Pancoat/Brand Index Company Debate

**Background**

Pancoat brand is a street clothing brand designed and produced in Korea. It is the main brand behind the success of the company called Brand Index, a niche fashion brand development company in Korea specializing in youth-oriented, street brands. The make mostly hoodies, t-shirts, backbacks, hats, and other branded apparel.

Brand Index’s sales are mostly from its flagship brand Pancoat, but they develop other brands for specific markets, then promote them smartly to increase their trendiness fast. Two of these other brands include parody9 and gbread.

The Pancoat brand is described by brand index as “Enjoyable and funny brand started from the street emotion.” Pancoat identity has a very colorful, cartoonish look, and features different animal characters. It is a popular “Kpop” brand and is often worn by Korean celebrities.

Brand Index has been very successful at Pancoat product placement, especially in Korean TV entertainment programs, ensuring that the Pancoat brand remains popular with trend-conscious consumers who avidly watch what Korean celebrities wear.

**Current Situation**

Pancoat has many dedicated stores, some in its home city of Busan, as well as many trendy Seoul locations like Myundong, and Pancoat operates store-in-store shops in the major Korean department stores. Despite this large “footprint” in Korea, Pancoat is still a small company of 80 employees.

Currently Brand Index wants to take advantage of the “Korean Wave” and expand its sales overseas. It recently reorganized its international online ordering process to improve service for customers.

The company came out of design and street fashion sensibility, and is very international in management style. In other words, everyone is equal in status and authority, and everyone feels comfortable arguing and trying to persuade each other. No one would say, “You must follow me because I am senior!”

**Pancoat: http://www.pancoat.com/assets/pdf/pancoat\_eng.pdf   
Brand Index company overview at http://www.pancoat.com/assets/pdf/brandindex\_eng.pdf**

**The Debate**

Now, Brand Index’s senior management team is meeting to discuss their international expansion plans. They plan to expand to the USA and European markets after targeting “China and South Eastern Asia countries where KWave is popular.” They currently have one multi-brand shop in Shanghai, but no others outside Korea. They do currently sell online to international customers. Sales in the recently-opened Shanghai store are moderate.

The problem is, the meeting participants do not agree on what is the best expansion strategy for the next 1-2 years. The purpose of the meeting is to agree the expansion strategy and timing for the next 2 years. Views:

**President, Kim Minseok: expand fast to China as a foundation for global Pancoat expansion  
Legal affairs, Choi Jeong Wook: be cautious, especially in big markets in uncertain economy  
Communications and research, Bae Younchan: expand to where hip Koreans live   
Product management, Reflex: seek out street cred communities locally, everywhere  
Sales management, Lee Haerin: exploit brand popularity now for profit, build new brands**