

“Sayonara” Mr. Saito – Goodbye Business!

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Abstract

This case was written to point out the importance of entrepreneurial marketing, particularly for small businesses, and the brand extension along with the product life cycle. This is an observational field-based case study, which focuses upon Sand by Saya, a micro business that designs and assembles sandals in New York City with a worldwide distribution network. Sand by Saya lost its biggest Japanese buyer, Mr. Saito, due to weak sales of its newest product line, a line that was lower priced and poorly manufactured. The case ends with the CEO of the firm contemplating how she managed to get into this predicament, how she might have avoided it, and then what actions should be taken beyond legal retaliation. Part 2 includes a brief teaching note that provides a short description of entrepreneurial marketing, brand extension and product life cycle. The concepts are then applied to the case in order to understand some of the problems encountered by the firm and possible solution strategies.

“Sayonara” Mr. Saito – Goodbye Business!

It was early May and Sayaka was on the phone with Mr. Saito and her voice was serious, and so was the speech coming out of the receiver. Mr. Saito and his firm Aesthetics, starting in 2011, had bought \$100,000 dollars' worth of sandals per year. Mr. Saito and his importing company in Japan “Aesthetics” had become the firm’s most important business partner, when his firm started receiving orders from big department stores for Sayaka’s sandals. Aesthetics sold those sandals at summer pop-up stores in every major department store such as Barneys in New York, Japan, Isetan, and Hankyu. Mr. Saito bought sandals at a wholesale price from around \$15 to \$30 per pair and marked them up for a high profit margin (almost 300%) due to high tariff rates and shipping fees. This was Sayaka’s main buyer, her “Wal-Mart”, and she had to keep him happy. A call from Mr. Saito was always treated with the utmost care and received the greatest attention from the entire staff. When Mr. Saito talked everyone listened!

Even though Sayaka was speaking softly and deferentially in Japanese, everyone in the room noticed that something was wrong regardless of seeming pleasantries. The translation of the phone conversation was approximately the following:

Mr Saito: *Anata niwa hontou ni shitsubou shimashita.*¹ I am very disappointed in you. We have been doing business for several years now and I have risked my name and reputation on you and your sandals. This year my sandal sales were quite weak and much of the inventory you sold me was not distributed. The reason for the poor sales my buyers tell me has been poor product quality as compared to a high price point; my buyers and their consumers tell me they no longer are getting their money's worth and will not do business with me. My reputation with my buyers has been soiled and I have lost face! Now I have 500 pairs of your sandals sitting on my shelves with no takers. What am I to do with them?

Sayaka: *Moushiwake gozaimasen deshita.*² I am so sorry. Please accept my deepest apologies. We were forced to use an alternative manufacturer for our sandals because the celebration of the Chinese New Year made it impossible to meet your orders for our new sandal lines, as well as our other customers' orders, in a timely fashion. Clearly, their work was substandard and this will never happen again since we have fired this supplier. Of course, we will take back the sandals with a full refund and our sincerest regrets. How else can I make this up to you?

Their discourse continued for almost an hour. Sayaka finally hung up the phone with a polite voice yet with trembling hands. In a very calm demeanor, Sayaka talked with her two full-time employees Tsugumi and Asuka very fast in Japanese. Then she turned to Karolina and Eugene, her part-time employees, and broke the news in English "Saito will not order with us this year. He has decided to discontinue our contract and seek other more quality-conscious suppliers." The room was already silent – and now people in the room had a very good reason why.

In the Beginning Company Background

Sand by Saya is a New York based women's luxury sandal brand that sells flip-flops with glamorous embellishment sewn on the top. According to Hoovers, this is a non-public firm founded in 2011 in Astoria, Queens. It maintains two full time employees in a location of approximately 2200 square feet. Annual sales were estimated at \$112,000. (Anonymous, 2017) The firm as of 2017 was located at 37W 39th St, Manhattan, NY 10018 between Avenue of The Americas & 5th Avenue. Operating hours are 10 am – 6 pm Monday through Friday. (Anonymous, n.d., a)

The CEO of Sand by Saya is a Japanese entrepreneur named Ms. Sayaka Fukuda, who obtained a design degree from the Parsons School of Design. She directed every part of business from product design to sales. Her main employees were Tsugumi, the office manager and accountant, and Asuka who was in charge of design and production. Eugene, a college intern from Korea, was the assistant to Asuka dealing with design and production while Karolina, a French Intern, was the assistant to Ms. Fukuda working on marketing and sales part-time.

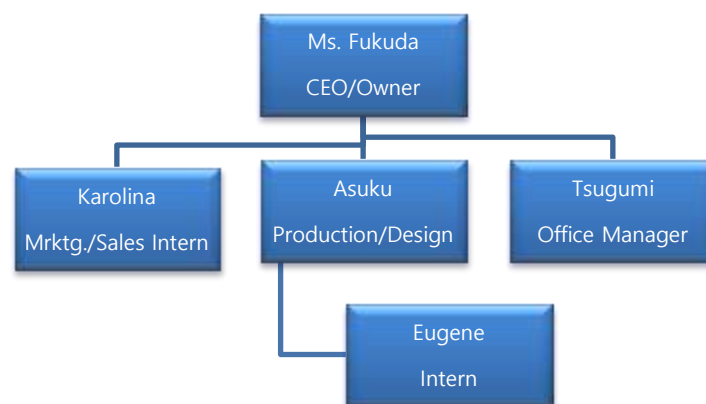


Figure 1

¹ Translation adopted from <http://japanese-phrases.sakura.ne.jp/page76j.html>, July 13, 2017.

² *Moushiwake gozaimasen deshita* is a polite formal apology only used if someone has done something very wrong. The president of a company that has released a defective product might use it. Retrieved from <http://www.japan-talk.com/jt/new/11-ways-to-apologize-in-Japanese>, July 13, 2017.

Organizational Structure of Sand by Saya

Sand by Saya’s sandals have unique product line names since the names are derived from New York’s street or boroughs such as its best-selling item “Manhattan” and new collection “Greenwich” (see Figure 1).



Figure 2

Sand by Saya “Manhattan” and “Greenwich”

<https://www.sandbysaya.com/collections/flat>, June 7, 2017

Sand by Saya used to import sandals and embellishments from factories in China and assembled them in its New York office. Sand by Saya started separating orders by region that allowed wholesale manufacturing to be done in a Chinese factory owned by a Japanese importer Mr. Nozawa. This action was taken in order to better manage Asian and American orders in the New York office. Sand by Saya is sold at nine countries (see Appendix A for specific locations) as well as online. The main market of Sand by Saya is the Asia region especially Japan and China where Sand by Saya has contracts with major wholesalers and department stores. In the United States, the market channels are mainly their online website and consignment retailers such as Bluefly, Shoptique and Farfetch. Information about the firm from its own website appears below.

ABOUT SAND BY SAYA NEW YORK

S *Handmade in New York City*
and by Saya manufacture our products using a retro, one of a kind sewing machine with hand sewn techniques in our inhouse New York showroom. We make the sandals individually with dedicated love based on each person's need. We are environmentally conscious! Our handmade sandals are non toxic and energy friendly. We donate our part of sales to Greenpeace.org.



Our sandals have the flirty appeal of heels, without the pain. It's evident that these sandals are not just for the beach, city gals have just as much use for them, as the peripatetic nature of the city demands a lot of walking.

Sand by Saya sandals are perfect for a day shopping, yoga, pool lounging, or at relaxing at the beach resort. Every pair is coming with our original bag. Put your heels in this carryable bag and enjoy the comfort of our sandals!



Figure 3

Sand by Saya Self-Description

<https://www.sandbysaya.com/pages/about>, June 7, 2017

There were 12 reviews on Yelp* from October 2013 until end of March 2017 and all of the reviewers gave the sandals a five star rating. Alex J. of New York, NY's post most typifies what is written:

These sandals are so unique and luxurious!! Comfy, stylish, nice for dress or casual! These are my go to sandals. Love them so much I bought another pair (different color and style) and also bought a pair for my sister. Anytime I wear them I always get stopped and complimented due to the sparkles and beautiful details. These are definitely a statement piece. I wear them during the summer and during beach vacations. You can dress them up or go for a casual look. <https://www.yelp.com/biz/sand-by-saya-manhattan>, June 7, 2017.

Too Many Cooks Spoil the Broth!

Asuka had been working in Sand by Saya for 2 years and she was in charge of design and production. Eugene recently entered the company as an assistant to Asuka providing part-time support in product design and production. Under Sayaka's direction, Asuka and Eugene came up with numerous designs and samples. Since there were many products left over from the previous season, Asuka and Eugene had to select designs that were new and aligned with last season's leftover sandals. After continuous meetings, Sayaka and the design team decided the on final list under the theme "Charm Collection". Soon, Asuka and Eugene started sending samples to their outsourced (Mr. Nowaza's) manufacturing factory in China to proceed with pre-production.³

Mr. Nozawa was an up-and-coming manufacture and a proponent of Sand by Saya. He was a Japanese Importer based in Shanghai, China and was passionate about introducing Sand by Saya to the Chinese market. After Mr. Saito's closed his first deal with Sayaka, Sayaka was on the phone with Mr. Nozawa for couple hours, displaying to him new collection samples and asking his opinions. Mr. Nozawa was a valuable business partner and Sayaka took his advice very seriously.

The designs for next year's Charm Collection had been finalized in October when in early November Sayaka told Asuka and Eugene that Mr. Nozawa thought having a cheaper line/collection with a more simple design, possibly using a metal stud technique would increase sandal sales and the brand's visibility. Sayaka agreed that she needed to boost sales and if Mr. Nozawa thought lower priced sandals would increase business, it was good enough for her. Asuka and Eugene reminded Sayaka that if they were going to use overseas (boat) shipment (a lower cost method than air transport), all production needed to be finished by February. They already had a tight schedule with Mr. Nozawa given the logistics of sending packages back-and-forth with his Chinese factory, and therefore an additional product line seemed near impossible to get out in time. However, Sayaka kept bringing up design ideas that did not align with the rest of the product line and Asuka and Eugene had to figure out how to make sense out of the suggestions. For example, Sayaka might say, "I saw this ring with horoscope on it at the jewelry shop. We should make a horoscope design!" or "My friend told me now initial designs are the trend in Japan. We should have alphabet collection!" Regardless, Sayaka was the boss and Asuka and Eugene tried their best to create a new sandal line.

The Pot is stirred Even More

Karolina was the graduate marketing intern from France who worked directly with Syaka. Since there was no manager in charge of marketing, Sayaka let Karolina contact international buyers and wholesalers in Europe and South America while Sayaka focused on the Japanese market. Sayaka started contacting wholesalers and buyers from Mr. Nozawa's contact list but by December, she could not find any big wholesalers that could service the Japanese retail market for them. Sayaka therefore decided to fly to Japan to meet Mr. Nozawa's buyers in person. After Sayaka left for Japan, just a few days later, she emailed Eugene from Japan to make a new line sheet⁴ consisting of the "2016 Charm Collection" along with a studded line of alphabet, horoscope and some other previously discussed designs. Eugene reported those instructions to Asuka (head of production and design) saying, "It is risky to send a line sheet with products that cannot be ready for sales in three months!" Asuka agreed with Eugene but told Eugene that she would do whatever Sayaka requested since she was the owner and CEO of the firm. That being said, Eugene started making a line sheet with alphabet and horoscope pictures that were taken from the internet. Eugene then superimposed them on the pictures of sandals using Photoshop. Eugene felt like this was lying and worried about what would happen if buyers would order these sandals and they were still in the "concept" phase.

³ "Pre-production samples are essentially an example of what will be produced during the manufacturing process. The pre-production samples are garments that are produced in the facility that is planning to manufacture the bulk order. The pre-pros should be an exact representation of what you intend to ship as final product. ... The concept is to present these garment examples to the buyer "before" production." Retrieved from http://www.apparelsearch.com/terms/p/pre-production_submissions_apparel.htm, July 19, 2017.

⁴ "A line sheet is a document that contains every style (and colorway) in a seasonal fashion line. Most often it is segmented by category (women's knit tops, women's sweaters, women's woven tops, etc.), and notes wholesale & manufacturer's suggested retail price (cost too, if used internally). Each style is usually accompanied by a sketch or image of the garment to draw a visual connection to each style name & color. Sometimes you'll find material data as well." (Rufo, September 25, 2015).



Figure 3
Line sheet for alphabet, horoscope, and metal charm line

Once Eugene finished making the line sheets, Sayaka started sending the line sheets with the Charm collection line sheets to potential buyers. She gave the line sheets to Karolina to send out to as many buyers as possible in the American and European markets.

Boil and Bubble, Toil and Trouble for everyone except Sayaka

Sayaka came back from her business trip to Japan in January and told the staff that every buyer loved the new line sheet, especially Mr. Saito. She seemed excited and looked forward to getting big orders from buyers. Eugene asked Sayaka if they should start designing samples for the designs (that would be added later to send out to the factory) but Sayaka said, “Let’s wait until somebody orders. If not, I am just going to delete them from the line sheet.”

Everyone other than Sayaka became quite worried because those new lines were made with metal studs; studs which required so many new tools and technique as compared to the previous lines. Most of Sand by Saya’s sandals were assembled from a base sandal, a top embellishment base that would be sewn to the sandals, and glued to put the embellishment (i.e. a flower) onto the base. However, to make the stud line, they needed to make a new mold for the sandals and order a machine specially designed for using studs, adding additional fixed production costs. Asuka and Eugene mentioned the changes in equipment and production that those new lines would need, but Sayaka retorted, “its okay. I am just going to let Mr. Nozawa’s Chinese factory make and do those orders. I am sure he would handle this for us.”

We are In the Soup Now!

Early in the morning of the following week, all employees came to work and talked about how their weekend was. Asuka and Eugene opened their email accounts and there was a new email from Sayaka from earlier the night before. Sayaka forwarded one email from some Japanese buyers with an attached excel spreadsheet detailing orders. Eugene opened the file and there was an order for 40 pairs of the starfish metal stud design sandals along with other existing designs needed by early April. In the email, Sayaka asked, “Can you start making the samples for the factory?” Eugene contacted the person who was in charge of factory in China and was informed of some very bad news. New Year’s was the biggest holiday in China and to celebrate most of the factories shut down in February for almost 3 weeks. This meant that it is not possible to make 40 pairs of starfish stud design sandals by April when the customers wanted to have them.

A few days later Sayaka called Mr. Nozawa and explained her dilemma. Orders were now pouring in for the new lines of sandals including a huge order from Mr. Saito. He thought a lower priced line with similar quality standards would be a huge hit with his retail buyers and he had received several pre-orders for the sandals just based upon the line sheets he forwarded from Sayaka to his clients.

She did not want to disappoint Mr. Saito and thought Mr. Nozawa, seeing he always championed her sandals, could figure out a way to get her order in and make her deadlines. Orders from many of the new buyers included consignment arrangements. Normally Sayaka would not consider such an arrangement for her established lines and recognized customers but approved this arrangement if the buyer was new to the firm and only ordered the new sandal lines.

Mr. Nozawa was very apologetic but also very clear – there was no way that he could, without having already run pre-production and testing meet her deadlines, especially for the sandals that required studs. He did not carry this type of equipment in his factory and he would have to order it and then train his employees on its usage. This would also negatively affect his manufacturing costs and therefore his price for making these sandals. Even without his factory being closed for the New Year, he not fulfill her needs. Mr. Nowaza though did have an idea. Had had several contacts in Bangladesh and perhaps they could produce these sandals for her. He provided her with several e-mail addresses, names and phone numbers and wished her the best.

Soups Up!

Several days later, after numerous e-mails and phone calls by Karolina to manufactures of sandals in Bangladesh⁵ both on Mr. Nowaza's list as well as through her own research, a manufacturer was located. This firm already had stud technology on the premises, had access capacity to meet Sayaka's production needs and was priced well within Sayaka's per unit cost. Eugene sent, after a non-disclosure and non-compete agreement were signed by the manufacturer, samples of their current sandal line so they would get an idea as to the quality of the sandal as well as the unique embellishments. He also sent them the line sheets for the new alphabet, horoscope, and metal charm lines. Pre-production samples arrived back in NY at Sayaka's a week later (early February) with a contract setting the price and deadline for the producing the units requested – Sayaka could meet her April deadline if she signed now!

Everyone in the shop examined the pre-production sandals and they seemed fine. The workmanship was not as good as Mr. Nowaza's but the sandal seemed good enough given the lower price point for this product line. Sayaka quickly signed the papers, e-mailed them back to their new manufacturer and breathed a major sigh of relief. She was not alone; Karolina, Eugene and Asuka knew that they had dodged a bullet and that the worst seemed to be over or at least for now.

We Sold our Heritage for a Bowl of Soup

February and March flew by as orders kept coming in for the new line; and then the orders just stopped. It was late April and Karolina was the first to receive the many calls and e-mails from Sayaka's new buyers complaining about the new sandal lines. The sandals looked nice enough but the workmanship was shoddy, especially the new studded sandals. These sandals were nowhere near the quality of the older lines, understandably so since their price points were lower. However, even a sandal sold for a low cost had to be durable enough not to fall apart after a few uses and/or lose its ornamentation. These sandals carried the brand name "Sandals by Saya" on the label and the retail customers who knew the firm's products were greatly disappointed, and those who did not learned not to buy the brand again. Many of these customers were returning the shoes to the retailers and either asking for replacements, or worse, asking for a refund.

Those retail buyers who bought from Sayaka on consignment immediately returned the shoes resulting in her having an unwanted and unplanned for in-house inventory. Sayaka normally carried a minimal inventory (since goods were drop shipped) so she was not prepared to manage, store, package and reship these goods. Sayaka would now have to develop an inventory control system including inventory valuation. She also would have to either sell these sandals at her own location, and/or through her own website, resell to other buyers, or sell through other online sellers like Amazon. It was now she received the call from Mr. Saito with his return of 500 sandals and the cancelling of the following year's order.

⁵ There are approximately 160 manufacturers of sandals in Bangladesh selling as low as \$1.15 per pair, minimum order 100. Retrieved from <https://www.alibaba.com/countrysearch/BD/sandals.html>, July 19, 2017.

Sayaka and her staff were caught completely off-guard by this predicament because all of the sandals were drop shipped to the buyers – she and her staff never saw what the sandals actually looked like as they arrived at the buyers and therefore they had no idea what their buyers and their customers were receiving and talking about. The returned sandals arrived a few days later and Sayaka’s worst fears came to fruition. The sandals were very different from the pre-production sandals they received from their new manufacturer in Bangladesh. The returned sandals were in very poor shape, used very cheap materials and just did not fit the Sandals by Saya quality brand image. They certainly could not be resold under her company name and she immediately called her Bangladesh manufacturer to find out why these sandals were substandard.

Trying to Make Sense out of Alphabet Soup

Speaking in very slow English, Sayaka explained the situation to the head of manufacturing at the Bangladesh plant. His response was curt and to the point. There were no quality standards set in the contract or in the product line sheets and, given the price that was agreed upon, this was the level of quality that every sandal designer firm received from this manufacturer. They had met the prescribed specifications and that was that. When Sayaka brought up the issue of the pre-production samples, the head of manufacturing reminded her that these samples had been developed before a price was agreed upon. If she wanted that quality of sandal then they would have quoted her a different price. Instead, she bargained for a low price and was given the quality of product that fit that price point.

Sayaka then called her lawyer who talked about such issues as misrepresentation and breach of contract. The bottom line was that Sayaka probably had a winning case yet she was not hopeful given her upfront out-of-pocket legal fees, that she would have to sue in a Bangladesh court and that it may take anywhere from 6 months to a year to settle the case. More important, even winning a court settlement and get her legal fees back would not get her reputation back.

She sat in her office wondering what she had done to get herself into this mess and now how she was now going to get her way out of it.

Part 2: Abridged Teaching Note

The purpose of this abridged teaching note is to provide the instructor, and indirectly the student, a short description of some key concepts that may assist the instructor (and therein the students) analyze this case. The concepts of entrepreneurial marketing, brand extension and product life cycle are briefly defined and then applied to the case in order to understand some of the problems encountered by the firm and possible solution strategies.

Entrepreneur Marketing

Entrepreneurial Marketing refers to the acts of entrepreneurs regarding overall marketing activities of a company. The role of entrepreneur is distinctive in SME businesses (small to medium-sized enterprises) where entrepreneur needs to be fully equipped with higher understanding of the business and the product. Also, entrepreneurs usually have differentiated marketing tactics to survive against competition from big companies. In similar context, SME’s entrepreneurs often employ connections from friends and acquaintance to promote the brand since their budget is limited. To deliver the core value of the business into market, entrepreneurs are required to focus on capturing opportunities in marketing strategies and initiatives. In addition, entrepreneurs need to create powerful and evocative concepts that enable entrepreneurial action and subsequent strategic renewal and innovation (Bettiol, Maria and Finotto, 2011).

Brand Extension

Brand Extension is one of the strategies of introducing new products as an extension of existing brand. There are four types of brand extension: line extension that is also called vertical extension, category extension, co-branding, and franchising. The most common way of extending a brand is line extension and it has two types: upgrading and downgrading extension. When following upgrading, the extended brand is introduced at a higher price and quality level than the core brand, while a downgrading brand extension will be introduced at a lower price and quality level (Kim and Lavack, 1996).

Recently, as the demand of luxury goods are exploding in emerging countries, luxury goods are not only available to small number of selected people but also accessible by a huge population. With this trend, many brands started repositioning themselves to attract the up-and-coming luxury markets that are different from traditional luxury market by using line extensions. However, there is a huge potential risk of implementing brand extensions when it is broad and uneven. According to Yan and Qu (2014), 90 percent of the world's luxury brands have brand extension for various reasons, but a significant number of the brands extensions lead to failure.

Product Portfolio

Product portfolio is the collection of all the products or services offered by a company. Having a variety of products with the correct price range is a key component of business marketing strategy ("Balancing the", 2013). In any portfolio, products are in differing stages of development as part of the overall "Product Life Cycle"; ranges from new, growing to mature products, decline and product elimination. See Figure 4, below.

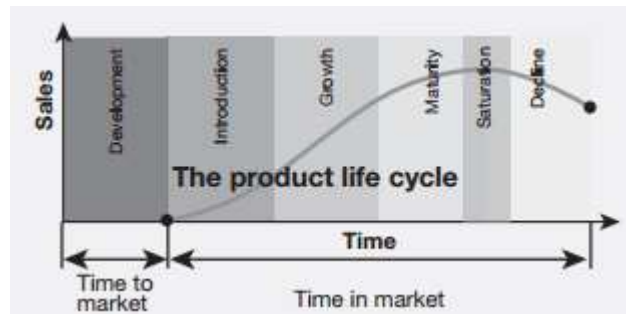


Figure 4. Product Life Cycle

<http://www.quickmba.com/marketing/product/lifecycle/>

Since the strategy of product portfolio complies with market's demand, the reduction or addition of a product or product extension will result in change in the gross profit. Therefore, lack of assessment of the product portfolio in a given market condition will leave companies at risk.

According to case study about JD sports, which is a sports retailer in United Kingdom, JD provides its customers with not only latest sporty and athletic themed apparel and footwear, but also outdoor clothing product line and hardware from different brands. JD balances its product portfolio, which includes products with desirable prices by customers. (Anonymous, n.d., b)

Problem Statement

Sand by Saya has a great potential to grow in the footwear industry by having unique design portfolio and being based in New York City. Problems surfaced when the firm developed new product lines at the suggestion of their manufacturer which led to making a line sheet with items made in Photoshop being marketed to potential buyers rather than having had prototype products that would be ready to manufacture and then sell given buyer delivery deadlines. The firm was then caught in a difficult situation where they had high demand and no supply and opted to use an untested manufacturer in Bangladesh who then mass-produced products that were way below the firm's quality standards. This caused a buyer backlash and resulted in the loss of their number one buyer as well as a loss of the firm's quality reputation.

In analyzing this case, students may opt to look at the management process that involved the producing and selling of the new product lines. They certainly could find fault with marketing of a product line that was virtual (an ethical issue) as well as with the process of how the firm selected and then worked with an overseas (outsourced) manufacturer. These students would certainly be correct in that the firm poorly implemented their new strategy by not controlling for the quality of the merchandise being produced by setting manufacturing standards that "fit" the pre-production samples.

However, they would be missing the more fundamental question that may have lead the firm astray; would producing "a cheaper line/collection with a more simple design, possibly using a metal stud technique [would] increase sandal sales and the brand's visibility"? Putting this more succinctly, was Sayaka's manufacturer's suggestions a "good fit" for the firm's current strategy and product line?

Using the concept of *entrepreneurial marketing*, as CEO of small-sized business, Sayaka's main responsibility was to develop and maintain her brands' core values, marketing strategies and initiatives. Her product was highly focused and differentiated and therefore any change to that generic strategy should have at least been thought through and more importantly researched. Mr. Nozawa's idea of having a cheaper line should have been examined based on market research and target audience analysis. Considering the fact that marketing through personal networking is one of the main marketing initiatives for entrepreneurial marketing, Sayaka's decision put her reputation with her network members at risk, an extremely invaluable intangible commodity.

According to Aaker and Keller (1990), the gap between core brand and *extended brand* might cause harm to the brand equity. Sand by Saya had been promoting itself as a luxury sandal brand based in New York and was even displayed along with Cartier during summer season. Therefore, introducing a cheaper *brand extension* might lead the brand to lose its prestige image that earned from the past performance. Did she determine what would be the impact on her current customers if they perceived the newer lines as lower quality and value? It is understandable that she listened to her main manufacturer but she also needed to test his suggestions.

If Sayaka was going to introduce a new line of "cheaper" sandals, this new collection needed to be disassociated with the current collection. This may have included using a different version of the brand name for the sandals (i.e. Ann Taylor uses "Ann Taylor Loft" [now just "Loft"] while Saks 5th Avenue uses Saks off 5th for their cut-rate brands), using a completely different brand name (i.e. Old Navy, GAP and Banana Republic all are under the GAP corporate label) or using a private label for each major retailer (i.e. Kirkland brand for the retailer Costco).

Last, the new line of sandals ignored the importance of a balanced product portfolio. Every product has a life cycle which consists of six stages; development, introduction, growth, maturity, saturation and decline. Every product goes through each stage from developing stage to decline and then being removed. This cycle is important in that it reflects the market needs and the brand's performance. Sand by Saya's lines of sandals included older sandals made few years ago (those that might be in the mature and declining stages) and certainly did not seem to fit the new collection designs (introduction stage). It can be argued that those sandals that may have entered into the decline stage offset the balance of the product line with those new digital sandals.

Alternatives/Solutions strategy

Based on the above analyses, there are some options that can be applied to solve some of the identified problems. First, Sayaka, as an entrepreneur, needs to be cognitive of her role as corporate spokesperson for the business and needs to develop her own network of buyers and not rely on one major buyer. She needs to be personally engaged in promoting novel products and in linking with relevant clients and partners through active communication processes and instruments such as word-of-mouth and personal networking (Stokes, 2000).

Secondly, brand extension requires more market research that is thorough. Having exclusivity is a great opportunity to move the business forward and Sand by Saya has put a lot of effort into building their luxury image. Therefore, if it is decided to keep the cheaper line of sandals if supported by market research, it would seem appropriate to develop new names for the new product lines and perhaps to separate by region of the lines are targeting. For example, since Sand by Saya is sold mostly in department stores in Tokyo, it could cultivate a new market in suburban areas.

Lastly, building a balanced product portfolio is highly desirable. To achieve this, Sand by Saya needs to do research focusing on the fashion trend by each region the brand is targeting to. To serve the design that customers want, there should be constant analysis to ensure the brand reflects customers' needs. Based on the product life cycle, the brand needs to cycle through older lines and focus on the development of new product lines.

Brief Conclusion

Surviving as a small business in the fashion industry entails a lot of work. By experiencing the challenges and mistakes that Sand by Saya encountered, there are lessons that can be learned by current and future entrepreneurs and business owners. The most important lesson is understanding the firm's distinctive competency and competitive advantage and taking actions that support, not detract, from those advantages.

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APPENDIX A**Where to Buy Sand by Saya**

<https://www.sandbysaya.com/pages/where-to-buy>, June 7, 2017

▼Pop-up Store Japan

- 4/26~5/16 Isetan Matsudo (cancelled)
- 4/27~5/10 Tokyu Plaza Ginza 4F HINKA RINKA
- 5/10~5/16 Hankyu Umeda NY fair 9F
- 5/17~5/30 Hakata Hankyu
- 5/24~5/30 Isetan Shinjuku 2F
- 5/24~6/ 6 Takashimaya Kyoto Store 2F
- 5/31~6/13 Takashimaya Tamagawa Store 3F
- 5/31~6/13 Takashimaya Nagoya Store 5F
- 6/ 7~6/20 Hankyu Umeda 4F
- 6/ 7~6/20 Hakata Daimaru
- 6/15~6/28 Tokyu Kichijouji 1F
- 6/20~6/26 Mitsukoshi Takamatu 1F
- 6/21~6/27 LUCUA 1100 1F
- 6/21~6/27 Hankyu Umeda 4F
- 6/28~7/11 Isetan Shinjuku 2F
- 7/19~8/ 1 Isetan Shinjuku 2F
- 7/19~7/25 Mitsukoshi Ginza

▼Online Store

- BlueFly .com
- Shoptiques.com
- Farfetch.com
- Japan Air Line - JALUX Online Store

▼The United States New York

- Enzyme Shoe Lab
- Harrys Shoes
- Dejavu Midtown
- Ibiza Kids
- Bean 2 Tween- Hamptons
- A Shoe Inn- New Jersey
- Sand by Saya showroom (37 west 39th street 903 NY,NY- Appointment only. 212.933.4291)

Florida

- Ritz Carlton - South Beach Miami
- Ritz Carlton - Biscayne Miami
- Evolution - Key West

Hawaii

- The Kahala Hotel & Resort
- Sheraton Waikiki
- Muse by Rimo
- Luwana Hawaii
- Mauna Lani Bay Hotel
- Royal Fish

Los Angeles

- Turquoise

Maine

- Three Dories

South Carolina

- Island Child
- Sheila Morgan Interiors

Puerto Rico

- Carmen Chirino's Boutique

▼St Martin

- Belmond La Samanna

▼Mexico

- Rose Wood Hotel Las Ventanas, Los Cavos

▼France

- Bazar Boutik - Saint Barth
- The St. Regis Bora Bora Resort - Polynésie Francaise

▼Spain

- Mandarina, Maria Serraano Vera

▼Croatia

- Destination Tokyo

▼Mauritius Island

- Four Seasons Mauritius

▼Hong Kong

- Four Seasons Hong Kong

▼Japan

- Barneys New York @ All Locations
- Estnation @All Locations
- Isetan Department store @All Locations
- Tokyu Department Store@ Shibuya, Tokyo
- Mitsukoshi Department Store @ Ginza and Nihonbashi, Tokyo
- OBST @ Nagoya
- CANAL JEAN @Shinbashi, Osaka and Kobe
- Takashimaya Department Store@ Namba, Osaka
- Iwataya Department Store @ Fukuoka
- Beams @ Tokyo
- The Busena Terrace Resort Hotel@ Okinawa
- Chandelier Boutique@ Okinawa
- DouDou@ Online
- Zozotown@ Online