with valuable insights which lay the foundation for this report. Eton's contribution was of high value for the entire report and the report will surely provide Eton with proper recommendations to continue its successful journey.

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# 1

## Introduction

The fashion business has changed significantly over the past three decades, which may be ascribed to a number of variables including international supply chains, lean retailing, digitalization, and the development of direct-to-consumer online retailers. Numerous research, including those by Abernathy et al. (1999), Tokatli (2008), Crewe (2017), and Wood et al. (2019), have explored this trend.

According to the Swedish Fashion Council (2022), the fashion industry is undergoing a paradigm transition that includes a number of factors including digital improvements, the rise of a booming second-hand market, creative business structures, developing customer values, and a more inclusive attitude. The epidemic Covid-19 also significantly affected the fashion industry, and other political problems in Europe and around the world have contributed to the ongoing instability. A challenging time is currently occurring for the fashion industry as a result of inflation and rising loan rates' short-term effects on fashion purchases (Swedish Fashion Council, 2022). Consumers are increasingly looking for sustainable products and services, which coincides with a growth in E-commerce and a change in values (Swedish Fashion Council, 2022). According to Hauge et al. (2009), Sweden is renowned for its taste and fashion. The "Swedish fashion miracle" of the 1990s, when well-known companies like Nudie Jeans and Acne Studios earned international recognition and helped Swedish fashion spread throughout the globe, was observed by the industry (Hauge et al., 2009). The influential fast-fashion company H&M was also a part of this revolution and has had a major influence on the worldwide fashion market (Giertz-Mårtenson, 2012).

Among several Swedish luxury fashion brands that are highly proactive in their sustainability efforts, the shirt manufacturer Eton Shirts AB (Eton) is one of them. Eton is a premium Swedish shirt brand that has a long-standing history of operation since 1928, with a global presence in over 50 countries where E-commerce reaches 42 countries in the year 2021 (Eton, 2022). According to Eton's Sustainability Report 2021, Eton's business idea is stated as "Our business idea is to create superior products for all occasions in life, made with consideration for people and planet, sold in a premium to luxury segment to men striving for excellence" (Eton, 2022). Eton's reputation is built on the production of high-quality shirts, which integrate conventional craftsmanship with innovative design and technology. Eton's product portfolio features a diverse collection of formal, casual, and seasonal attire, accompanied by accessory items such as ties and pocket squares. Moreover, the company has a robust commitment to sustainability and ethical practices, demonstrated by its use of eco-friendly materials and sustainable production techniques (Eton, 2022).

There are different factors to be successful in the Swedish fashion market, but according to Svengren Holm and Tijburg (2013), one of the prime factors in success is that the products offered should meet the market demand and needs. One way of making sure not to miss out on meeting the demands is to work proactively with product portfolio management. Moore and Birtwistle (2004) demonstrate in their report how the luxury brand Burberry has managed to maintain its strong position in the fashion market by considering and strategically managing its product portfolio, ensuring that the right products are sold in the appropriate locations and contexts.

Providing the appropriate product in the correct location and timing is a challenging task to address, a topic that Roberts (2007) deliberates in his report. One way to ensure that the business is working with the right products and managing this in the right way is to consider portfolio management; resource allocation to achieve the business's new product and technology objectives (Cooper et al., 1999). According to Cooper et al. (1999), product portfolio management is about systematically selecting and managing a portfolio of products to achieve the company's overall business goals. The product portfolio can be described as a collection of every product a company offers. It includes maximizing the value of the product portfolio, making sure that the portfolio is balanced, and ensuring that the products in the product portfolio are strategically aligned (Cooper et al., 1999).

Therefore, successful product innovation requires effective portfolio management. This involves strategically deciding which markets, products, and technologies a business should invest in. Resource allocation is also a crucial aspect of portfolio management, which involves determining how scarce resources such as engineering, R&D, and marketing will be allocated. Portfolio management is concerned with project selection as well and involves choosing which new product or development projects to pursue from a multitude of opportunities. Achieving balance is also a key consideration, which involves finding the right equilibrium between the number of projects undertaken and the resources or capabilities available to the business. (Cooper et al., 1999)

One method to ensure continued economic success for a fashion company is to actively focus on producing and offering the right products that meet market demand. Even though fashion brands such as Eton are still growing, this report will investigate how Eton can manage its product portfolio to identify opportunities within the product range based on market demand. Product portfolio strategy, according to Lopushinsky (n.d.), entails reviewing each product offered by a company, regardless of where it is in the product life cycle. Based on customer and market needs, this thorough research weighs all items to decide which ones should be discontinued, developed further, and offered indefinitely.

The significance of this project stems from the growing significance and importance of product portfolio management within the fashion industry. With constantly evolving consumer preferences and market trends, companies must establish and maintain a balanced and cohesive product portfolio that satisfies customer demands while also aligning with their strategic objectives. The emergence of E-commerce has introduced novel opportunities and challenges for businesses when it comes to managing their product portfolios.

As a result, comprehending the impact of E-commerce on product portfolio management is vital for the prosperity of fashion companies in the current market.

## 1.1 Background

In recent years, Eton has started to shift its focus from solely being a dress shirt maker to now being able to offer customers casual shirts, accessories, overshirts, polo shirts, and many other products. This has been partly due to a shift in customer behavior as well as wanting to branch out into other markets and meet customer needs in other areas. Another change that has been made is the shift from a pure wholesale model to now offering the products directly to consumers through E-commerce and own stores.

In communication with Eton, two clear problems have been mapped that Eton is trying to process and wants to create a wider understanding around. The first problem that emerged during dialogue with Erik Hedlund, Head of Strategy and Business Development at Eton, (E. Hedlund, personal communication, November 11, 2022), was that they currently do not have a clear understanding of their current product portfolio and that they do not have a clear structure to work actively with the development of their product portfolio. Thus, ultimately, through dialogue with both Erik Hedlund and Emil Lindstedt, Assortment Controller at Eton (E. Hedlund and E. Lindstedt, meeting dialogue, January 23, 2023), it has become evident that Eton lacks a proper understanding of its current product portfolio management efforts and intends to adopt a more comprehensive approach to evaluate the existing portfolio.

In summary, this report aims to assist Eton in assessing the viability of its current product portfolio and gaining insights from data obtained from the E-commerce segment. Additionally, Eton is keen on exploring more effective approaches to product portfolio management based on sales data from their E-commerce platform, in order to enhance their understanding of portfolio performance and develop improved strategies.

## 1.2 Purpose

The purpose of this master thesis is to investigate how the case company Eton currently manages its product portfolio in relation to shirts, in order to gain a comprehensive understanding of the current situation and propose recommendations for future product portfolio management. Given that Eton lacks a clear understanding of its current approach to product portfolio management and desires insights on how to effectively and efficiently manage its product portfolio moving forward, this study will focus on developing a proposal for a new approach for Eton based on its current product portfolio and E-commerce sales.

## 1.3 Scope of work

In this report, certain limitations have been set in order to narrow down the scope of our research. Firstly, the report will only focus on Eton's E-commerce platform and not on any third-party platforms such as Care of Carl or similar platforms. Secondly, the report will not conduct any practical tests as part of our research methodology. Thirdly, this project will focus exclusively on analyzing Eton's product portfolio for shirts as these items constitute the core of Eton's primary business operations. However, this study will only consider shirts that belong to the segments of dress shirts, casual shirts, and evening shirts, with a specific emphasis on dress shirts and casual shirts, given the relatively smaller size of the evening shirt segment in terms of sales and portfolio. Fourthly and lastly, to the aforementioned limitations, this study will also not differentiate between sizes or fits of the garments. That is to say, only the design of the shirts will be studied, rather than whether the shirts are slim or classic fit or whether they are size small or X-large.

The company is well-known for its high-quality shirt manufacturing and sales, and therefore, the selected products represent the fundamental building blocks of Eton's brand identity. By defining these boundaries, the report tries to preserve a distinct and narrowly focused research purpose and guarantee that our findings are pertinent and appropriate to Eton's particular product portfolio management strategy.

## 1.4 Research questions

In order to create a proposal on how Eton should work with its product portfolio in the E-commerce sector, the following two questions have been developed as guidelines to achieve a strong outcome:

- Research question 1: How can Eton optimize its product portfolio in the E-commerce sector?
- Research question 2: How can Eton work with its product portfolio to increase its presence in the casual segment while maintaining sales in the dress shirt segment?

For the purpose of this thesis, the definition of the term "optimize" has been chosen as: "to make something as good or effective as possible" defined by the Cambridge Business English Dictionary (Cambridge, n.d.).

# 2

## Method

The chapter that follows provides a detailed and comprehensive explanation of the various steps involved in conducting the study, with a specific focus on the research strategy, design, and methods employed. This chapter aims to provide readers with a clear understanding of the research process and the methods used to collect and finally analyze data. Finally, this chapter will present a detailed discussion of the methodology employed, aiming to provide the reader with transparency regarding its strengths and weaknesses.

### 2.1 Research design

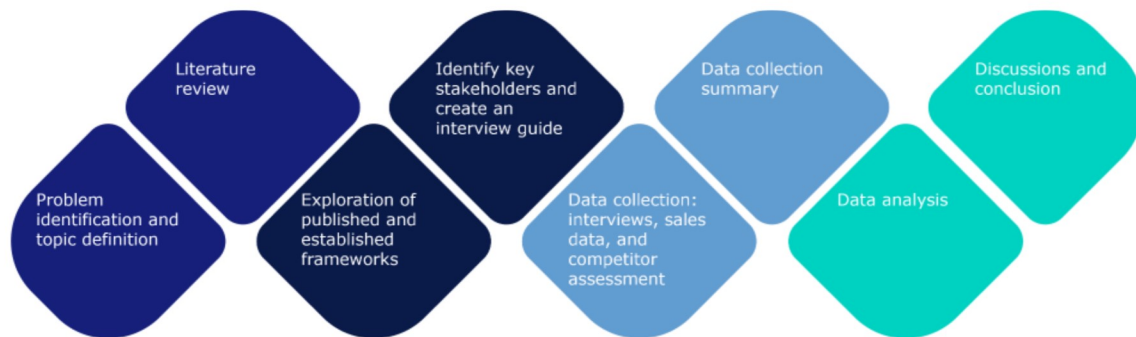
The goal of the research was to investigate how Eton manages its product portfolio in terms of shirts and provide a proposal recommendation with frameworks as guidelines that aid Eton's product portfolio in the future. The research was based on the two research questions stated and in order to provide a data-centered and academic perspective, a case study and literature review was carried out.

Patel and Davidson (2011) describe three main approaches when researchers gather data; inductive-, deductive-, and abductive approaches. The methodology of the research was abductive and largely based on quantitative data from the company's E-commerce sales, qualitative information gained from interviews with key stakeholders from the case company Eton, and established literature within product portfolio management. In this study, the chosen key stakeholders from Eton were Erik Hedlund, Head of Strategy and Business Development at Eton, and Emil Lindstedt, Assortment Controller at Eton. Using multiple methods when doing data collection is something that Lincoln and Cuba (1985) and Sim and Sharp (1998) highlight as crucial in terms of trustworthiness, a so-called "method triangulation". According to Bell et al. (2019), abductive reasoning is the researcher's comprehension of the world from the perspective of the study participants. Abductive research does not rely on the logic of theory testing, as a deductive method would, and is thus more appropriate for the research conducted in this study (Bell et al., 2019). In order to use a deductive method, implementation is necessary which was not possible in this study. Since the research aimed to describe the existing situation at the case company and use a theoretical framework to improve and streamline their product portfolio management, abductive reasoning was the most suitable solution.

## 2.2 Research process

The research process was carried out in eight steps according to Figure 2.1. The first step of the process was to identify the problem. To define the topic and problem, the case company was questioned about the current problems they were facing through several meetings. The second step was to conduct a literature review to increase knowledge and gain insights into what current research has been done on the topic. During the literature review, it turned out that no specific relevant research had been done within the field of study (product portfolio management within the fashion or retail industry) before. The third step was to investigate and explore frameworks that were relevant to the study, developed and published by researchers. The fourth step was to identify key stakeholders from Eton and then generate interview questions for these respondents which were considered suitable for the study. Interviewees who were relevant to the study were desired. The interview questions were developed to gain a broad understanding of Eton and its general operations. The fifth step was to collect data from Eton which was made through two processes; interviews with relevant Eton employees and sales data which was provided by Eton. The sixth step was to summarize the findings from the data collection to establish a solid foundation for the discussion, which later led to the seventh step of the process; discussing and analyzing the results obtained during the work. The discussions were made with regard to the frameworks that have been generated during the third step of the research process. Lastly, after performing nuanced discussions and analysis, it was possible to conduct a conclusion where the final result of the report was concluded and presented. In this step, suggestions for future research were presented as the field of study is a relatively unexplored area in academia.

**Figure 2.1**  
Research process



*Note:* The figure illustrates the 8-step process that was undertaken to conduct the project.

## 2.3 Data collection

The data collection that was used in the study was combined from three major sources: literature review, interviews, and observations from company data. Firstly, the literature review examines the existing literature regarding the subject to support the study with valuable frameworks. Secondly, to determine Eton's present situation regarding product

portfolio management, qualitative interviews were conducted with, as mentioned earlier, key stakeholders from Eton. Lastly, the case study company's E-commerce data were reviewed to gain an understanding of the current sales performance in correlation with its product portfolio.

### **2.3.1 Literature review**

A literature review was made to determine what information already existed in the research area before producing new knowledge. Interacting with existing literature plays a crucial role in establishing the significance of the research (Bell et al., 2019). As such, conducting a literature review during the initial stages of a research project is imperative (Gustavsson and Säfsten, 2020). The primary objective of this literature review was to gain a comprehensive understanding of the current state of research in the relevant field and to address valuable frameworks. However, to address specific research questions, subsequent evaluations require a more thorough analysis (Gustavsson and Säfsten, 2020). Therefore, a literature review served as an essential foundation for the successful execution of the research project.

The literature review consisted of the latest relevant studies in the field of product portfolio management, as well as foundational studies that may be considered relatively old but are crucial to the field. The literature review will be conducted using both online and traditional libraries, such as Google Scholar and Chalmers Library, and doing searches for subjects linked to the research questions and Product Portfolio Management. To find the most relevant studies, the search was going to consist of a first stage with keyword generation, a second stage with searches for relevant tiles, and a third step with abstract reading. This is supposed to help with finding the most relevant research within the research area.

### **2.3.2 Interviews**

As mentioned, to gather qualitative data, interviews with key stakeholders from Eton were held. Interviews were held with individuals who were thought to have a thorough awareness of Eton's present business strategy, particularly in relation to their work on the product portfolio. A digital interview with Erik Hedlund, Head of Strategy and Business Development, and Emil Lindstedt, Assortment Controller, was held on March 3, 2023, with a focus on Eton in general but with a primary focus on Eton's current strategy and product portfolio. The interviews used a so-called semi-structured layout to encourage discussion between the interviewer and interviewee to acquire a deeper understanding (Bell et al., 2019). The interview questions can be found in Appendix A. To gather a nuanced interview with responses to topics that came up throughout the interview, follow-up questions were employed, something Bell et al. (2019) encourages. Purposive sampling was employed in the process of choosing interview subjects and interviewees. This was made to guarantee that respondents could produce relevant responses for the abductive case study and that the interviewees were knowledgeable about the product portfolio strategy of the firm (Campbell et al., 2020). The interview was conducted by one of the authors of this report, while the other author took notes and recorded the

conversation. Transcription of the interview was helpful since it, according to Bell et al. (2019), reduces misunderstandings and produces trustworthy data. In addition, since the interviews were conducted digitally, it was simple to record them, and the recordings were used to aid with transcription. As a sign of respect towards the interviewees and their privacy, they were asked if it was okay to record the interview prior to the interview.

### **2.3.3 Observations from company data**

Quantitative data in the form of raw sales data for the previous three years from Eton was provided by Eton and the data was used in addition to the interviews to gain a comprehensive insight into the current portfolio performance. The data came from Eton's E-commerce platform and consisted of all sales made between 2020-12-04 and 2023-02-28. The data were analyzed using Excel and consisted of a wide variety of data for each sale made, such as product specification, date of sale, and country of origin. During this step, the data was first sorted, and a good understanding of all the different internal designations was established in order to perform selection and categorization. The data provided insights into the diversity of the portfolio, e.g., market segmentation, pricing, and sales performance based on different attributes of shirts. Although Björklund and Paulsson (2003) argue that a qualitative approach can initially provide greater comprehension compared to a quantitative approach, they still argue that one still gets a comprehensive understanding of the phenomenon through a quantitative study. In addition, both Denscombe (2009) and Bell et al. (2019) argue that a quantitative method enhances the likelihood that the results can be generalized. Furthermore, Bryman (2006) explains that a mixed approach of quantitative and qualitative research is optimal for achieving both depth and breadth at the same time.

### **2.3.4 Competitor analysis**

In order to be able to reach an even broader study and to be able to review strategic efficiency in terms of product portfolio, this study has also carried out a competitive analysis. The competitor analysis provided the research with a wider foundation and understanding of how competitors in the market operate. In order to ensure that the analysis is academically polite and robust, a so-called Strategic Group Analysis (SGA) has been carried out, which according to Hunt (1972), Porter (1980), and Indeed (2022) refers to a model used to group companies within an industry that has similar business models or similar combinations of strategies.

Regarding the competitors of the case company presented in this report, these have been identified primarily through discussions and meetings with key stakeholders from the case company. Eton has mentioned certain brands that are considered their competitors in the market, but they have also mentioned brands they want to compete with (target competitors) but aren't quite competing with them fully yet. In other words, it is not information that was necessarily presented during the interviews, this information has emerged during meetings with the company on which this report based its study.

## 2.4 Research quality

The research elements considered for quality in this study were credibility, transferability, dependability, and confirmability, as opposed to the more traditional criteria of reliability and validity used in quantitative research. This approach was chosen to ensure an in-depth analysis of the phenomenon being studied and to enhance the overall quality of the research. (Bell et al., 2019; Lincoln and Cuba, 1985).

### 2.4.1 Credibility

According to Bell et al. (2019) and Lincoln and Cuba (1985), credibility is a crucial aspect of research quality as it relates to the trustworthiness of the research findings. Credibility refers to the extent to which the research findings accurately reflect the reality being studied (Bell et al., 2019). This involves ensuring that the research design, data collection methods, and analysis techniques are appropriate and reliable. One way to enhance credibility in research is to use multiple sources of evidence. Bell et al. (2019) suggest that using multiple sources of data, such as surveys, interviews, and observations, can help to corroborate the research findings and increase the credibility of the study. This approach is known as triangulation and can provide a more comprehensive understanding of the phenomenon being studied. Triangulation is also a preferred method since it can prevent potential flaws that might arise from employing only one technique for data collection. For example, the research may be biased toward one observation theory if triangulation is not used, which can be a possible flaw (Bell et al., 2019; Lincoln and Guba, 1985). Moreover, adopting various qualitative data-gathering techniques might remove misunderstandings in a case study and improve the findings in business research. Respondent validation was also utilized to boost internal validity in addition to triangulation. According to Bloor (1978), Bell et al. (2019), and Lincoln and Cuba (1985), respondent validation is a procedure where the researcher gives study participants research materials to guarantee an excellent correlation between findings and the intended audience. Something that is widely utilized in qualitative investigations. By using this type of feedback mechanism, biases, and misunderstandings may be addressed early on and the effects on the results can be removed (Bell et al., 2019; Bloor, 1978; Lincoln and Cuba, 1985).

### 2.4.2 Transferability

Transferability is another important aspect of research quality as it relates to the extent to which research findings can be applied to other settings or populations. According to Bell et al. (2019) and Lincoln and Guba (1985), transferability refers to the degree to which research findings can be generalized to other contexts or groups. This involves considering the applicability of the findings beyond the specific study context. In research, generalization is crucial to take into account for external validity, but it is equally vital to take into account the context of the research and how changes in time and space impact it (Bell et al., 2019). Because the conclusions are related to the case company, the analysis and findings are not immediately transferrable. The analyses and the study methodology, however, are thoroughly discussed. As a result, other researchers can conduct a comparative research design and study to learn from the study.

### 2.4.3 Dependability

Dependability is a critical aspect of research quality as it relates to the consistency and stability of research findings over time. According to Bell et al. (2019), dependability refers to the extent to which the research findings can be replicated or repeated in the same or similar circumstances. This perspective on dependability is also supported by Lincoln and Guba's (1985) research. This involves ensuring that the research methods and procedures are consistent and reliable. The auditing is carried out throughout the study and includes evaluating the level of justification for the theoretical inferences. The auditing strategy might be challenging for peers since qualitative research produces substantial datasets, according to Bell et al. (2019). Interviewee selection also has a significant impact on the study's reliability. Choosing the right respondents for the questions is important for the reliability of the study since the respondents possess different knowledge in certain areas and should thus only answer questions aimed at their work area Bell et al. (2019). In order to audit and check the study findings, the interviews were also videotaped and transcribed. Transcribing the interviews helps with storing information that could be used more than once, since the study is conducted over an extensive period, the results are going to be reviewed and analyzed multiple times.

### 2.4.4 Confirmability

Confirmability is an important aspect of research quality as it relates to the objectivity and neutrality of the research process. According to Bell et al. (2019), confirmability refers to the degree to which the research findings are shaped by the researcher's biases, values, and assumptions. This involves ensuring that the research process is objective and free from the researcher's personal biases. Interview-based qualitative research is susceptible to subjective interpretation, which might reduce the research's capacity to be replicated. To prevent the case study from being impacted by incorrect interpretations of qualitative data, the findings were confirmed by using the triangulation method previously mentioned. Complete impartiality is difficult, however, biases can be reduced or eliminated by employing audits and triangulation (Bell et al., 2019).

## 2.5 Transformation Project to Product

In this study, certain transfers/translations have been made in order to reach a nuanced result for the report. This applies to some of the models and theories that Cooper et al. (1998), among others, present. To be more specific, this report focuses on product portfolio optimization, which is very similar to what Cooper et al. (1998) discuss, but with a focus on products instead of projects. In other words, one will make a transfer of the theories and models from projects to products because they attack the problem in relevant ways for this study's result. Cooper et al. (1998) explain that companies should make sure that all of their projects are aligned with the corporate strategy, and for the purpose of this report, a transformation will be made so it focuses on products instead of projects. Consequently, the products a company has in its product portfolio should be aligned with the corporate strategy. Since products can be compared to projects in many cases, both in terms of the product itself, but also the product development process and

so on, it can be seen that this study will be able to take great value from this type of transformation.

In addition, there aren't many models and theories that earlier research has established or developed in the field of retail product portfolio management, which is another reason why this transformation (from project to product) was chosen. Furthermore, this report focuses on the clothing/fashion industry which also makes it even more undiscovered, also in relation to specific models and theories. Thus, for the purpose of this report, it can be claimed that the report is of high relevance since the topic has not received much attention from academics before. The report will provide a strong basis for concluding this study and will also enable further research on the topic by drawing important conclusions.

## 2.6 Research Ethics

Bell et al. (2019) outlined four key ethical considerations that must be evaluated when conducting business research. These include preventing harm, obtaining informed consent, protecting privacy, and avoiding deception. To prevent harm, the researchers took care to avoid posing stressful or harmful questions during interviews with participants. According to Bell et al. (2019), informed consent is crucial in ensuring that participants are fully aware of the study and can make an informed decision to participate or not. To uphold this principle, the authors of this study crafted a concise statement about the thesis and shared it with participants ahead of data collection. For privacy, it is described as a set of measures implemented to safeguard the confidentiality of participants (Bell et al, 2019). To safeguard the privacy of the participants in this thesis, all data were appropriately anonymized and securely documented to prevent any potential breaches. To prevent any form of deception, the study needs to be truthful, as presented by Bell et al. (2019). As such, all information presented to the participants in this thesis underwent a review by the supervisor at Chalmers University of Technology to confirm its clarity and accuracy, thereby preventing any potential for misinformation.

## 2.7 Method discussion

The study is based on various types of data, both qualitative data through internal interviews with key stakeholders from Eton, but also sales data provided by Eton. Before the data collection of the quantitative data, in-depth discussions have been thoroughly conducted prior to the selection of which type of data is considered to be strong and value-creating based on the purpose of the study. The quantitative data collection that has been done has been necessary to ensure that the study stood on a reliable basis to be able to carry out discussions and conclusions, and the data is both objective and very concrete. The report's analysis and substantiation of Eton's product portfolio and overall sales data depended heavily on the historical sales data that was provided. The historical data was only available for a relatively small period of time, from December 1, 2020, to February 28, 2023, which of course was a bit shorter period of time than expected. As a result, the data analysis was solely reliant on this specific time period. If additional sales data spanning a longer period had been available to get the hands-on, such as five or

more years, the report could have potentially drawn different conclusions. However, one still wants to highlight that clear conclusions were drawn as the current product portfolio can be considered without historical sales data.

Another aspect worth discussing is the number of interviews performed. Regarding interviews, one interview with two key stakeholders from Eton was performed. These employees were strategically selected based on their relevance for the purpose of the study and the interviewees selected to be interviewed were drawn up through discussions with Eton's Head of Strategy and Business Development. Although the study managed to achieve strong results from the interview that was carried out with Hedlund and Lindstedt from Eton, the results may have changed if more employees from Eton had been interviewed, and other perspectives could potentially be illustrated. However, it is important to note that the interviewees were pertinent to the field of study. Both parties had an excellent and clear understanding of E-commerce and the overall strategy, where one party was able to discuss the strategic component of the work Eton does while the other was able to discuss and describe various types of clothing and categories.

The last crucial point to emphasize in this discussion is precisely the fact that previous research in the area of product portfolio management in connection with the fashion, or retail industry in general, is very unexplored. This created a situation where it has not been possible to include previous research in the study carried out in this report, which of course, to some extent, can question the strength of the report regarding results and conclusions. On the other hand, despite the lack of previous research within the area, the study has been able to progress forward without major problems where the study has instead dealt with previous research regarding the subject of product portfolio management in general. As a result, the study successfully generated applicable frameworks and models for the treatment and management of the subject of product portfolio management. Therefore, given the lack of exploration in the field of study, the subject becomes highly relevant to explore.

Another aspect worth mentioning is that the scoring model used in the study is based on subjective values. That is, to set a value when applying the scoring model used in the study, the authors have had to be subjective and make estimates based on the analysis carried out for the case company. However, it is important to point out that the scoring models are subjective in nature and they have been presented and used in the study mainly to visualize how Eton can work with the models in the future.

As a conclusion, the method employed has helped achieve the goal of the report. However, interviewing a larger focus group and having access to more sales data from the past could improve the report's quality. Through interviewing a larger focus group, the report could potentially have gathered information from more perspectives to enable a more thorough understanding of the subject. Additionally, access to sales data from a longer historical period of time would result in more accurate insights which could increase the reliability and quality of the report.

# 3

## Case Company: Eton Shirts

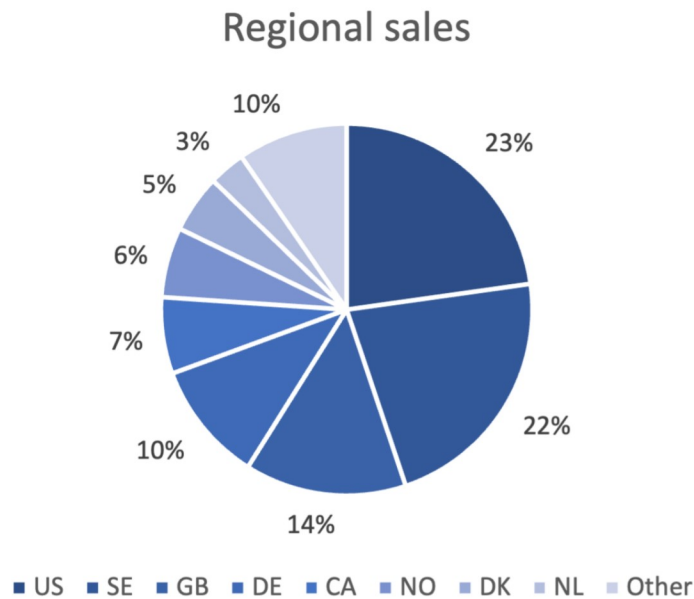
This section of the paper will cover the case company Eton in its entirety, beginning with the background, history, and journey. Unless otherwise noted, the data presented is obtained and summarized from interviews with key stakeholders from Eton; Erik Hedlund (Head of Strategy and Business Development at Eton), and Emil Lindstedt (Assortment Controller at Eton) on 3 March 2023, or sales data provided by Eton. Following, Eton's business operation will be presented in terms of several organizational and business processes, including decision-making, product development, supply chain operations, brand distinctiveness, and the existing product portfolio and product portfolio plan. A brief background of Eton Shirts will be presented followed by a brief overview of Eton's processes, particularly with regard to their organizational structure, decision-making process, product development, supply chain, product portfolio management, brand differentiation, geographic expansion, and sustainability will be presented. Following this, Eton's competitors will be presented that Eton currently competes with, but also brands that they want to compete with.

### 3.1 Eton Shirts

Eton was established in 1928 with the sole intent to provide shirts for men and to this day, it is still the core focus of the business. From its start until about 20 years ago, Eton still had practically the same core business, and not many things had changed. However, in the last 20 years, Eton has changed a lot and now offers more products and distributes its products to more markets, and for the fiscal year of 2021, Eton has reached a revenue of 49.1 million €. Over the years, Eton has expanded to other markets outside the Nordic region and the largest market has become North America and especially the United States. When studying Eton's sales of all kinds of clothing brands, it becomes apparent that Eton has a significant sales volume outside its origins in Sweden. As shown in Figure 3.1, 23% of Eton's total sales are represented by the United States, followed by Sweden, which is the second largest market with 22% of total sales. Next is Great Britain with a sale corresponding to 14% of total sales. Germany is the fourth-largest nation of these three with sales corresponding to 10% of total sales, followed by Canada, Norway, Denmark, and finally, the Netherlands, whose sales each range from 7% to 3%. Next, countries that have sales equal to less than 3% are represented by "Other", and these countries together represent 10% of total sales.

**Figure 3.1**

Geographical overview representing Eton's sales divided into markets



*Note:* The figure illustrates Eton's sales divided into regional markets including the US, Sweden, Great Britain, Germany, Canada, Norway, Denmark, the Netherlands, and other regional markets.

Thus, the US and Sweden are clearly the largest markets seen in total sales. Sales in the US market and the Swedish market together account for 45% of total sales in terms of E-commerce.

In addition to expanding into new markets and regions, other expansions have also been made in recent years, including new development of accessories, casual shirts, t-shirts, vests, overshirts, and more. Moreover, the sales channel mix has changed in recent years. Eton, which for a long time only served as a pure wholesale distributor with little to no own sales channels, has lately established its own sales channels through the use of physical stores and E-commerce. As a result of all changes, Eton has faced significant growth and transitioned from a small local Swedish company into a formidable large-scale company with an international presence.

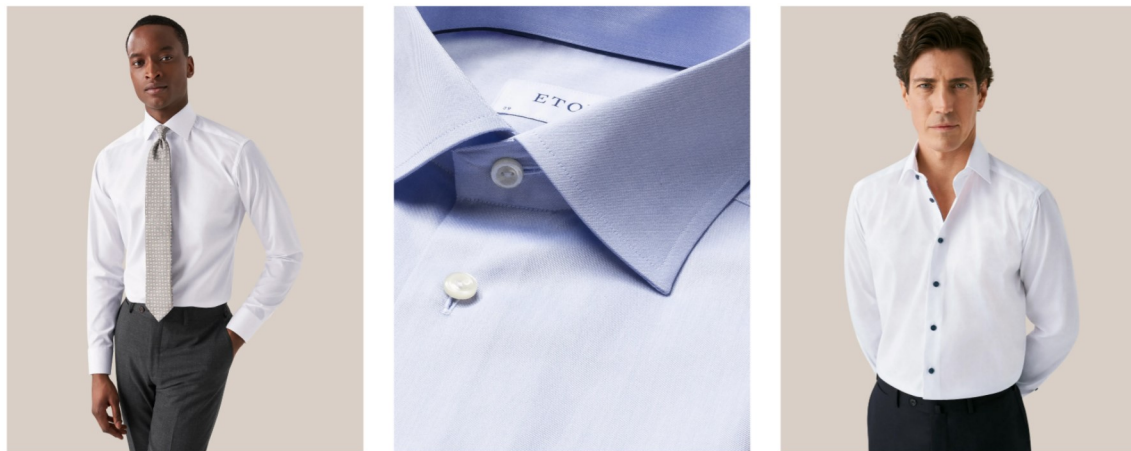
For this study, it is particularly important to highlight the work Eton is performing regarding its product portfolio, specifically in terms of shirts. As for Eton's current portfolio, it is divided into three segments: shirts, accessories, and other clothing. Firstly, the shirt segment has three sub-groups: dress shirts, casual shirts, and evening shirts. Secondly, the accessory segment consists of ties, bow ties, handkerchiefs, scarves, hats, caps, and swimwear. Lastly, the other clothing segment consists of t-shirts, polo shirts, and overshirts. These segments change based on the collections which are season dependent.

dent. Other segments are in development for the next coming years and the company is looking for new products to introduce to complement the current offerings. In addition to the seasonal collections, the company has a standard offering called Wardrobe Essentials including all types of shirts and other segments like the accessory segment. These shirts are available year-round and are not part of any kind of collection. The concept behind the Wardrobe Essential shirts is to ensure supply chain efficiency, as these shirts belong to the “basic range” that is not ordered per collection but is always in stock regardless of the season. In addition, these shirts are usually very plain in classic models without specific prints and/or various extreme patterns.

However, as mentioned earlier, Eton has gone from a relatively narrow offering, where from the start only offering shirts, to today when shirts in many different types can be found in their portfolio. Other products such as different types of accessories, swimming shorts, T-shirts, and vests have also been added to the product portfolio. As for shirts, there are three different types of shirts; dress shirts, casual shirts, and evening shirts. Looking at the dress shirts, this is the shirt that Eton originally started selling, which has evolved since then with new types of textures, fabrics, and prints. The dress shirt corresponds to traditional shirts appropriate for business occasions and can be found in subtle colors like white, blue, and pink as well as specific colors for the respective season (Eton, n.d.a). Figure 3.2 shows some examples of what dress shirts look like. The dress shirt has an attractive, glistening texture that should be appropriate no matter the season or situation (Eton, n.d.a).

**Figure 3.2**

A sample of Eton’s dress shirts



*Note:* The figure illustrates the basics of the dress shirt. As seen in the figure, the shirts are solid colors without any outward protruding details in the form of specific patterns of other details (Eton, n.d.a).

Regarding the casual shirt, Eton defines this kind of shirt as a simple and casual shirt, suitable for the modern wardrobe. Casual shirts should, according to Eton, fit a little

looser on the body and the shirt is usually, in comparison to dress shirts, softer and more flexible in material. Furthermore, this type of shirt might not be the most used shirt in combination with a suit, but some specific casual shirts fit better while some fit worse. The casual shirt is e.g., a perfect shirt during the summer season as it is not considered as formal as the dress shirt, and provides a cooling effect during periods of high activity and heat. In addition, there are some other aspects worth highlighting regarding casual shirts. The pattern is an aspect that varies a lot where Eton often has shirts with distinctive patterns, both with large prints like the floral shirt on the left in Figure 3.3, but also shirts with wide stripes in all sorts of different colors like the shirt in the middle of Figure 3.3. A denim shirt is also a shirt that is included under the "casual shirt" segment, see the shirt to the right in Figure 3.3. (Eton, n.d.b)

**Figure 3.3**

A sample of Eton’s casual shirts



*Note:* The figure illustrates the basics of some of the casual shirts. As shown, casual shirts can be described as very distinctive regarding extreme patterns and with a fabric texture that is more softer and casual, such as the striped linen shirt (Eton, n.d.b).

The last type of shirt that Eton highlights is the evening shirt which, According to Eton (n.d.c) corresponds to shirts suitable for the special moments of life; weddings, parties, or special evenings where formal attire should be used. The shirts included in evening shirts are white tie shirts and tuxedo shirts, see Figure 3.4. The colors within evening shirts do not vary particularly much, and neither do patterns and fabrics.

**Figure 3.4**

A sample of Eton's evening shirts



*Note:* The figure presents what the formal shirts intended for evening activities look like, usually white tie shirts and tuxedo shirts (Eton, n.d.c).

Regarding the various patterns found on Eton's shirts, there are five different patterns: solid, check/plaid, print, weave effect, and stripe (Eton, n.d.d). The different patterns are available in various designs, such as different prints on the printed shirts, and also in different colors for the various patterns. See Figure 3.5 for some of the different patterns.

**Figure 3.5**

A sample of Eton's different shirt patterns



*Note:* The figure presents different patterns starting with plain, followed by check/plaid, print, weave effect, and stripe (Eton, n.d.d).

The difference in prices for the three types of shirts is minimal, regardless of whether it is the lowest or highest price, as they are all sold at similar prices. Dress shirts are sold at a price between €129 and €279, casual shirts are sold at a price between €139 and €299, and then evening shirts are sold at a price between €159 and €749. However, it is worth mentioning that for the evening shirts, there is only one shirt that costs €749, and the second most expensive shirt after that costs €219 making it a more reasonable and comparable option. The shirt that retails for €749 is a special shirt with Swarovski crystals in the design (Eton, n.d.e).

Another noteworthy aspect to mention is the margins. The margins on all types of shirts are more or less equal as they only differ by max 3 percentage points. Thus, the margin difference is very small, and one can therefore assume that the margins are the same for all shirts in Eton's portfolio. Therefore, all shirts will be handled as if they had the same margin in this report and no analysis of which shirts are the most profitable in terms of margins will be carried out.

## 3.2 Eton's operations

In order to identify the current strategies deployed and used by Eton, it has been necessary to conduct interviews with key stakeholders who have summarized the following.

The company's strategy for the next coming years consists of taking a more luxurious position in the market, i.e., the company wants to position itself along with other luxury fashion brands and compete with these brands. Another part of Eton's strategy is to continue gaining market shares in existing markets. This is supposed to be done using existing products with the existing customer base. The key solution of this strategy is to become a well-recognized brand with a broader offering. The brand is strong in Sweden but lacks in other markets such as the US and Germany. Finding a solution for this goal will be a key part of Eton's strategy in the coming years. Moreover, the company wants to create the ultimate buyer experience when it comes to E-commerce. This also relates to gaining market shares from competitors, and since Eton is a shirt specialist which essentially means that they specialize in shirts, creating a better experience for shirt buyers can possibly elevate the brand's recognition in the market.

In the last few years, the company has begun to offer a broader range of non-shirt products, such as accessories, t-shirts, vests, and overshirts, which have been part of the strategy. This is part of a scale-up strategy for the company and with this strategy, the company hopes to improve its brand recognition. The new offerings have been somewhat successful but the company believes it has not reached its full potential yet. This scale-up will continue in the following years with more products in the non-shirt segment. However, this segment is not supposed to overtake the sales of shirts, merely be a complement to the offering.

The last part of the strategy is to make an entry into new markets. The new markets primarily consist of Korea and Japan. The roll-out in these countries has been somewhat halted by Covid-19, however, the start of the project has been resumed since the countries have opened up for travelers. These markets seem to fit with the company's offerings and have the potential to perform in the future.

### **Organization and decision making**

The company's organizational structure is relatively flat with a large management team at the top. The management team consists of representatives from all divisions of the company such as assortment, brand and communication, creative director, wholesale, retail, E-commerce, supply chain, strategy and business development, CFO, and CEO. The team has weekly meetings where follow-ups on the current projects within the company are discussed. This structure has provided the company with a model in which the entire organization is able to communicate and be a part of the discussion. There are no formal decision processes from a small management group that controls the company, rather the decision-making is delegated to the organization and little to no micromanagement is done. However, all decisions are supposed to be aligned with the business plan that has been set by the different division heads together and the responsibility for this is on the division heads. The ambition of this process is to create a workplace where all decisions are made by the right people in the organization every day which minimizes the need for top management to interfere in the process.

The decision-making process has changed over the years since the company has transitioned from a family-owned business with the CEO being the grandchild of the founder towards being an investment company-owned corporation with a new CEO. The former structure was more based on a top-managed decision-making process.

### **Product development and supply chain processes**

Eton creates four separate collections each year, two larger and two smaller. The two larger collections are called "1" and "6" which refers to the month they will be offered, January and June respectively. The two smaller collections are called "3" and "8" which also represent the months they are offered to consumers. The development of larger collections typically requires around 18 months. The two smaller collections are made more quickly with less focus on new development. This extensive time frame for larger collections is mostly due to the wholesale aspect of the company, in which the presentations and sales to buyers are a big part of the process. When selling B2B the company needs to have its sales in order to then produce and deliver the products for the launch of the collections in stores. The sales of the product to buyers are usually done about 30 weeks before the collection is in stores.

When developing new products for Eton's own sales channels, the development cycle can be reduced to 23 weeks from start to finish. This includes parts such as developing new fabrics with suppliers. If an existing fabric can be used for the product, the timeline can further be reduced to 11 weeks. In addition, regarding costs in product development and supply chain processes, producing samples is one of the biggest costs that Eton has. Eton produces several different samples before compiling a collection and for each unique

design that is produced, a sample is ordered which Eton then chooses to include in its collection or not. There are many different samples that are produced and of these samples, a lot of them are not included in the final collection.

### Product portfolio strategy

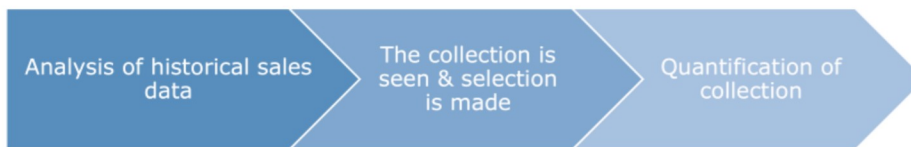
The product portfolio is mainly based on input from the Head of Assortment, Merchandiser/Buyer, input from the business-to-business sales teams, and the E-commerce team, all within the Eton organization. They gather information about the market by looking at sales data, competitors, and meetings with buyers. This has resulted in a portfolio with an up-to-date offer that caters to a lot of customers. New trends, such as the business casual trend, have played a large role in the most recent years, partly due to Covid-19 and but mostly as a general trend among customers even before the pandemic.

One problem with this type of product portfolio management is that the company has continued to add more and more products to its offering in order to satisfy different customers. When branching out the portfolio and offering a more diverse line of casual products, the company has not shrunken other segments which has led to its extensive product portfolio. This is largely due to the company's legacy of being wholesale oriented and wanting to cater to department store buyers' needs and thus listening mostly to the business-to-business sales teams' insights. In terms of optimizing the product portfolio, this has not been the best of decisions but might be one of the company's unique selling points for buyers. This is a potential problem for the company that is currently being reviewed in order to create a business plan for the future.

Regarding the allocation within E-commerce, that is, how they work with offering specific shirts on their website and how they work with the allocation of specific shirt types in their portfolio on the website, is also worth highlighting. There is a certain process that Eton works with when it comes to determining both the selection but also the quantity to be sold on E-commerce. The process consists of three general steps and is determined in particular by a Merchandiser/Buyer at Eton, see Figure 3.6.

**Figure 3.6**

The steps of Eton's product allocation process for E-commerce



*Note:* The figure demonstrates a simplified model of Eton's process for allocating specific products within their portfolio.

In the first step, Eton starts checking historical data to understand the sales and what shirts sold better or worse, usually the last collection or the previous year's sales are

considered in the first step. In addition, a plan is set henceforth almost entirely independent of how the actual products look. The internal merchandiser/buyer gets to see the collection as a second step of the process and a selection of different designs is made, i.e., the type of shirt and its different attributes. In connection with this, a selection is made which is then packaged into a collection. The collection is then to be quantified to get a sense of how much needs to be ordered. Again, historical sales data is taken into account during this step, but also a commercial assessment of the product range is made. The commercial assessment aims to ensure how the respective product will perform and sell, often problematic when it comes to E-commerce and shirts with very few differences in minor attributes (e.g., it can be challenging to predict whether a shirt will sell despite a slight texture change on a white shirt or other similar feature differences). The third step is the final quantification of the collection to understand the mix of shirts in the end, and above all, how large the volume of respective shirts should be purchased.

However, regardless of how the process looks and functions, it is important to point out that there is a certain strategic approach to it all, but the selection and quantity determined are primarily based on historical data from the previous year. Eton has the ambition to expand its allocation of products towards casual shirts and intends to work with product allocation based not only on historical data but also on its future vision and goals. One aspect that came up during a personal dialogue with Hedlund (E. Hedlund, personal communication, April 27, 2023) was that Eton would prefer buying more shirts of the ones they want to sell more of. Increasing the quantity of the top-selling shirts results in higher sales, which in turn can positively impact revenue and potentially improve profit margins as well. Thus, it means that the outcome is not only a result of a customer having certain preferences, but that one can greatly influence the customer's purchase through product activation, e.g., promotions, discounts, or archive sales.

### **Brand differentiation**

Eton as a brand needs to attract two types of customers, namely buyers from department stores and end customers. To attract buyers, the company has sought after providing them with most of their shirt needs. This is done partly by offering a large variety of shirts, as well as a large variety of sizes and fits that not many other producers can provide. Another part is that the company offers its Wardrobe Essential segment with a never-out-of-stock strategy, meaning that the company can always provide the department stores with shirts on relatively short notice to meet customer demand. Accordingly, the department stores do not have to have a large inventory of Eton shirts and do not need to buy all shirts when a new collection is made. Since the Wardrobe Essentials consists of the company's best-selling shirts, it creates a great business model for the department stores and it has been proven that this is an attractive service that Eton provides. Moreover, Eton is well known for its non-iron shirts which buyers from department stores find attractive.

For both buyers from department stores and end customers, Eton focuses on putting the shirt in focus, instead of providing a full wardrobe without focusing on one part, which is a niche that has been successful. Making the shirt a fashion statement, with things such as prints, rather than a base piece that does not gather as much attention in the offerings, is not something that a lot of competitors do.

### **Geographic expansion**

The company has been very successful with its expansion into the United States, but there are still a lot of market shares to gain by continuing this expansion. The growth of sales in this region has been rapid and still is. Eton sees the US as its biggest growth market in the next coming years and a lot of focus will be directed toward this growth. Compared to Europe the company has been able to position itself in a segment of luxury fashion shirts and the company is both gaining customers from the more expensive shirt makers as well as less expensive shirt makers. This type of positioning has not been as successful in Europe and the company is looking into making a transition towards becoming one of the luxury shirt makers in Europe due to several factors including differences in competition and not launching as a luxury brand in the start, which Eton did in the United States. However, Eton sees a lot of potential in southern Europe, namely France, Spain, and Italy, but does not currently have a strong market position in these regions, but wants to expand its market share in the near future.

The company is also looking to expand in Asia, with Japan and Korea being the main countries in focus. These two countries are both large markets for shirts and seem to fit into Eton's current offerings which makes them attractive. However, both Japan and Korea are completely new markets for Eton and the company does not currently have any distribution centers and structure to rely on for these markets. Thus, it is merely a potential for the future.

### **Sustainability at Eton**

Eton's focus on sustainability has been to provide customers with a long-lasting product. The company produces a product that is made to last for years, while still being as comfortable as possible. The company mainly uses cotton fabrics for producing its shirts and the sustainability focus for the future will be to make the offering in organic cotton. Eton has made it a priority to step by step introduce more and more organic cotton in its offering and by 2024 the products will consist of 75% organic cotton. Following this statement, the company will only produce products from 100% organic cotton by 2025.

## **3.3 Eton's competitors**

The fashion industry is a highly competitive market, with many players competing for consumer attention and loyalty. From luxury brands to fast-fashion retailers, there is an abundance of options for consumers to choose from when it comes to clothing and accessories. In this environment, fashion brands need to differentiate themselves from their competitors and offer a unique value proposition to their customers.

Eton Shirts is no exception to this competition. As a luxury shirt brand, Eton competes with other high-end shirt makers such as Zegna, Canali, Turnbull & Asser, and Stenströms in the North American and European markets. As mentioned earlier, these brands are target competitors that Eton has expressed a desire to compete with. To stay ahead in this competitive market, Eton must continue to innovate and differentiate itself through unique design elements, premium materials, and exceptional customer service.

As competitors to Eton, Zegna, Canali, Turnbull & Asser, and Stenströms, were selected as competitors for this report. This selection was made together with Eton to represent the current market in which Eton competes. There are of course several more competing brands but these were chosen due to their diversity as well as their similarity to Eton.

It is worth noting that this study has chosen to examine revenue as a measure of sales volumes for Eton's competitors. By doing so, the study aims to provide a comprehensive understanding of how these competitors compare to each other, rather than focusing solely on Eton. In addition, this has also been done in order to gain an understanding of the general competitive landscape. However, it is crucial to highlight that the revenue mentioned in the report is not limited solely to shirt sales. The different competitors, as well as Eton, have sales in several segments and it is not possible to distinguish the sales between the segments in each company. Hence, this data will not be taken into account in any major way when it comes to product portfolio management, but it is a mapping that has been done to understand the competitive landscape in order to understand generally how competitors work since Eton wants to increase the presence in the casual and luxurious market.

## **Zegna**

Zegna is a luxury Italian fashion company that was founded in 1910 by Ermenegildo Zegna. The brand has become synonymous with high-quality fabrics and tailoring. Zegna began as a wool mill, producing premium fabrics for other clothing brands, but in the 1960s, the company shifted its focus to luxury menswear, and since then, it has become one of the world's leading names in luxury menswear. Zegna offers a wide range of products for the entire wardrobe including suits, jackets, trousers, shirts, ties, shoes, and leather goods. The brand has stores in major cities worldwide and distributes to independent department stores and luxury boutiques worldwide, as well as through its own E-commerce platform, making it easily accessible to customers all around the globe. Zegna's financial performance is a testament to the brand's popularity and its ability to consistently deliver high-quality products that meet the needs of its discerning customers. According to the Zegna Group (2023), the company generated a revenue of 1035 million € in 2021, making it one of the largest menswear brands in the world in terms of revenue. Zegna products are sold at a premium price point, targeting affluent, fashion-conscious men who value quality and craftsmanship. The brand's current shirt offering consists of dress shirts, casual shirts, and evening shirts, with prices ranging from €340 to €935 (Zegna, n.d.). Zegna's commitment to using only the highest quality materials and its attention to detail are reflected in the price of its products, making them a mark of luxury and style.

## **Canali**

Canali is a luxury Italian fashion house, specializing in men's formal and casual wear. The brand has a rich history that dates back to 1934, when it was founded by the Canali family (Canali, n.d.a.). Since then, the company has been dedicated to providing its customers with premium quality products that are a testament to Italian style and craftsmanship. Canali offers a wide range of products that cater to the needs of the modern man. Their offerings include not only dress shirts, but also suits, jackets, trousers, shoes, and accessories such as ties and pocket squares. One of the key features that set Canali apart from other fashion brands is its use of premium fabrics. The brand is known for its use of high-quality materials such as wool, silk, and cashmere, which are carefully selected to ensure that each garment not only looks great but also feels comfortable to wear. The brand's commitment to using premium materials is one of the reasons why its products are considered to be a mark of luxury. Canali products are available at a premium price point, with shirt prices ranging from €220 to €350 (Canali, n.d.b.). Canali products are sold through department stores, luxury boutiques, and the company's own E-commerce platform, making them easily accessible to customers worldwide. Despite its premium positioning, Canali is a relatively large company that has a strong financial performance. According to Yahoo! Finance (2022), the company had a revenue of 141 million € in 2021, which is a testament to the brand's popularity and ability to consistently deliver high-quality products that meet the needs of its discerning customers.

## **Turnbull & Asser**

Turnbull & Asser is a British luxury clothing brand that was founded in 1885, the brand specializes in bespoke and ready-to-wear men's shirts, ties, and accessories but also offers other clothing such as tailoring, outerwear, knitwear, and trousers. Turnbull & Asser has become synonymous with traditional English style and attention to detail, offering products that cater to the needs of well-dressed, fashion-conscious men who appreciate traditional craftsmanship. The company offers shirts that are ready-to-wear, made-to-measure, and bespoke and products are sold in its own stores and E-commerce platform, as well as in department stores and luxury boutiques worldwide, making them easily accessible to customers all around the globe. Shirts start from €285 and can reach prices of up to €1000, depending on the level of customization and craftsmanship required. Despite its relatively narrow merchandise range, Turnbull & Asser has built a reputation as one of the world's leading names in luxury menswear. The company is considered to be a relatively small player in the luxury menswear market, with a revenue of 8.8 million € in 2021. (Turnbull & Asser, n.d.a.)

## **Stenströms**

Stenströms is a Swedish shirt manufacturer that was founded in 1899 by August Stenström. Over the years, the company has gained a reputation for its high-quality shirts, accessories, and clothing items that are timeless in design and crafted with attention to detail. Stenströms offers an extensive collection of men's shirts that includes dress shirts, casual shirts, and evening shirts. The shirts come in a wide range of materials, such as cotton, silk, and linen, with a variety of colors, patterns, and textures to choose from. The brand also offers a selection of blazers, knitwear, and accessories such as ties and pocket squares. Although Stenströms offers its products at a lower price point compared

to some of the other luxury clothing brands on this list, the brand still targets customers who value quality and craftsmanship. With a price point ranging from €139 to €229, the brand offers an affordable alternative to the higher-end luxury brands. Stenströms products are available through multiple sales channels, including the brand's own E-commerce platform, as well as department stores and luxury boutiques worldwide. With a revenue of 27.7 million €, Stenströms is a relatively small company compared to some of the other luxury clothing brands on this list. However, the brand's focus on quality and attention to detail has allowed it to build a loyal customer base over the years. The brand's reputation for excellence and timeless design has helped it stay relevant in a constantly evolving fashion industry. (Stenströms, n.d.a)

### **3.4 Summary of the Case Company**

To summarize, Eton is a clothing brand specializing in shirts, accessories such as ties and scarves, as well as overshirts, and t-shirts. The company has a very strong ambition to continue its journey forward by satisfying customers at different levels and taking larger market shares in both the casual segment but also in the more luxurious market. There are strong competitors in the market that Eton competes with today, but also competitors that Eton wishes to compete with and take market share from. As mentioned above, they also have many different types of shirts, both in terms of the number of shirts but also in terms of the number of different designs within the three defined shirt segments: dress, casual, and evening. As Eton has experienced continuous growth since its establishment, its portfolio has also expanded over time, encompassing both shirts that have performed well and others that have had comparatively lesser success. However, there are various areas where Eton's way of managing product portfolio can be optimized within the E-commerce sector, and in the following chapters, the report will present different frameworks that are worth applying and working with regarding product portfolio management.



# 4

## Frame of reference

In the following chapter, the frame of reference will be presented. Initially, the concept of product portfolio management will be introduced mainly based on the literature published by Cooper et al. (1998) on the subject. Product portfolio management will also be presented in terms of how various reports and authors have interpreted the subject. Furthermore, three goals, developed by Cooper et al. (1998), will be presented, in which the authors speak of “Maximization of Value”, “Balance”, and “Strategic Alignment”. In combination with this, different models that Cooper et al. (1998) consider important frameworks and models for working with portfolio optimization are presented.

Furthermore, a model called Strategic Group Analysis discussed by Porter (1980) and presented by Indeed (2022) will be presented which aims to get an understanding of how to get an external view representing the competitor landscape and competitor intensity. The theory was described by Porter (1980), but he did not create a framework or model for it. Instead, this has been concretized by Indeed (2022).

Finally, the reader is provided with a differentiation between the models, offering insights into their interconnections and the potential for their integration to enhance the scope of analysis in the context of product portfolio management.

### 4.1 Product Portfolio Management

There are many different levels of work involved in achieving profitable development of a company’s performance over time. Patterson (2005) describes portfolio management as portfolio assessment, resource management, and portfolio review. The author argues that companies should manage their portfolio in three ways. Firstly, assessment of the portfolio and ensuring that it is strategically aligned with the corporate strategy and that it provides the highest possible return (Patterson, 2005). Secondly, resources should be effectively applied in order to maximize the portfolio and reach corporate goals. Thirdly, Patterson (2005) describes the portfolio review as a necessary part when managing the portfolio and this means that the portfolio should be reviewed to the extent that it is ensured that new products and the products you offer meet expectations.

However, as mentioned earlier, one of the most frequently cited authors in the area of product portfolio management is Cooper et al. (1999), and this study will give particular attention to their findings. Cooper et al. (1999) present various types of theories that ensure companies allocate resources to the right place and ensure that what they do is

strategically aligned with corporate strategy. To achieve successful product innovation and improve operational effectiveness, strategic choices need to be made, including which markets to enter, which products to offer, and which technologies or businesses to invest in (Cooper et al., 1999). According to Cooper et al. (1997), project portfolio management is defined as “*A dynamic process, whereby a business’s list of active new product (and R&D) projects is constantly updated and revised. In this process, new projects are evaluated, selected, and prioritized; existing projects may be accelerated, killed, or de-prioritized; and resources are allocated and reallocated to the active projects.*”. If one instead refers to PMI (2006), project portfolio management has been defined as “*The Project Portfolio Management is the management of a collection of projects and programs in which a company invests to implement its strategy in order to maximize value.*”.

The theories presented by Cooper et al. (1999) focus on project selection, which involves deciding which new product or development projects to pursue from the numerous opportunities available. It also emphasizes balance, ensuring that the number of projects undertaken is aligned with the resources or capacity available. Achieving the right balance is crucial to ensure that the selected projects are completed successfully and that the company’s resources are utilized efficiently. Following these theories can help companies prioritize and select the most promising projects to achieve their strategic objectives. (Cooper et al., 1999)

In more detail, Cooper et al. (1999) claimed that portfolio analysis is an increasingly essential aspect of business portfolio planning, expected to continue growing in importance. Portfolio management was described as vital for businesses in four key ways.

Firstly, portfolio management involves making strategic choices (Cooper et al., 1999). It functions as a mechanism through which senior management implements their business strategy, determining which products, markets, and technologies to prioritize and the relative emphasis on each (Cooper et al., 1999).

Secondly, the choices made by management regarding new products and technologies today have a significant impact on the future direction of the business, particularly in a 5-year timeframe (Cooper et al., 1999). Cooper et al. (1999) reported that 32% of a firm’s sales were derived from products introduced within the previous five years, highlighting the importance of strategic decisions in shaping a company’s long-term success.

Thirdly, Cooper et al. (1999) state that portfolio management involves resource allocation, specifically regarding the allocation of limited and critical resources such as R&D, engineering, marketing, and operational resources, particularly during times when these resources are in high demand and under significant strain.

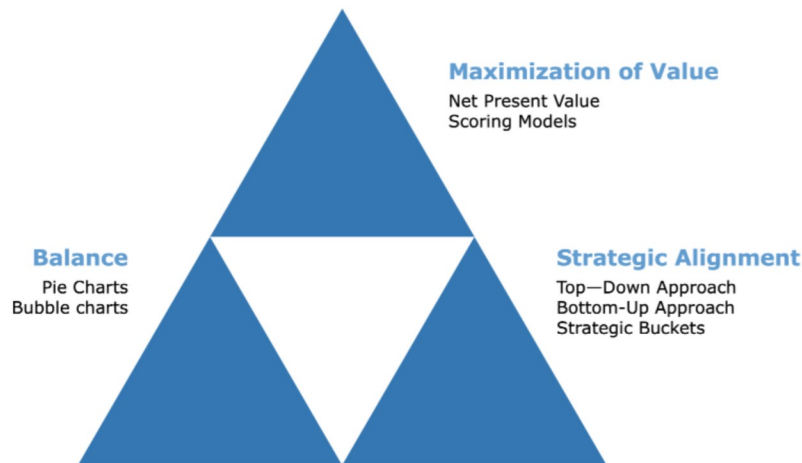
Fourthly and lastly, portfolio management is concerned with the crucial task of achieving a balance between the resources available and the number of projects undertaken (Cooper et al., 1999). Missteps in this area, such as attempting to execute an excessive number of projects with limited resources, can lead to extended cycle times, inferior execution quality, and underwhelming performance of new products.

### 4.1.1 Goals in Portfolio Management

Although Cooper et al. (1998) argue that portfolio methods vary between companies, each management team still has a consistent goal regarding their portfolio. This goal can be divided into three specific objectives: Maximization of Value, Balance, and Strategic Alignment, see Figure 4.1.

**Figure 4.1**

The three objectives of product portfolio management



*Note:* The triangle illustrates the three different objectives that should be considered when managing a product portfolio (Cooper et al., 1998).

#### 4.1.1.1 Goal 1: Maximization of Value

Regarding maximization of value, which is presented as “maximization of the value of the portfolio”, the primary objective is to distribute resources in a manner that maximizes the value of its portfolio with respect to a significant corporate goal, such as long-term profitability, return on investment, and/or probability of success (Cooper et al., 1998). Tools that Cooper et al. (1998) discuss to assess “value” are Net Present Value (NPV), Expected Commercial Value (ECV), Scoring models, and bubble diagrams.

Starting with NPV, which is, according to Cooper et al. (1998), perhaps the most straightforward maximization tool when it comes to the decision-making process. Typically, NPV calculation occurs during the development phase, before the project enters the high-spending stage. The application of NPV during gate decision points is a widely recognized practice, whereby the project’s NPV and IRR are compared against predetermined cutoff criteria to make Go/Kill decisions. Generally, these criteria specify that NPV must be positive and IRR must exceed a risk-adjusted hurdle rate (Cooper et al., 1998).

The ECV approach aims to maximize the expected commercial value of a portfolio while considering predetermined budgetary constraints and the term "expected" is critical in

this context. ECV can be calculated through the usage of Equation 4.1

$$ECV = [(PV * P_{cs} - C) * P_{ts}] - D \quad (4.1)$$

Here, *ECV* represents the expected commercial value, while *PV* denotes the present value of cash flow generated after product launch (excluding any project costs such as development and capital expenditures). Additionally,  $P_{cs}$  is the probability of commercial success (ranging from 0 to 1,0),  $C$  represents the remaining commercialization or launch cost,  $P_{ts}$  is the probability of technical success (also ranging from 0 to 1.0), and  $D$  represents the remaining development costs. Although NPV, IRR, and ECV are good calculation methods to use from a financial perspective, Cooper et al. (2001) and Christensen et al. (2008) argue that these methods are not always completely useful. They argue that companies with a very well-performing product portfolio rely less on financial methods and that financial methods such as NPV, IRR, and ECV can hinder innovation because these calculations often underestimate the value of the investment. According to Christensen et al. (2008), most companies compare the cash flow from innovation with nothing and if no investments are made, one expects the cash flow to be the same. (Cooper et al., 1998)

Further on, Cooper et al. (1998) describe The scoring model as a method in which decision-makers assess projects based on a set of criteria that differentiate superior projects. These criteria are typically rated on a scale of 1-5 or 0-10, and the ratings are added together to create a quantified Project Attractiveness Score that must exceed a minimum threshold. The Project Attractiveness Score serves as an approximation of the project's value, taking into account not only financial measures but also strategic, leverage, and other relevant factors (Cooper and Edgett, 2001). Projects are subsequently ranked based on their scores until available resources are depleted. Various valuation models are available for scoring models, one of which is The Composite, Best Practices Scoring Model (Cooper et al., 1998). The Composite, Best Practice Scoring Model as another scoring model has the advantage of being a composite model, incorporating items and facets from numerous leading companies. This model has six key factors/items, which are as follows:

- Strategic alignment and importance: Is the project aligned with strategy, and is it strategically important?
- Product and competitive advantage: Does the product offer unique customer benefits? Meet customer needs better than competitors? Provide good value for money?
- Market attractiveness: Is the target market an attractive one - size, growth, margins, competition?
- Leverage core competencies: Does the project build on strengths, experiences, and competencies in marketing, technology, and operations?
- Technical feasibility: What is the likelihood of technical feasibility - size of the gap? Complexity? Uncertainty?
- Financial reward: Can this project make money? How sure are we? Is it worth the risk?

Although these six questions are commonly used when applying a Composite, Best Practice Scoring Model, Cooper et al. (1998) explain that certain companies may require a more comprehensive model that involves scoring the project on all sub-items, including additional questions. Table 4.1 depicts six factors with respective key item rating scales, as described above and it shows that a zero score on certain questions results in an automatic elimination or "knockout", as explained by Cooper et al. (1998). The project's attractiveness score is determined by the weighted sum of the six factors scores, appropriately adjusted to provide a percentage value out of 100. If the project exceeds a specific threshold, typically 60 out of 100, it is deemed to have passed the evaluation. (Cooper et al., 1998)

**Table 4.1**  
The Composite, Best Practices Scoring Model

Key Items	Rating Scale				Rating
	0	4	7	10	
<b>Strategic Alignment and Importance</b> <ul style="list-style-type: none"> <li>• Strategic fit and importance</li> <li>• Fits our strategy</li> <li>• Important to do</li> <li>• High impact on our business</li> </ul>	Product not in alignment with or important to our business strategy; low impact: KILL	Somewhat supports business strategy; not too important; modest impact	Supports business Strategy; important; good impact	Product aligns well with our business strategy; product very important to strategy; high impact	
<b>Product and Competitive Advantage</b> <ul style="list-style-type: none"> <li>• Unique customer benefits</li> <li>• Value for money</li> </ul>	None; negative or neutral customer feedback; poor value	Limited; marginal superior; fairly neutral feedback; OK value	Some new benefits; somewhat superior, good value; positive feedback	Major new benefits; very positive customer feedback; great value	
<b>Market Attractiveness</b> <ul style="list-style-type: none"> <li>• Market size &amp; growth</li> <li>• Margins</li> <li>• Competitive situation</li> </ul>	Small or non-existent; low growth & low margins; tough competition; KILL	Modest market; limited growth; fair margins; competitive	Significant market; good growth; good margins; modest competition	Large growing, attractive market; good margins; weaker competition	
<b>Leverage Core Competencies</b> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Production</li> <li>• Marketing &amp; distribution/sales</li> </ul>	No opportunities to leverage competencies; required skills/experience/resources strengths are weak: KILL	Some opportunities to leverage our competencies; our skills/experience/resources are modest	Considerable leverage possible; skills/experience needed for projects are within Company	Excellent leverage of our strengths & competencies; excellent fit between project needs, our skills, experience, resources	
<b>Technical Feasibility</b> <ul style="list-style-type: none"> <li>• Small technical gap</li> <li>• Not too complex technically</li> <li>• Uses our in-house technology</li> <li>• Demonstrated technical feasibility</li> </ul>	Low; big gap; new science; technology new to company; have not been able to demonstrate technical feasibility: KILL	Modest; fairly large gap; quite a few hurdles but do-able; technology daily new to Company; limited evidence to support technical feasibility	Good; small gap; some hurdles, but attainable; have some evidence of technical feasibility	Straight-forward; largely engineering repackaging; we have technology in house; have demonstrated technical feasibility	
<b>Financial Reward vs. Risk</b> <ul style="list-style-type: none"> <li>• Sizeable, excellent opportunity</li> <li>• Payback, NPC &amp; IRR OK</li> <li>• Certainty of estimates</li> <li>• Not too risky &amp; difficult to do</li> </ul>	Poor, limited opportunity; NPV negative, payback >5 yrs; difficult to make money here; risky & tough to do: KILL	Modest opportunity; NPV positive; payback = 4 yrs; fairly difficult to make money; fairly risky & tough to do	Fairly good opportunity; NPV positive & good; payback = 2 yrs; probably can make money; modest risk & difficulty	Excellent opportunity; NPV positive & high; payback <1 yr; not too risky & difficult to do	

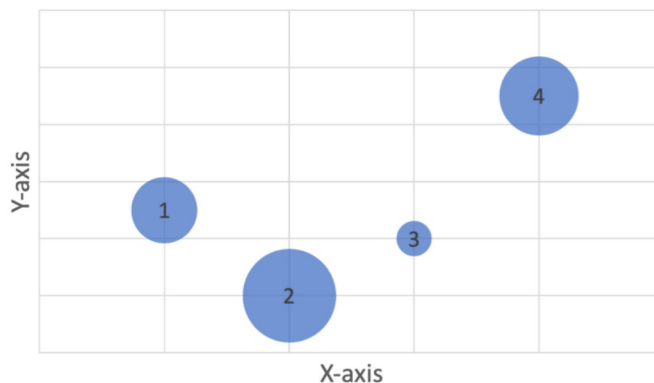
*Note:* The table provides a broad outline of the construction of "The Composite, Best Practices Scoring Model" (Cooper et al., 1998).

#### 4.1.1.2 Goal 2: Balance

According to Cooper et al. (1998), most companies have product portfolios that are unbalanced. Extensive studies have been conducted and investigations have shown that balance has been the weakest area for most companies (Cooper et al. 1998). In addition, it has been shown that, in some cases, there have been too many small projects in a portfolio, where numerous adjustments, modifications, and repairs have made them unprofitable due to the maintenance required. In addition, Cooper et al. (1998) did also

discover that portfolios have often been too heavily weighted towards the short-term, which has had a negative impact on long-term performance. Thus, Cooper et al. (1998) and Archer and Ghasemzadeh (1999) imply that portfolio balance is important for managing different risks. Achieving the right risk level for the portfolio is desirable and thus ensuring that the weighting of projects and products in terms of risk and reward should be compared and carefully considered is of high importance (Cooper et al., 1998). In addition, to guarantee adequate resource allocation to all projects, it is necessary to restrict the number of projects to a level that aligns with the organization's capacity, as recommended by Killen et al. (2008). Charts are a common way of displaying balance in product portfolios and charts are preferred for their capacity to visually depict the equilibrium of projects in the portfolio. One such chart, the bubble diagram, is three-dimensional and displays "bubbles" that represent projects or products, with the size of the bubbles indicating their weighting, see Figure 4.2 (Blau et al., 2004; Cooper et al., 1998). The values on the axes can also vary, contingent on the parameters being examined and balanced.

**Figure 4.2**  
Bubble diagram

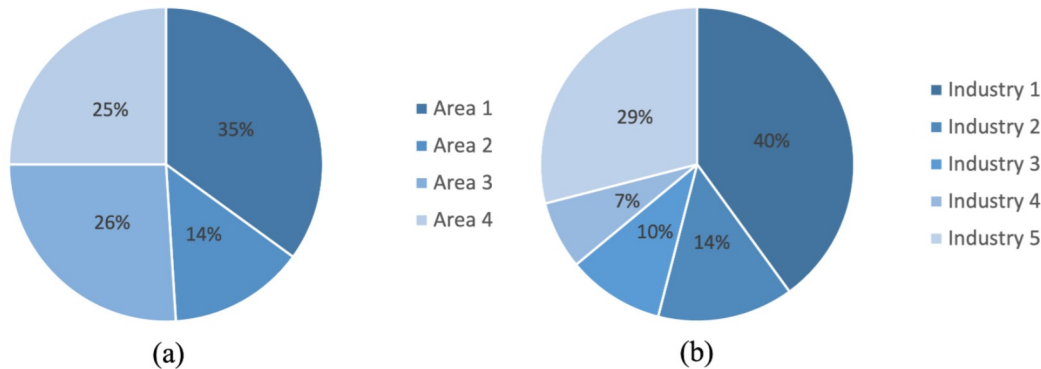


*Note:* The figure illustrates what a bubble diagram might look like. Through this type of bubble diagram, one succeeds in creating a chart with three dimensions (Cooper et al., 1998). It can e.g., be used if one wants to analyze a company's sales and include the perspectives of turnover and contribution margin per unit and then the price per unit.

Pie charts are another type of chart presented by Cooper et al. (1998) in portfolio balancing, which displays the proportion of a whole as a circle divided into different sectors. In product portfolio management, pie charts can be used to show how resources are allocated among different product lines or projects. Some dimensions commonly used to achieve an understanding of balance are specific markets, products, and technologies. Cooper et al. (1998) conducted a study for a specialty chemical company to visualize how they allocate funding across product lines and markets, which can be seen in the pie chart in Figure 4.3.

**Figure 4.3**

Pie charts for allocation of resources by product lines and markets



*Note:* The figure illustrates one pie chart for the product line, pie chart (a), for different working areas, and one pie chart representing the market allocation, pie chart (b), within different industries (Cooper et al., 1998).

However, Cooper and Edgett (2001) highlight that bubble diagrams and pie charts serve as informational displays rather than decision models, unlike the previously mentioned maximization tools. They showcase the current portfolio and resource allocation, rather than suggesting what should be done or adjusted. These visuals are a useful starting point for discussing how resources should be allocated to achieve the desired outcomes. (Cooper and Edgett, 2001a)

#### 4.1.1.3 Goal 3: Strategic Alignment

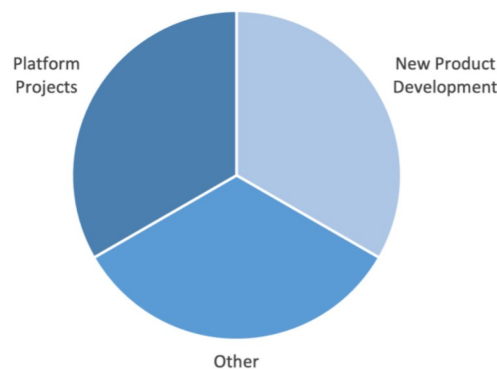
A company's strategy is based on its vision and mission, as described by Taiwo et al. (2016). The vision is defined as a summary of where the organization wants to be in the future, while the mission describes how to get there by expressing what the organization does and for whom. These two factors serve as a guide to establishing and achieving corporate objectives (Taiwo et al., 2016). When it comes to portfolio optimization, several authors emphasize the importance of strategy and ensuring that one's portfolio methods are strongly aligned with the corporate strategy (Cooper et al., 1998; Killen et al., 2008; Archer and Ghasemzadeh, 1999).

According to Cooper et al. (1998), the third goal aims to create a strong link to strategy. Thus, portfolio management aims to create a linkage between corporate strategy and portfolios by aligning all portfolio components with the business strategy, contributing to strategic objectives, and allocating resources in accordance with the strategic direction of the organization (Cooper et al., 1998; Killen et al., 2008). Furthermore, Cooper et al. (1998) emphasize that measuring portfolio value as part of the organization's overall strategic objectives is essential for success. Senior management should determine the optimal portfolio balance through a strategic approach. Strategic fit (i.e., are all projects consistent with the articulated strategy?), Strategic contribution (i.e., in order to achieve your business strategy and goals, which projects or products should you undertake?), and

Strategic priorities (i.e., if your company is focused on growth, it is essential to allocate the majority of R&D spending to projects that are designed to promote business growth. Therefore, it is important to consider whether the breakdown of your spending aligns with your strategic priorities), these are three statements Cooper et al. (1998) highlight when discussing strategic alignment according to portfolio management. In addition to these three statements, Cooper et al. (1998) present a simplified strategic bucket model, see Figure 4.4.

Moreover, Cooper et al. (1998) mention a special case of the strategic buckets model, namely for platform projects. It is a simplification of the traditional strategic buckets model where the categories are categorized into three buckets: fundamental research and platform development projects, new product developments, and maintenance activities such as technical support and product improvements (Cooper et al., 1998). It is a two-step approach where each bucket receives a specified amount of funds and projects within each bucket are rated and ranked against each other to create three separate portfolios that reflect the business's strategic priorities (Cooper et al., 1998; Cooper, 2017). This approach ensures that spending is firmly linked to the company's strategy and that the portfolio of projects and spending across strategic buckets align with management's desired targets. The model also acknowledges that all development projects competing for the same resources should be considered in the portfolio approach and allows for different criteria to be used for different types of projects (Cooper et al., 1998). This two-step approach eliminates the need for a universal list of ranking criteria that fits all projects and avoids comparing vastly different types of projects against each other (Cooper et al., 1998).

**Figure 4.4**  
Strategic Buckets Method of Portfolio Management



*Note:* The figure presents what the strategic bucket looks like and which parts are included in it. As can be seen in the figure, the method consists of three areas; New Product Projects, Platform Projects, and Other (which e.g., includes extensions, modifications, and improvements) (Cooper et al., 1998).

## 4.2 Strategic Group Analysis (SGA)

Conducting robust and nuanced competitor analysis is important to ensure that one has an understanding of different companies and brands that offer similar products to one's own company. There are several different ways to analyze the competitive market, but to study specific companies with a similar character to the case company Eton, an SGA is a relevant model to apply in order to reach a sufficient analysis (Porter, 1980). Fleisher and Bensoussan (2000) define strategic group analysis as a subset of an industry analysis that focuses on analyzing various clusters of competing companies that share a similar competitive approach or strategic position. Porter (1980), on the other hand, defines SGA as the initial phase of a structural analysis of an industry's competitors in order to understand their tactics. An SGA is an external approach in which the competition in the market is examined, in contrast to an internal analysis that examines the company without focusing on outside factors. The model consists of four steps that deal with different parts of the market relevant to the specific case company, see Figure 4.5.

**Figure 4.5**  
Strategic Group Analysis



*Note:* The figure illustrates the four steps included in the strategic group analysis (Indeed, 2022).

The first step refers to making a list of direct competitors which, according to Indeed (2022) refers to competitors that are most similar to the company and its business. This includes both the companies themselves but also the type of consumer they are targeting. Likewise, it is desired to determine whether strong positions the competitors have in relation to their consumers, i.e., if a company with a similar business model and products are considered "better" than other competitors, then this is considered a strong and significant competitor (Indeed, 2022).

The second step that Indeed (2022) presents is rather about mapping and identifying the differences that exist between the various competitors. There are many similarities between the different competitors, as mentioned above, but the differences are nevertheless important to map what constitutes the difference between the different companies. Several different aspects can be reviewed and compared between the competitors, e.g., features of products, pricing of products, size of the company, the versatility of merchandise, and demographics of target audiences (Indeed, 2022).

In order to then create a visually understandable and tangible difference with the various competitors, a map will be created and organize the various competitors based on specific characteristics, which represents the third step (Indeed, 2022). This would, e.g.,

implicate making a bubble diagram where companies with a large market share in a certain segment have a larger circle. Through this, one can e.g., see that brands with close locations on the map can be direct competitors, while brands with locations far away are not as relevant as competitors (Indeed, 2022).

The fourth and final step that Indeed (2022) presents is to evaluate the data on the analysis, which is described as a step where the results are evaluated and then identify which competitors dominate the market. In connection with this, it is also common to create a strategy for how to work forward to become a stronger competitor. One wishes to gain an understanding of how one's company's character traits are seen by consumers in order to achieve a favorable position in the market (Indeed, 2022).

### 4.3 Distinguish of the three models

As mentioned above, there are two distinct frameworks for working with product portfolio management; goals in product portfolio discussed by Cooper et al. (1998) and Strategic Group Analysis discussed by Porter (1980) and Indeed (2022). There are certain interrelated aspects and differences between the two models that will be illustrated below.

As for the focus area of the two frameworks, the framework presented by Cooper et al. (1998) focuses on managing a company's portfolio to optimize general performance and alignment with the strategic goals. Through this, companies can achieve goals such as increased revenue and growth. In addition, it is about making decisions based on resource allocation and product prioritization. The SGA framework, in contrast, places more of an emphasis on comprehending the competitive environment for businesses that have comparable product offerings and business models.

Regarding the scope of the two frameworks, there are also significant distinctions. Cooper et al. (1998) focused on the internal elements of a company, such as resource allocation and product prioritization in connection with the corporate strategic goals. SGA, on the other hand, is an external analysis as it only analyzes the competitive landscape and does not consider internal factors (Indeed, 2022). It is essential to have an understanding of the product portfolio, both from an internal and external perspective, as they can both have a major impact on the portfolio and the company. The internal factors are essential for companies to consider in order to work with the right products and that all products are strategically aligned with the corporate strategy. If one instead looks at the external aspects, referring to the SGA framework, the actual competitive landscape is necessary to understand in order to be able to work towards other broader strategic goals such as expanding the market within a specific segment where target competitors (i.e., competitors that a company wants to compete with for strategic reasons) are located (Bettis and Hitt, 1995; Powell, 1992). In addition, external insight creates an understanding of the demand for products and their competitiveness. Considering both internal and external factors, companies can develop a more strategic and well-balanced product portfolio. A product portfolio based only on internal factors may miss important market opportunities and competitor threats.

Another aspect worth highlighting is also the difference when it regards the framework's purpose since the framework presented by Cooper et al. (1998) aims to create an understanding of how a company should work with its product portfolio (e.g., maximization of portfolio value, portfolio balance, and strategic alignment). In comparison, as mentioned above, SGA instead aims to understand the competitive landscape with the aim of knowing which competitors are the strongest in order to further know how to position your company based on how you want to compete. In other words, through an SGA, one can get an understanding of the competitor landscape and through this, establish a solid groundwork for making strategic decision-making, such as identifying opportunities for competitive advantage, assessing potential threats, and developing effective competitive strategies.

The two frameworks are ultimately connected in the way that SGA aids the product portfolio management process by providing knowledge about the competitive dynamics within the market. By understanding the market and the competitors through the SGA framework, companies can present potential opportunities for identifying and addressing threats from the closest competitor networks, while at the same time, identifying opportunities to reach other markets or capture larger market shares. SGA further creates an opportunity to be able to make strategic decisions about how a company should work with its products based on competitors and how they should work with product allocation. Here, the three goals of product portfolio management become interesting to consider because a company's strategy is highly correlated with which brands it wants to compete with and defining how to capture new market shares. In this case, it is important that companies manage their product portfolio and ensure that the product portfolio (1) maximize portfolio value, (2) having the right balance of different product types in the portfolio, and (3) being strategically aligned (corporate strategy and portfolio). Through the combination of the two models, a very good understanding of what should be taken into account to ensure a fully optimized product portfolio is achieved.

# 5

## Data Findings and Analysis

In the following chapter, relevant gathered data collected through selected methods and theoretical frameworks are presented. The three product portfolio goals that Cooper et al. (1998) discuss will be applied to the data collected from interviews and sales data. Subsequently, a strategic group analysis will be presented using the same data collected for the product portfolio objectives (i.e., interview data and sales data). Finally, general results from data collection are presented which were both valuable and necessary for facilitating in-depth discussions.

### 5.1 Product Portfolio Goals

The results that have been achieved in terms of the information processed regarding interviews and sales data from Eton will be presented in terms of the three goals of product portfolio management. The findings from interviews and sales data analysis were subsequently applied to relevant frameworks and theories which, among other things, Cooper et al. (1998) discussed in their study presented in Chapter 4 Frame of reference.

#### 5.1.1 Goal 1: Maximization of Value

To evaluate the maximization of value for Eton's shirts, a scoring model has been made to assess the three segments, see Table 5.1. Starting with strategic alignment and importance, both dress shirts and casual shirts perform well and get a score of 10 each. This is due to them being key components to the business strategy and being very important to Eton's strategy moving forward. The core business heavily relies on these products as they serve as the primary revenue generators for the company. Evening shirts, on the other hand, have a relatively modest impact on the overall business performance, earning a score of 4. When it comes to product and competitive advantage, all three segments provide a somewhat superior product compared to the market with good value for money and the company has received good feedback, thus all segments get a score of 7. Market attractiveness is, for both dress shirts and casual shirts, high with a large market worldwide. According to Eton, the growth of these segments is also good, especially for the casual segment. Margins are also good for these segments, however, the competitive nature of the market affects their overall score. Consequently, these products receive a score of 7. For evening shirts, however, the market size is small with low growth but the margins stay the same as per the other segments and the evening shirts get a score of 4. When it comes to leveraging core competencies, all products score perfectly since no new technology has to be developed, the production capabilities do not need to be extended,

and marketing and sales channels are already developed. The technical feasibility for the products also gets the highest score due to the technology for production and the products already being in place, as well as the technology being tested and working in the current state. Financial reward vs risk is thought to be high for dress shirts and casual shirts since they provide an excellent opportunity for the company to further increase its sales as they today provide the company with good results in terms of financial value. Thus they receive a score of 10. However, the evening shirts only present a fairly good opportunity where the company can make money but not as good as the other segments since the market is smaller. Therefore the evening shirts receive a score of 7.

**Table 5.1**  
The Composite, Best Practices Scoring Model with values

Key Items	Rating Scale				Dress	Casual	Evening
	0	4	7	10			
<b>Strategic Alignment and Importance</b> <ul style="list-style-type: none"> <li>• Strategic fit and importance</li> <li>• Fits our strategy</li> <li>• Important to do</li> <li>• High impact on our business</li> </ul>	Product not in alignment with or important to our business strategy; low impact: KILL	Somewhat supports business strategy; not too important; modest impact	Supports business Strategy; important; good impact	Product aligns well with our business strategy; product very important to strategy; high impact	10	10	4
<b>Product and Competitive Advantage</b> <ul style="list-style-type: none"> <li>• Unique customer benefits</li> <li>• Value for money</li> </ul>	None; negative or neutral customer feedback; poor value	Limited; marginal superior; fairly neutral feedback; OK value	Some new benefits; somewhat superior, good value; positive feedback	Major new benefits; very positive customer feedback; great value	7	7	7
<b>Market Attractiveness</b> <ul style="list-style-type: none"> <li>• Market size &amp; growth</li> <li>• Margins</li> <li>• Competitive situation</li> </ul>	Small or non-existent; low growth & low margins; tough competition; KILL	Modest market; limited growth; fair margins; competitive	Significant market; good growth; good margins; modest competition	Large growing, attractive market; good margins; weaker competition	7	7	4
<b>Leverage Core Competencies</b> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Production</li> <li>• Marketing &amp; distribution/sales</li> </ul>	No opportunities to leverage competencies ; required skills/experience/resources strengths are weak: KILL	Some opportunities to leverage our competencies ; our skills/experience/resources are modest	Considerable leverage possible; skills/experience needed for projects are within Company	Excellent leverage of our strengths & competencies; excellent fit between project needs, our skills, experience, resources	10	10	10
<b>Technical Feasibility</b> <ul style="list-style-type: none"> <li>• Small technical gap</li> <li>• Not too complex technically</li> <li>• Uses our in-house technology</li> <li>• Demonstrated technical feasibility</li> </ul>	Low; big gap; new science; technology new to company; have not been able to demonstrate technical feasibility: KILL	Modest; fairly large gap; quite a few hurdles; but do-able; technology daily new to Company; limited evidence to support technical feasibility	Good; small gap; some hurdles, but attainable; have some evidence of technical feasibility	Straight-forward; largely engineering repackaging; we have technology in house; have demonstrated technical feasibility	10	10	10
<b>Financial Reward vs. Risk</b> <ul style="list-style-type: none"> <li>• Sizeable, excellent opportunity</li> <li>• Payback, NPC &amp; IRR OK</li> <li>• Certainty of estimates</li> <li>• Not too risky &amp; difficult to do</li> </ul>	Poor, limited opportunity; NPV negative, payback >5 yrs; difficult to make money here; risky & tough to do: KILL	Modest opportunity; NPV positive; payback = 4 yrs; fairly difficult to make money; fairly risky & tough to do	Fairly good opportunity; NPV positive & good; payback = 2 yrs; probably can make money; modest risk & difficulty	Excellent opportunity; NPV positive & high; payback <1 yr; not too risky & difficult to do	10	10	7
<b>SUM</b>					54	54	42

*Note:* The table provides a broad outline of the construction of "The Composite, Best Practices Scoring Model" (Cooper et al., 1998). It's worth noting that the scoring model is subjective since the authors have attempted to interpret the reality based on the data they had at their disposal. The scoring model presented in the table is therefore subjective and is seen rather as a recommendation for Eton on how to work with a scoring model than an actual assessment/scoring.

The findings from the Best Practices Scoring Model show that both dress shirts and casual shirts have the same amount of points (54). The two categories gain the exact same points at each key item throughout the model which supports them in being the two main focuses of the company. However, the evening shirts' score is not as good with only 42 points combined. This is largely due to the small market and low volumes it covers. This is also reflected in the product portfolio in which evening shirts represent a small portion of the portfolio.

### 5.1.2 Goal 2: Balance

In the following segment, sales data from Eton's E-commerce will be presented. The data has been collected between 2020-12-04 and 2023-02-28 and includes all E-commerce sales within the timeframe.

Based on the sales data, it can be concluded that Eton sold 733 different shirt types i.e., that all of these 733 shirts are completely different in design, but the fit and sizes may vary. Of these 733 shirts, the dress shirt segment represented 57% of the portfolio, the casual shirt segment represented 36% of the portfolio, and the evening shirt segment represented 7% of the offering, see graph (a) in Figure 5.1. These shirts represent sales from 10 different collections as well as the Wardrobe Essential segment which is a perpetual offering.

In relation to the portfolio, the sales performance of the separate shirt segments has been calculated in regard to all sales, see graph (b) in Figure 5.1. As presented in the figure, there is a discrepancy between the portfolio balance and the shirt sales in regard to the segments. The data shows that 68% of shirt sales originate from dress shirts, even though dress shirts only accumulate to 57% of the portfolio. The casual shirt segment and the evening shirt segment have fewer sales in comparison to their portfolio sizes. The casual segment represents 36% of the portfolio but only 27% of sales and the evening shirts segment represents 7% of the portfolio with 4% of sales. Given this situation, the portfolio might be imbalanced since the sales do not reflect the portfolio size. As presented, the issue primarily lies within the casual segment, which appears to be underperforming compared to the intended level. A clear indication of a well-balanced portfolio would be the alignment between each segment of the portfolio size and its corresponding sales. In this scenario, the sales of dress shirts outweigh the proportion of their representation in the portfolio, making them the top-performing segment. On the other hand, the casual shirt and the evening shirt segments are underrepresented in terms of sales compared to their portfolio sizes and are thus underperforming. The discrepancy between portfolio and sales could become a problem for Eton if not managed correctly. This is due to too many products being developed in the wrong segments which can lead to lower earnings.

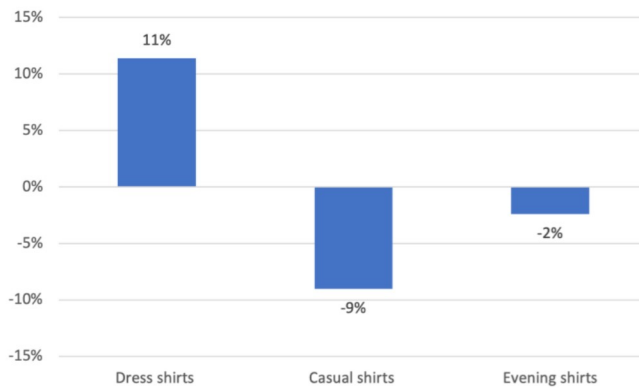
**Figure 5.1**  
Eton's shirt portfolio and E-commerce sales



*Note:* The figure illustrates Eton's shirt portfolio on the company's E-commerce platform between 2020-12-04 and 2023-02-28, see pie chart (a), while pie chart (b) illustrates the shirt sales on the E-commerce platform in the same time period.

To better understand the sales performance of each segment, an analysis of sales compared to portfolio size is presented below, see Figure 5.2. Based on the findings, the dress shirt segment delivers 11 percentage points better results in relation to portfolio size, and casual and evening shirts underperform by negative 9 and 2 percentage points respectively.

**Figure 5.2**  
Shirt performance in relation to portfolio size

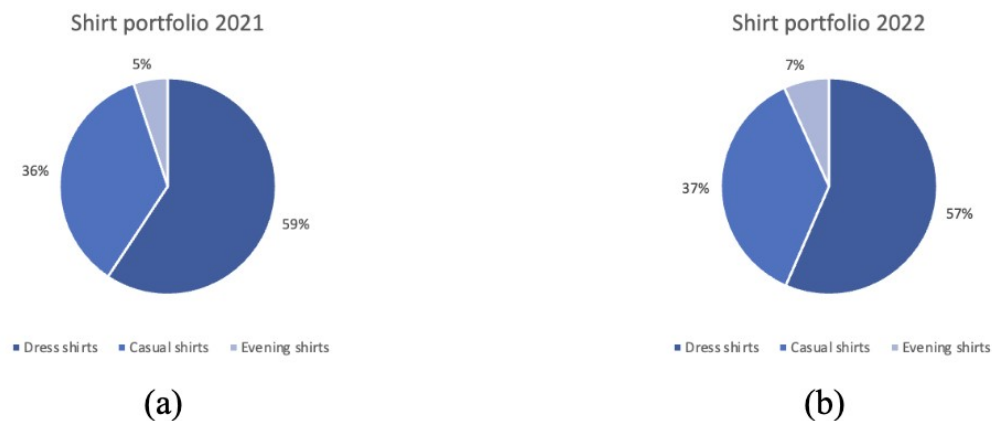


*Note:* The figure illustrates how the three shirt segments perform in comparison to how the portfolio is composed. In other words, one can quite clearly see that dress shirts perform better than the size of the portfolio, while casual shirts instead underperform. Evening shirts on the other hand are very close to zero which means that the portfolio more or less performs according to the size of the portfolio.

Worth mentioning is that the study could only conduct a full year-over-year analysis using data solely from 2021 and 2022, as no other data was available. Graph (a) in Figure 5.3 shows that in 2021, the portfolio consisted of 59% dress shirts, 36% casual shirts, and 5% evening shirts. Compared to 2021, graph (b) in Figure 5.3, shows that the portfolio in 2022 consisted of 57% dress shirts, 37% casual shirts, and 7% evening shirts. The results of the year-over-year analysis show that not much has changed between the years, only slight changes have been made in terms of portfolio balance.

**Figure 5.3**

Portfolio balance for years 2021 and 2022



*Note:* The figure illustrates how the shirt portfolio was composed during 2021 (pie chart (a)) and 2022 (pie chart (b)). Only minor changes were made which resulted in an increase in both casual and evening shirts from 2021 to 2022 as well as a decrease in dress shirts.

### 5.1.3 Goal 3: Strategic Alignment

#### Strategic fit

Strategic fit, according to Cooper et al. (1998), refers to whether all projects are consistent with the articulated strategy. In this report, the strategic fit refers to whether Eton’s product portfolio is consistent with the articulated strategy. After thorough analysis and data collection, it becomes clear that Eton has three major strategies. Firstly Eton wants to increase its exposure to the casual shirt market and be able to gain larger market shares. Secondly, they also want to take a more luxurious position in the market, similar to what Eton has done in the United States. Thirdly, Eton wants to increase brand recognition through new products (not just shirts). By analyzing the sales data that was provided by Eton, it can be seen that Eton has 57% of its portfolio represented by dress shirts, 36% represented by casual shirts, and 7% by evening shirts, see Figure 5.1. Given the strategy that Eton wants to increase its exposure into the casual segment (i.e., increase the number of casual shirts in the portfolio), one can see a result of this

regarding the change in the portfolio from an analysis of the year 2021 to 2022. Given the results from the analysis, one can see in 2021, that 59% of the portfolio is represented by dress shirts, 36% by casual shirts, and finally, 5% by evening shirts, see Figure 5.3. Thus, the results from the analysis of the change between 2021 and 2022 have shown a decrease in the proportion of dress shirts to 57% and an increase in casual shirts to 37%, and evening shirts also increased to 7%, see Figure 5.3.

### **Strategic contribution**

As for strategic contribution, which in this report aims to achieve its business strategy and goals based on which products the company wants to develop and produce, Eton has a very comprehensive strategy, but a strategy that does not go into detail in its work with product portfolio management. As mentioned above, Eton has, after analyzing the data, a product portfolio with the majority of dress shirts, but also a large part of casual shirts. Eton also has a goal to increase its presence in the casual shirt segment. In light of this, they both want to reach new markets, but also to sell more of what Eton believes sells well. On the other hand, it is worth mentioning that Eton does not have a clearly stated strategy regarding its specific work of which products should be considered.

### **Strategic priorities**

After analyzing Eton's strategy, it is evident that Eton places significant emphasis on ensuring growth given that Eton wants to increase its market share in markets such as the casual and luxurious market. In other words, it has been shown that Eton, like many other companies, desires general growth where they broadly declare that they have the desire to increase their sales within the casual segment. Worth mentioning is that Eton has large costs when it comes to the development of new products as samples of different newly developed shirts are expensive, especially when there are many different types of shirts for which samples are to be produced. However, there is no stated strategy that has proven during the study that Eton works actively to spend more money on the "right" products, but they have a broad portfolio of shirts that have also been shown to perform less well in terms of sales. In addition, it has been shown that Eton aims to expand its casual segment for various reasons (e.g., that casual wear, in general, has become more common after the Covid-19 pandemic), but looking at the analysis of the sales data, one can see that the proportion of casual shirts has only increased by one percentage point.

Thus, Eton has a clear goal to increase its business growth, but in terms of strategic priorities, as Cooper et al. (1998) presented, this statement implies that most R&D should be spent on projects designed to promote growth. In this report, it means that Eton should put its greatest focus on the R&D of new products within the Casual shirts segment if it is these products that they consider most suitable for them.

### **Strategic Buckets**

According to Cooper et al. (1998), the purpose of using Strategic Buckets is to realize the strategy by balancing the project portfolio in accordance with the established strategy. For this study, the purpose of using strategic buckets is to realize the strategy by balancing the product portfolio in accordance with the established strategy instead of projects. Accordingly, Cooper et al. (1998) claimed that companies should balance resources based on

strategy across different products such as concepts, markets, technologies, size, and risk levels. Regarding fundamental research and platform development products as Cooper et al. (1998) present as a part of the strategic bucket, this applies to the resource allocation linked to any type of development of new types of shirts. That is to say, Eton should work very actively with research, analysis, and development with a focus on the right area based on their strategy, e.g., analysis of the casual market. Eton has an active practice of working in parallel with their competitors in such a way that they know which competitors they want to compete with. However, there is no stated strategy as to whether Eton allocates more or fewer resources towards analysis and development in a specific business area, such as casual or dress shirts.

The same applies to the next aspect that Cooper et al. (1998) highlight regarding new product development, where there is also no explicit indication of how many resources are allocated to the creation of new features or attributes for the shirts. However, it is given that Eton has a large cost regarding samples when it comes to the new product development of shirts. However, this study has not obtained any results regarding which type of shirt or attribute that accounts for the greatest cost.

Upon reviewing the results obtained by the study regarding maintenance activities such as product improvements and the number of resources allocated to that specific bucket, the same applies here as to new product development. The study lacks information to determine Eton's resource allocation for specific shirt segments in terms of adjustments and incremental improvements. No specific findings were obtained on this matter as Eton's approach to resource allocation does not operate in that manner, the focus is often on analyzing the previous year's sales data to see what sells well and what doesn't. However, it is clear that Eton makes adjustments to the shirts that they have in their portfolio, but given the results, it is not possible to determine whether their resource allocation is more or less towards any specific shirt segment.

## **5.2 Strategic Group Analysis**

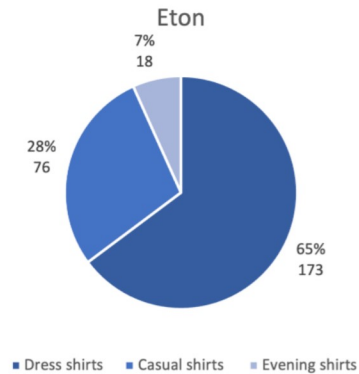
The fashion industry is a highly competitive market and Eton faces tough competition in both the US and European markets from different players. As the company holds slightly different market positions in each market, it faces varying types of competition.

### **5.2.1 List of competitors**

The selected competitors in coordination with Eton are Zegna, Canali, Turnbull & Asser, and Stenströms, each with a distinct market position compared to Eton. Nevertheless, they collectively represent the various market segments in which Eton operates across different geographical areas. The data obtained pertains to the assortment of shirts offered by these competitors through their respective E-commerce platforms as of April 9th, 2023. In comparison, Eton's current E-commerce shirt collection comprises 173 dress shirts, 76 casual shirts, and 18 evening shirts. To provide a reference to the data gathered from the competitors' shirt portfolios, see Figure 5.4.

**Figure 5.4**

Eton's current E-commerce shirt portfolio



*Note:* The figure illustrates Eton's E-commerce offering as of 2023-04-09.

## 5.2.2 Distinguish between companies in the list and company background

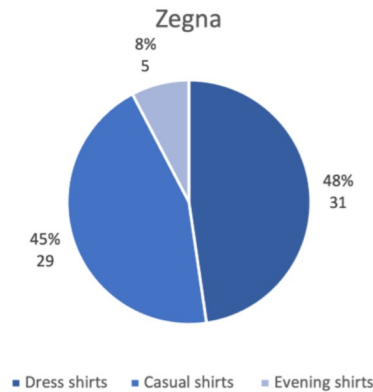
To gain a deeper understanding of the competitors and the competitor landscape, differentiation between them need to be explicitly stated. In the following chapter, the competitors will be distinguished from each other to understand their similarities and differences. In chapter 3.3 Eton's competitors, a profiling of each competitor has been made with aspects such as pricing, company size, product versatility, and target audience demographics. The focus of this chapter will be to examine the competitor's product portfolio to deepen the analysis and create distinguished profiles for each company.

### Zegna

Starting with Zegna, the company provides a curated shirt offering that is relatively small and consists of 31 dress shirts, 29 casual shirts, and 5 evening shirts, see Figure 5.3. The shirts are mostly solid in color but the company also offers patterned shirts. The shirts are relatively homogenous with mostly solid colors with few exceptions. (Zegna, n.d.)

**Figure 5.5**

Zegna's current E-commerce shirt portfolio



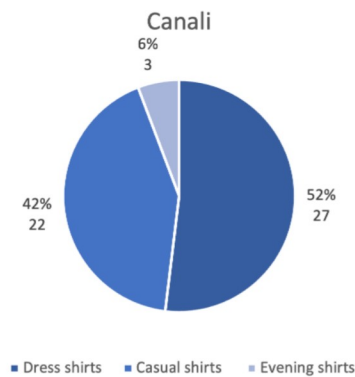
*Note:* The figure illustrates Zegna's E-commerce offering as of 2023-04-09.

**Canali**

Canali's current shirt offering on their E-commerce platform consists of 27 dress shirts, 22 casual shirts, and 3 evening shirts, see Figure 5.6. The dress shirt offer mainly consists of solid cotton shirts with little difference in terms of style and quality, except the color. However, casual shirts come in several different models, more patterns, and other qualities such as linen. Evening shirts are relatively similar in design. (Canali, n.d.b.)

**Figure 5.6**

Canali's current E-commerce shirt portfolio



*Note:* The figure illustrates Canali's E-commerce offering as of 2023-04-09.

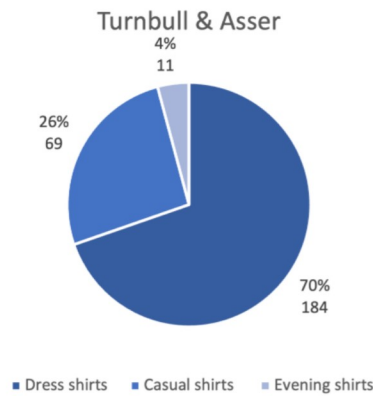
**Turnbull & Asser**

Turnbull & Asser has an extensive shirt offering consisting of 184 dress shirts, 69 casual shirts, and 11 evening shirts, see Figure 5.7. The dress shirts are available in a variety of styles, ranging from classic white and blue to more vibrant colors and patterns, such as

stripes and checks. The casual shirts have options for both long and short sleeves, and a range of styles that include checked, striped, and plain designs. (Turnbull & Asser, n.d.b.)

**Figure 5.7**

Turnbull & Asser’s current E-commerce shirt portfolio



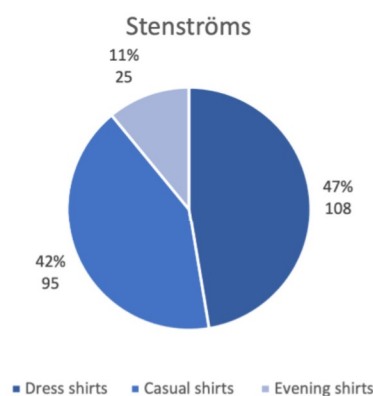
*Note:* The figure illustrates Turnbull & Asser’s E-commerce offering as of 2023-04-09.

### Stenströms

Stenströms’ current shirt offering on its E-commerce platform consists of 108 dress shirts, 95 casual shirts, and 25 evening shirts, see Figure 5.8. The large shirt portfolio is diverse with shirts in different materials, colors, patterns, and textures. Stenströms is currently the company with the most similar portfolio in comparison to Eton, both in terms of size and portfolio, as well as a key demographic with a similar price point. (Stenströms, n.d.b.)

**Figure 5.8**

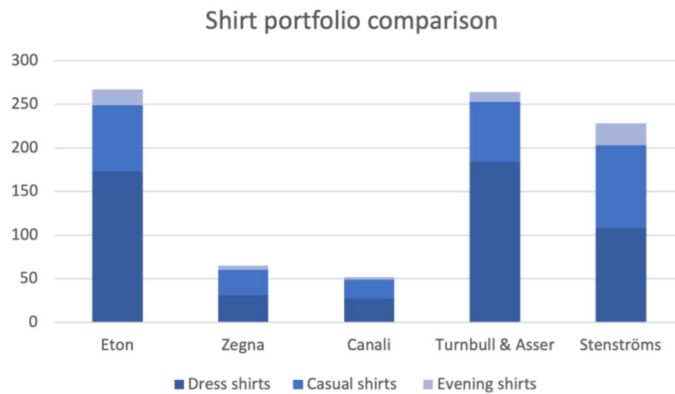
Stenströms’ current E-commerce shirt portfolio



*Note:* The figure illustrates Stenströms’ E-commerce offering as of 2023-04-09.

When visualizing the shirt portfolios and comparing them, it becomes apparent how different the companies handle their portfolios, see Figure 5.9. There are three companies, Eton, Turnbull & Asser, and Stenströms, who have a large portfolio while the remaining competitors have a smaller portfolio. The large portfolios can be an outcome of the companies being focused on shirts rather than other garments. Hence, the shirt portfolio becomes more important to the companies. Another noteworthy comparison is that there are three companies, Zegna, Canali, and Stenströms, who focus more on casual shirts with more than 40% of the portfolio represented by casual shirts. Both Eton and Turnbull & Asser have a portfolio consisting of less than 30% of casual shirts of the total portfolio.

**Figure 5.9**  
Shirt portfolio comparison



*Note:* The figure illustrates the difference in portfolio size and the balance of each portfolio. Worth noting is that there is a clear difference in both portfolio size and balance between the companies with Eton, Turnbull & Asser, and Stenströms having larger portfolios compared to Zegna and Canali. There is also a difference in portfolio balance with Zegna, Canali, and Stenströms having a larger share of casual shirts compared to Eton and Turnbull & Asser.

In conclusion, all of these companies operate in the luxury menswear industry, but they have different product offerings and target customers. Zegna and Canali compete with other high-end menswear brands, while Turnbull & Asser and Stenströms specialize in shirtmaking and target well-dressed, fashion-conscious men who value traditional craftsmanship. There is also a large difference between company sizes with Zegna being the largest player in the field, and Canali being the second largest. These two companies target roughly the same market and have the largest presence in the United States. Another difference is the focus on a full wardrobe offering, with especially Zegna, but also Canali, having a large focus on other segments while Turnbull & Asser and Stenströms are more focused on only shirt making.

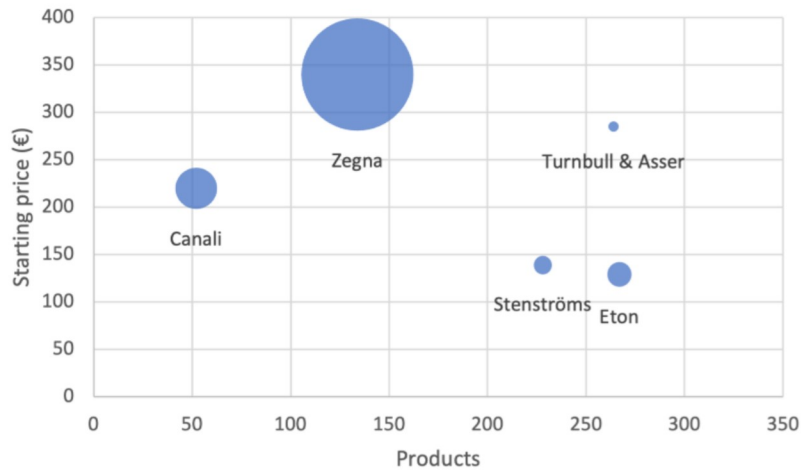
### 5.2.3 Map of competitors

To compare Eton to its competitors, a map of the competitor landscape is presented in Figure 5.10 as a bubble diagram. The competition landscape can be evaluated using the position of the companies in the figure. Firstly, on the X-axis, the number of shirts currently being offered by the company on their respective E-commerce platforms can be seen. Secondly, the Y-axis represents the starting prices of shirts provided by each company, from low to high. Lastly, the size of each bubble represents the revenue of each company, i.e., the bigger the circle, the higher revenue. It is important to note that the revenue mentioned refers to the overall revenue generated by the company, encompassing all segments and not just the revenue from the shirt segment.

In this case, Eton's current E-commerce offering of 267 shirts, consisting of 173 dress shirts, 76 casual shirts, and 18 evening shirts, has been taken into account. The other aspects of the company that have been included in this comparison are the starting price of Eton's shirts which is 129 € and the revenue for 2021 which was 49.1 million €.

The results from the comparison provide an understanding of the market in which the competitors can be divided into direct and indirect competitors. For Eton, the direct competitors can be expected to be Stenströms and Turnbull & Asser since they provide a similar shirt offering in terms of sizes of the portfolio, with Stenströms being the closest, both in terms of the number of products offered and revenue. However, Turnbull & Asser target a slightly different demographic with a higher price point. Turnbull & Asser is also a much smaller company compared to Eton and the rest of the competitors, making Turnbull & Asser more of an indirect competitor. The other competitors, Zegna and Canali, can be seen as indirect competitors due to their small shirt offering with more focus on other clothing rather than shirts. There is also a large difference between all competitors in terms of revenue and price point. Zegna is the largest company of the competitors used in this comparison and the most expensive option can be expected to cater to a market segment at the top of the luxury clothing market. Hence, the customers might not view Zegna and Eton as comparable competitors due to their different market positions. Canali is a closer competitor to Eton than Zegna with more comparable prices. However, the shirt offerings are different with Canali offering a small and curated portfolio while Eton offers a more diverse offering.

**Figure 5.10**  
Map of the competitor landscape



*Note:* The competitor landscape can be found in the figure above representing competitors on a map placed according to starting price, number of products in the portfolio, and lastly each competitor's revenue which is described through the bubble size.

#### 5.2.4 Evaluation

From the strategic group analysis, one can assess the market in which Eton acts. From Figure 5.10 above, the closest competitors can be examined. The closest competitor is Stenströms, followed by Turnbull & Asser, Canali, and Zegna. As mentioned, the companies who dominate the market (i.e., competitors that are market leaders) are Zegna and Canali and in order for Eton to compete with these brands, a strategy for becoming a stronger competitor must be assessed. By inspecting these companies, an understanding of the different market positioning can be held. In this comparison, Eton's shirt-making focus becomes apparent when compared to the competitors due to having the largest shirt offering. Out of the shirt specialists (i.e., Eton, Stenströms, and Turnbull & Asser), Eton is the largest by revenue which can be seen as favorable if only the shirt specialists are taken into consideration. However, the largest players, Zegna and Canali, have a different market positioning with a much smaller shirt offering. With these comparisons made, the steps of becoming a more dominant player in the market for Eton should be to evaluate how to compete with Zegna and most importantly Canali. Canali should be seen as a good company to compete with since they offer similar shirts but with a much smaller shirt portfolio.

## 5.3 General Data Collection

### Shirt sales performance

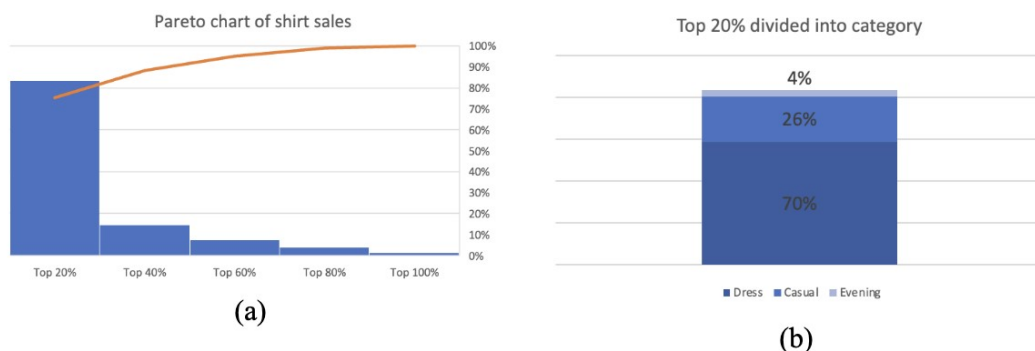
To evaluate Eton's shirt sales, a comparison of the best-selling products was made to analyze the performance of the portfolio. In Figure 5.11, specifically in graph (a), a comparison of all shirt sales divided into 20% intervals, in terms of shirt sales, is displayed and the analysis resulted in intervals of 147 shirts in each segment with a total of 733 shirts. According to the results depicted in Figure 5.11, the line in graph (a) represents the cumulative shirt sales, and the performance segments are as follows (starting with the best performers): 75%, 13%, 7%, 4%, and 1%, respectively, in terms of shirt sales.

Moreover, the top 20% of performers can be divided into their categorical representations, see graph (b) in Figure 5.11. In the top 20% of performers, 70% are dress shirts, 26% are casual shirts, and 4% are evening shirts. To compare with the overall sales from dress, casual, and evening shirts, which were 68%, 27%, and 4% respectively. In view of these findings, the total sales performance of the different segments is aligned with the top performers of the company but is not aligned with the shirt portfolio which was 57%, 36%, and 7% respectively.

The conclusion that can be drawn from this data is that Eton has a large portfolio in which there are only a few performers who contribute to most of the sales. Furthermore, if one examines the top 10% of performers, it can be found that they represent 62% of total shirt sales and to deepen the analysis even more, it can be found that the top 5% of performers represent 49% of the total shirt sales.

**Figure 5.11**

Eton's shirt sales divided into intervals and top 20% divided into shirt segments



*Note:* Graph (a) illustrates Eton's sales divided into the best performing shirts into 20% intervals while graph (b) illustrates how the bar for the top 20% of sales comprises the segments. Worth noting is that the results in graph (b) correlate well with the overall sales on Eton's E-commerce platform.

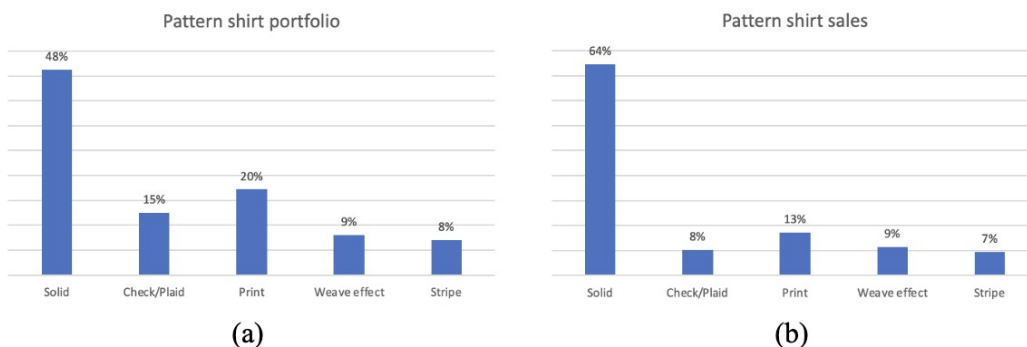
### Pattern shirt sales and portfolio

In addition to what's illustrated in the Pareto chart of Eton's shirt sales in Figure 5.11, Eton's shirts are selling differently depending on what kind of pattern the shirt has. As the figure illustrates, one can see that solid shirts are the ones that sell significantly the most. That is, shirts that are plain in any color without any specific pattern are the ones that sell the most. The other shirts with patterns such as check/plaid, print, weave effect, and stripe, all separately have about the same amount of sales and do not deviate as much as solid shirts. When it comes to shirts that are not solid-colored shirts, shirts with prints sell the most, accounting for 13% of the sales. The print shirts are followed by the weave effect with 9% of sales, check/plaid with 8% of sales, and stripes with 7% of sales.

To evaluate the performance of the patterned shirt sales, the data for the size of the portfolio in regards to pattern has been summarized, see Figure 5.12. While solid shirts are the best sellers, they also represent the largest pattern group in the portfolio with 48% of the portfolio. However, solid shirts also represent the best performer in a sales-to-portfolio ratio being the only shirt pattern that represents a larger amount of sales than the portfolio size. From this analysis, one can also see that weave effect shirts perform in line with the size of the portfolio with both sales and portfolio size being 9% of the total. Striped shirts also perform well with just a slightly lower sales-to-portfolio size ratio. The patterns that do not perform as well as the others are the check/plaid and print shirts. Check/plaid shirts only contribute to 8% of the total sales, yet they represent 15% of the shirt portfolio. Print shirts perform slightly better with 13% of sales and 20% of the portfolio.

**Figure 5.12**

Eton's portfolio and sales for different patterned shirts



*Note:* The figure shows Eton's portfolio and sales based on different patterns, with graph (a) displaying portfolio sizes by pattern and (b) showing sales by pattern.

Overall, solid shirts are the top-selling shirts for Eton, followed by weave effect, stripes, print, and check/plaid, in descending order of sales performance. Sales-to-portfolio size ratios reveal pattern category performance relative to representation in the overall portfolio.

# 6

## Discussion

The main purpose of this report was to investigate how the Case company Eton currently manages its product portfolio in relation to shirts, in order to gain an understanding of the current situation and propose recommendations for future product portfolio management. This chapter presents a discussion about the analysis and results of the study. All discussions will be based on the relevant frameworks presented in Chapter 4 Frame of Reference, and findings and analysis in Chapter 5 Data Findings and Analysis. Following this, Eton is discussed based on the strategic group analysis to understand the competitors and the competitive landscape. Finally, general data generated throughout the study are discussed, which mainly bypasses shirt sales performance and pattern shirt sales and portfolio.

### 6.1 Product Portfolio Management

After analyzing the data that the study has produced, some areas can be discussed for the purpose of the study. In the following chapters, the three goals when managing a product portfolio will be discussed based on the analysis and results that the study has achieved.

#### 6.1.1 Goal 1: Maximisation of Value

After applying the scoring model to the data obtained during the study, one can easily see clear signs of products that perform well. Dress shirts and casual shirts were equivalent in their summation of scores, while evening shirts are not as close in terms of points as the other two segments. What's particularly intriguing is how to move forward with this finding, especially how Eton can effectively utilize the best products and segments. This can be a crucial step to ensure optimum results for the company in the future.

For instance, in the case of evening shirts, this could be a product segment that may not require as much emphasis and attention when it comes to development, innovation, and analysis. Instead, Eton should allocate most of the focus to the two other segments, casual and dress, or maybe even more regarding casual shirts given that Eton aims to increase the exposure to that particular market. By quantifying and ranking the products through a scoring model, Eton can create a visual understanding of the products' economic value and can more easily determine whether these products contribute with value to Eton's goals. If Eton does not consider using a scoring model, there is a risk that it will miss opportunities to maximize its sales and profitability by focusing on products that do not sell.

Furthermore, it may be interesting to discuss how Eton can work to develop its product portfolio in order to maximize the value of its current and future product portfolio. Their strategy is to increase their presence in the casual segment and take a more luxurious position in the market. This implies that they aim to expand the collection of casual shirts in their portfolio, while simultaneously adopting a more premium position in the market by raising the price point of their shirts. Eton intends to establish itself as a luxury brand for shirts in the market. Given that, it would be advisable for Eton to analyze which products can support this work to reach the final goal. For example, if a product has a high score regarding market attractiveness, there may be opportunities to adjust the price or make the product even better based on the customer's preferences. This is especially applicable if they want to establish a more luxurious positioning in the market since a luxurious brand often signifies higher quality and a higher price point.

An analysis of the maximization of value can also be done on a product level in which separate subgroups of products are differentiated. To concretize, the shirts that perform best in terms of sales are the ones with a solid pattern, this implies that they provide the highest value for the portfolio. On the other hand, check/plaid and printed shirts underperform, resulting in low-value creation to the overall portfolio. An analysis of this type can become important to sort the best performers from non-performing shirts to create a product portfolio that is truly maximized in terms of value for the company.

### **6.1.2 Goal 2: Balance**

Based on the findings related to how Eton manages its product portfolio, it can be concluded that there is a certain lack of balance in how the company manages its product portfolio. The imbalance in the portfolio may become a problem for Eton going forward, most importantly in terms of increased costs on products that are not strategically aligned, but also in terms of not ensuring that the portfolio is properly balanced with regard to the goals.

However, the company has set out a strategy in which it aims to excel in the casual segment. This has led to an increase in the casual shirt portfolio with more shirts in that segment, but the company has not been able to match the sales with the extended portfolio. Thus, there is room for improvement, either in continuing to extend the company's focus on casual shirts or optimizing a casual shirt offering that is smaller but performs better. One way to achieve this is by utilizing the available data on which products in the casual line are currently performing well. A short-term solution is to examine the types of casual shirts that are currently successful and those that are not. For a more long-term solution, the company has to both look at trends in the menswear industry as well as look at competitors. When evaluating competitors' offerings, the company must assess which gaps to fill within the current offering that competitors currently offer.

Since one of the main goals of the company is to extend its presence in the casual shirt market, it makes sense that there is a larger emphasis on casual shirts, which by looking at competitors should be further extended. However, this must be made carefully for

the company not to overextend the casual shirts segment. Another important aspect of the balance of the portfolio is the sheer size of the portfolio. The portfolio can be well balanced but the size must be taken into account. Instead of extending the casual segment, a decrease in the other segments can be a viable option to reach a better-balanced portfolio that still supports the strategy of gaining more market shares of casual shirts. At Eton, portfolio balancing needs to be assessed on a larger scale to set guidelines for development. With the current model, a sole individual determines the portfolio balance based on recent sales data and a general strategy. Assessing the balancing on a larger scale will result in a more strategically aligned portfolio as well as better balanced toward the needs of the company.

A problem that could arise if the portfolio is changed too much is that the company could lose some of its current customers due to a change in the offering. To minimize the risk of this happening, the company has to be cautious when developing a new portfolio so that both the new customers which the company hopes to acquire and the current customers are satisfied with the offering.

### **6.1.3 Goal 3: Strategic Alignment**

#### **Strategic fit**

Looking at the results regarding strategic fit, it is possible to draw clear discussions regarding whether all products are consistent with the articulated strategy or not. Of course, Eton has several overarching strategies that they actively work with but what's interesting for this study is regarding Eton's more narrow-down strategy when it comes to shirts. Considering Eton's strategy to enhance its presence in the casual shirts market, it is intriguing to examine whether all of its products align entirely with the established strategy. Since the sales data provided was only for the past two years, it is not easy to determine how the development of casual shirts has increased or decreased. It can be seen from 2021 and 2022 that the proportion of casual shirts increased by 1 percentage point, which is not much if one looks at the total number of shirts. As Eton wants to increase its presence in the casual shirt market, it is interesting to discuss how aligned they are with this strategy in terms of its portfolio. Currently, the majority of the portfolio is represented by dress shirts, and these are also the shirts on which Eton has essentially built its foundation. Recently, there has been a growing trend towards casual wear, particularly in the area of casual shirts, in which Eton claims to have experienced increased sales compared to previous years. On the other hand, it is important to ensure that all shirts offered are strategically selected in line with Eton's corporate strategy. Sometimes, it may seem that Eton is not fully aligned as they might have even more casual shirts in their portfolio if they intend to move more toward that market segment. However, Eton should ensure that their decision is the right one, as the sales figures clearly indicate that dress shirts are significantly more popular than casual shirts. It thus becomes a question of how they want to strategically position themselves and for what reasons. Eton has its highest level of sales on dress shirts but, despite this, still wants to increase its market share within the casual shirt segment.

As Eton is also focused on enhancing brand recognition through new products to the market, it is worth mentioning the strategic fit again. If Eton wants to increase the brand recognition of its casual shirts through new products, it may be beneficial to take a step back and ensure that these products align with the set strategy. The strategy focuses on two key objectives: expanding its market share in the casual shirts segment and simultaneously establishing a more luxurious brand. Entirely relying on last year's data is not necessarily the right thing to do when thinking about new products. Regardless, it is important to stick to your strategy when developing new shirts and ensure that every product/shirt is consistent with the articulated strategy. The study found no results in how Eton planned to work regarding the goal of both taking a more luxurious position in the market and at the same time taking larger market shares in the casual segment. However, according to Cooper et al. (1998), adding new products was most effectively solved by not increasing the total proportion of shirts, but rather looking after the existing portfolio and replacing garments instead. Constantly expanding one's portfolio does not necessarily have to be the right thing given the large costs involved in producing samples and production.

### **Strategic contribution**

The study's results have led to some ambiguity regarding how Eton will achieve its strategic goals. To put it into context, Eton wants to sell more of what sells best, and if one looks at the sales data, it's clear that dress shirts sell best, at least most. The question is whether dress shirts sell better simply because they are the most commonly sold type of shirt. This study has not studied margins on shirt sales, but a shirt that sells the best could also be the shirt that has the largest margins, which this study has no results about. Assuming that casual and dress shirts are sold at different price points, it can be inferred that sales between the two segments are relatively balanced.

It is worth noting that there is some ambiguity regarding whether Eton's goal is to sell more of its best-selling products while also increasing sales of casual shirts. It is not clear which shirts sell best (in terms of margins), but it is important to highlight, in this case, that if Eton's strategy is to expand the casual segment and take a more luxurious position in the market, their products must represent and support that strategy. This suggests that Eton may need to adjust its portfolio to include more casual shirts than it currently does. Furthermore, it is also shown that the target competitors have a larger part of their portfolio represented by casual shirts compared to Eton's portfolio. It is also known that there is an increased trend regarding casual shirts. In other words, there are various incentives for Eton to expose itself more to the casual shirt market, however, it is crucial to ensure that every action taken aligns with the overall strategy.

### **Strategic priorities**

The issue of strategic priorities is not the foremost concern when considering Eton. If one examines their business goals, specific outcomes can be found that they wish to attain regarding casual shirts, such as expanding their market shares in the casual shirt market, as well as establishing a stronger presence in the luxury fashion market. Eton has put in a lot of effort to explore how to succeed in increasing its portfolio of casual shirts and taking a more luxurious position, and they do have a thorough understanding of its competitors.

However, it is worth discussing Eton's analysis of customers and the market, or at least a deeper understanding of how the company currently is positioned. If there is a need to allocate resources towards, for example, the development of shirts, a thorough analysis of the market and the company's portfolio are essential to determine which approach would best contribute to promoting business growth. Similarly, as discussed above, it is important to ensure that resources are reviewed to avoid producing an additional X number of new shirts while keeping the same portfolio and only adding more and more items. It is more flexible and efficient to work with the current size of the portfolio to avoid excessively high costs for the production of shirts and samples beforehand.

Another crucial aspect that needs to be addressed is regarding Eton's view of different customers. Eton should focus on both identifying the target customers they aim to reach and understanding their existing customer base. A significant portion of dress shirts continues to be sold by Eton and they do have a stable clientele within the dress shirt segment. Thus, Eton should analyze and evaluate its current and potential portfolio before increasing its segment towards the casual market. Failure to conduct this evaluation by Eton carries the risk of losing loyal customers who no longer have a diverse range of offerings to choose from.

### **Strategic buckets**

When examining Eton and its work with product portfolio management, it becomes apparent that it is not always fully aligned with the existing strategy. While Eton has a relatively good diversification of products in its portfolio, which reduces the risk that they do not have a product that suits a specific customer, they are not always completely strategically aligned with its products in the portfolio.

After completing data collection and analysis, it is clear that Eton lacks a strategy for how to work with the strategic bucket method and its constituent components as Cooper et al. (1998) present. The decisions made regarding new collections are only made by a small part of Eton and the decisions are made primarily based on the previous year's sales data. Although Eton has a general strategy and way of working, there is a lack of a specific strategy regarding portfolio balance. The analysis has made it evident that there is no specific stated strategy for how to work with the allocation regarding product portfolio management and which areas and shirts should be prioritized or not today.

As the study did not result in any greater understanding of how Eton's working methods can be connected with the strategy that has been set, there is a risk for Eton that they will have deficiencies in their portfolio balance if the factors included in the strategic bucket are not taken into consideration. This displays a lack of an established way of working in the use of frameworks within the company. Concerning the fact that the decisions regarding the production of the collection more or less are taken by a few employees at Eton, there is a risk that the decision-making may affect Eton in the long term. There is a risk that decision-making regarding the product portfolio becomes very subjective because it is based on personal preferences and last year's sales. This can result in misaligned decisions, increasing the risk of failure and market share loss.

Without applying and considering the strategic bucket and its components, Eton may fail to maintain a balanced product portfolio. This can lead to an over-representation of some product segments and an under-representation of others, which can increase the risk of sales decline and missed growth opportunities. Another risk is that Eton's work may become too focused on short-term results at the expense of long-term growth and strategically important initiatives. This can limit the company's ability to develop a sustainable competitive advantage and drive long-term growth.

That being said, it is interesting to discuss how Eton can use strategic buckets as a framework to ensure that its actions are strategically planned and evaluated. Additionally, it would be worthwhile to consider the potential outcomes that could result from implementing and considering such a framework. If Eton had used the strategic bucket framework, they would have been able to work more with their prioritization in the production and selection of collections in a way that ensures that they are strategically aligned and that the work is aimed at their goals. In this way, Eton can take factors into account such as customer needs, competitive outlook, and brand strength when deciding on product development and product launches. Another important aspect worth mentioning is that Eton can reduce the risks of investing too much in a single product segment and thus reduce the risk of large losses if a product segment does not succeed in the market. In the end, it's about making strategic decisions that are significantly more well-founded than having only one person bear the entire responsibility when it comes to e.g., making and selecting garments for a collection. This can both affect growth positively, as well as increased profitability and a stronger position in the market.

In order to create a strategy for product portfolio management the company has to specify precise goals for the product portfolio layout, i.e., set specific percentages for each shirt segment in the portfolio. This could be done using two different strategies, either base the portfolio on recent sales to optimize the portfolio for revenue in the short term or use the current strategy of involving more casual shirts in the portfolio to further extend Eton's presence in the casual market which would be a long term strategy. The first strategy is based on recent sales data and will therefore mimic the current sales of the shirts. A consequence of this could be to increase the portfolio in terms of dress shirts and reduce the portfolio of casual shirts, and as a result, Eton could potentially have a portfolio with a balance of e.g., 65% dress shirts, 30% casual shirts, and 5% evening shirts. This will be an incremental adjustment of the portfolio compared to how it looks today. Through this adjustment, Eton ensures that they have a larger portfolio of dress shirts that they sell more of compared to the current portfolio size, thus increasing the possibility of continuing to sell more of this type of shirt and having the possibility of increased revenue.

If one were to consider the second strategy, Eton's portfolio would have consisted of 55% dress shirts, 40% casual shirts, and 5% evening shirts. This allocation reflects a higher proportion of casual shirts compared to the current portfolio. Through this adjustment, Eton is more strategically aligned with the desire to expose itself more to the casual segment with a greater emphasis on casual shirts compared to the other shirt types. This also creates an opportunity to be able to take larger market shares within the casual shirt

market, and through this, Eton is therefore moving towards its long-term goal of having a larger offer of casual shirts in its portfolio.

However, it is worth mentioning that Eton is not inclined to make too significant changes. In such situations, the preferred approach is to make incremental adjustments to the portfolio, allowing for evaluation to assess the outcomes of each adjustment.

## 6.2 Strategic Group Analysis

When analyzing and discussing competitors with key stakeholders at Eton, it became clear that there are some current competitors and some that the company hopes to compete with in the future, thus making a shift in the market position. In the upcoming years, Eton aspires to position Canali and Zegna as its primary competitors instead of Stenströms. By looking at these companies, there is a large difference in offering, pricing, and demographics. Eton is closest to Stenströms in terms of offering, pricing, and demographics but wants to shift towards Zegna and Canali in terms of market positioning. The closest step will be towards Canali since they offer shirts at slightly higher prices with similar demographics, but not the same offering. The difference in offering could be due to the difference in focus between the companies. Canali, as well as Zegna, offers a large variety of clothes for the entire men's wardrobe. In the scope of this analysis, the emphasis is shifted away from shirts, indicating that companies require only a limited shirt selection to meet customer demands. Eton, Stenströms, and Turnbull & Asser are shirt specialists with most of the sales coming from shirts; thus the customers expect a larger variety of shirts.

However, there are lessons to be learned from Zegna and Canali. Given that Eton sees Zegna and Canali as target competitors, it is worth mentioning that they have a smaller and more curated offering which seems to be more optimal if one looks at their market positioning within the luxury segment. This is also supported by the analysis conducted in section 5.3 General Data Collection, where most of the shirt sales were represented by a small number of shirts and the solid shirt is the best performer. These competitors show that a large shirt offering is not always needed to be a successful shirt maker. When looking at Zegna and Canali, it also becomes apparent that they have a larger focus on casual shirts than Eton. With Eton's effort to gain larger market shares of casual shirts, this analysis makes a point for this strategy and its development. However, as mentioned, the casual shirt segment that Eton offers is not yet optimal in terms of sales to portfolio size with the portfolio size being larger than the sales it contributes to. In order to create a more curated offering, the company has to analyze the performers and market changes further. A better understanding of what the customers seek will be an important aspect for Eton moving forward.

It's important to note that the comparison was conducted in spring, and throughout the year, portfolios experience fluctuations in size and the allocation of different segments based on the season.

## 6.3 General Data Collection

### Shirt sales performance

When discussing Eton's shirt sales there are a few key components to dig into. The results from the analysis conducted showed that there are a few products that represent a large portion of the sales. These performers, namely the top 20%, were evenly distributed among the shirt segments in regard to their overall sales of the company. This shows that there are performers in all segments which means that the segments that Eton offers are well-made. However, as previously mentioned, there is a discrepancy between portfolio size and sales for the segments. The top 20% of sales are only correlated with the overall sales and not portfolio size. With Eton's focus on gaining a larger market share in the casual shirt market, it is logical to have a large portfolio of casual shirts even though the portfolio size is larger than the sales from the casual segment. However, the company should track the progress of this segment to assess whether their attempts to expand the casual category and increase market share have resulted/will result in positive results. Moreover, the non-performing shirts can be described as the remaining 80% which only accounts for 25% of sales. Hence, these shirts need to be evaluated to ensure that they are not developed to such an extent in the future.

The data shows that Eton has to evaluate its development strategy and how to minimize the development of less successful shirts. Since the development process is capital-intensive as well as time-consuming, these shirts might not bring the company enough revenue to support their development. This does not mean that the company should discard these shirts only due to their poor performance, but evaluate how to either sell them better with marketing or through other means. Worth noting is that the data is only based on E-commerce sales and therefore does not reflect the performance of the shirt in the wholesale segment. Minimizing the development of shirts that do not sell could lead to more resources being used for other development projects who support the core business and strategy more efficiently.

### Pattern shirt sales and portfolio

In connection to Eton's sales performance, a deeper look into what sells and what does not sell regarding shirt patterns has been made to further understand what the customer chooses. It has been concluded that solid shirts are the best performers and that weave effects and stripes have also proven to be popular choices among buyers, in contrast, to check/plaid and prints that underperform in relation to their portfolio sizes. Given that information, more resources have been spent on the non-performing patterns in relation to their sales. The data also support the conclusion drawn about the competitors Eton wants to compete with in the future. Both Zegna and Canali mainly offer shirts that are solid, have an effect in the weave, or have stripes. In contrast, Turnbull & Asser, but especially Stenströms, offer shirts that are bolder with prints and checks. Considering this analysis, Eton should consider emphasizing the development of the three pattern groups that perform, not only for increased profit and to compete with Zegna and Canali.

# 7

## Conclusion and future research

In the following chapters, the conclusions that can be drawn from the study's findings will be presented followed by suggestions for future research to expand upon. Answers to the study's two research questions will be addressed using the results obtained, which were subsequently analyzed and discussed.

### 7.1 Conclusion

*Research question 1: How can Eton optimize its product portfolio in the E-commerce sector?*

In order for Eton to optimize its product portfolio for E-commerce sales, several measures need to be taken into consideration. There are two clear ways to make the portfolio more optimized, of which the first strategy is to reflect upon what is currently selling. Based on the data analysis, it can be inferred that dress shirts demonstrate a considerably higher sales performance compared to their current representation in the portfolio's weight distribution. In other words, a potential strategy for Eton is to focus on the products that perform well to potentially increase sales and thus revenue. This also includes identifying and discarding non-performing shirts and not developing these types of shirts in the future to avoid unnecessary costs. By addressing these non-performing shirts, Eton can identify areas for improvement and make strategic adjustments to its portfolio. Instead, Eton can attain greater success and enhance customer satisfaction by shifting its focus towards the most profitable and popular products, while also embracing innovation and adapting to emerging trends. This approach will enable Eton to create a more efficient and effective product portfolio that drives growth.

Another crucial strategy that Eton should consider when optimizing its portfolio for its E-commerce is to align its work and product portfolio with Eton's strategy, particularly in terms of increasing the visibility of casual shirts. By taking this step, Eton will align its efforts with its objectives, leading to a more effective representation of Eton's desired product offerings in the portfolio. In order for Eton to fulfill the goal of increasing its presence in the casual shirt segment, it is crucial to align the portfolio accordingly. This entails increasing the weightage of casual shirts within the portfolio while reducing the emphasis on dress shirts. By making these adjustments, Eton can better reflect its aspiration and allocate resources more strategically to capture a larger portion of the casual shirt market. As a result, Eton will potentially increase its presence in the casual shirt market and thus have the potential to increase sales in order to take more market shares.

*Research question 2: How can Eton work with its product portfolio to increase its presence in the casual segment while maintaining sales in the dress shirt segment?*

Given that Eton has struggled in the area of product portfolio management with regard to the lack of strategy and frameworks used, Eton should consider applying the framework used in this paper. Through the utilization of this framework, Eton could enhance the management of its product portfolio while increasing its presence in the casual shirt segment while maintaining sales in the dress shirts segment.

Firstly, by considering the first goal of maximizing value within their portfolio, Eton increases the opportunity to ensure that the products they include truly deliver value. This is done both from the market perspective as well as the sales perspective. Furthermore, Eton will gain an understanding of which shirts perform well and which do not, enabling Eton to easily identify shirts to be eliminated and thus reduce the overall size of the portfolio, ensuring they do not have too many products that are not selling well enough.

Secondly, balancing the portfolio is crucial for Eton as it ensures that the portfolio is not skewed or unbalanced according to both sales and the strategy of exposing casual shirts to increase its sales. Achieving a balanced portfolio is crucial to avoid an overextended portfolio. Instead, the portfolio should be reduced to solely include performing shirts that support the sales. Optimizing the portfolio for sales and excluding non-performing shirts will lead to a more manageable portfolio that is easier to evaluate and work upon to focus on casual shirts in the future. Considering the results obtained from the study, Eton should therefore reduce its product portfolio, with a focus on both dress shirts and casual shirts. A reduction is supported by the insights from competitors, the data analysis of shirt performers, as well as the three goals.

Thirdly, making sure that every shirt in their portfolio aligns with the established strategy that Eton has set is crucial since it ensures consistency and cohesion throughout their product portfolio. Evaluating whether the developed shirts align with the goal of positioning Eton as both a casual shirt maker and a luxury brand will be important to ensure that the company's products align with the strategy. This implies that the company has to allocate the appropriate amount of resources to the development of new casual shirts that will contribute to sales and increase Eton's presence in the market.

Finally, by maximizing the value, balancing the portfolio, and aligning products with strategic objectives, Eton can build a product portfolio that effectively establishes a foundation for them to work with its portfolio moving forward in order to achieve the goals set by Eton.

## 7.2 Future Research

Following the completion of the study, it is evident that numerous distinct areas offer potential for further exploration. As mentioned earlier in the study, there was not much previous research in the field of product portfolio management within the fashion or retail industry. However, to concretize, there are three areas that are worth mentioning for future research.

As the subject of product portfolio management is not particularly explored within the subject of fashion and retail, it would be interesting to build a lot on the idea that this study has achieved. Previous research has studied product development in various industries in the field of product portfolio management, but the fashion and retail industry has not been explored in this regard, especially in terms of how product portfolio management works in relation to product management.

The second area that can be further explored is specifically the transformation of “project” to “product”, an area that has not been extensively addressed in prior research. The main focus is to explore the transformation that this study made from project to product and how this could be applied in cases other than this study.

The last and third area where there is a good potential for further research is regarding research on how performance is affected by applying frameworks that this type of study has concretized. The study has created a basis for the case company on how they can both optimize their product portfolio in the E-commerce sector but also how the company can work with its product portfolio to increase its presence in the casual segment. This study has thus not investigated performance in any way, but an area that would have been interesting to do further research on is how companies’ performance in the retail sector is affected after applying product portfolio management frameworks. In contrast to some other heavy industries, the fashion industry places significant emphasis on intangible values such as outward appearance, reputation, and branding. It would therefore have been interesting what kind of results could have been achieved from a measurement of performance after applying the frameworks.



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# A

## Appendix A - Interview Guide

Below are the questions asked during the interview with Erik Hedlund and Emil Lindstedt on March 3, 2023.

### **Interviewee**

Erik Hedlund, Head of Strategy and Business Development, Eton Shirts

Emil Lindstedt, Assortment Controller, Eton Shirts

### **Questions**

#### **Introduction**

1. What is your background, Emil and Erik, and what is your current role at Eton?
2. Can you tell me about the background of Eton and the journey that Eton has made from when the company was founded to where Eton is today?
3. What strategy has Eton adopted for the next three and ten years, and what areas has the company identified as priorities?
4. Can you describe Eton's organizational structure and decision-making process, including who makes decisions and how they are made?
5. What does Eton's current product portfolio look like? For example, how have you categorized/divided your shirts into different segments?

#### **Supply Chain Processes**

1. What is the process from the initial idea of developing a shirt to the shirt being actually produced and sold on your E-commerce platform?
2. What are the lead times and how long does this process normally take from start to finish?
3. What does your product planning process look like, and if you use any annual planning cycles, what does that look like?
4. How do you work with prototypes and at what stage do you work with them?

## **Product Portfolio Strategy**

1. How does Eton develop its product portfolio and ensure that it continues to appeal to its customers?
2. Can you elaborate on the strategies Eton uses to strengthen its brand and differentiate itself from its competitors according to assortment?
3. How do trends and shifting customer needs impact Eton's product strategy and how does the company manage these changes?
4. Which geographic markets does Eton view as the most attractive for continued expansion, and how does the company plan to expand into these markets?
5. What role does sustainability play in Eton's product portfolio management strategy and how is this implemented in practice?
6. Can you describe how Eton manages various cost elements, such as material and production costs, to improve the company's profitability for its product lines?
7. At what point in the process do the largest costs occur?

## **Closing Question**

1. Is there anything else you two would like to add?

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