

The Fabricant PESTLE Analysis

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MGT 1060: The Principles of International Business

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April 17, 2024

The Fabricant PESTLE Analysis

My Mission for this PESTLE analysis is to open the possibility of expanding this company's mission and goals to Japan. The Fabricant is a company based in the Netherlands that designs clothes that only exist in the digital world, not in the physical world.

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According to Kerry Murphy owner of the world's first digital fashion house:

“The Fabricant is receiving attention from an array of potential clients, ranging from independent designers to the largest brands in the world”, all trying to figure out how to sustain their brand into the future. By helping them create virtual samples, launch online fashion shows and find other ways of entering the digital space, the firm is providing safer and more sustainable ways of doing business.”

Currently The Fabricant has investors in Australia, Europe, Middle East, and Africa. The Fabricant has raised \$14 million dollars and has grown since their first launch back in 2016. It is estimated that by the year 2025 The Fabricant will have 100 million people ready for the metaverse by supplying their digital garments. According to Metaverse consulting, Japan has 12.4% of metaverse users while The Netherlands only has 9.2% of Users. This leads to a great opportunity for The Fabricant to expand their business in Japan.

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Country	Population (m)	Internet Pen. (%)	Internet Users (m)	Metaverse Users (m)	Metaverse Pen. %
China	1,490.32	73.7%	1,098.37	183.13	16.7%
India	1,380.00	59.5%	821.10	41.43	5.0%
USA	331.00	91.2%	301.87	37.14	12.3%
Indonesia	273.52	71.6%	195.84	23.47	12.0%
Brazil	220.55	77.1%	170.04	20.84	12.3%
Japan	126.47	94.2%	119.13	14.73	12.4%
Russia	145.90	89.5%	130.58	12.90	9.9%
Mexico	128.93	73.1%	94.25	11.50	12.2%
Phillippines	109.58	64.1%	70.24	9.88	14.1%
Turkey	84.33	82.5%	69.57	9.84	14.1%
South Korea	51.26	95.4%	48.90	8.82	18.0%
UK	67.80	97.8%	66.31	7.91	11.9%
Germany	83.70	93.1%	77.92	7.85	10.1%
France	65.20	92.6%	60.38	6.64	11.0%
Pakistan	220.89	60.8%	134.30	6.55	4.9%
Thailand	69.77	75.5%	52.68	6.37	12.1%
Italy	60.40	86.1%	52.00	6.35	12.2%
Spain	46.70	94.9%	44.32	5.46	12.3%
Canada	37.74	89.0%	33.59	4.03	12.0%
Poland	37.84	90.6%	34.28	3.38	9.9%
Total	5,031.90	73.0%	3,675.68	428.21	11.6%

Figure 1: The Metaverse Viewership

POLITICAL

Overview

Japan follows a constitutional monarchy with a civil law system. The prime minister of Japan Koichi Hagiuda, head of the Liberal Democratic Party, entrenched a Web3 office on July 22, under the (METI) industry. This exposes further changes to Japan's tax regulations and the way they work as a society. Web3 aims to shift control and ownership of data and digital assets of

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centralized entities like tech giants and financial institutions to individual users. Member of Japan's House of Representatives as well as secretary-general of the Web3 project, Akihisa Shiozaki indicated that major companies in Japan have already entered the market. NTT Docomo, which is a Japanese phone operator, has already said to invest up to \$600 billion yen.

Regarding The Fabricant

Japan is currently looking for investors and companies that are wanting to chime in on this. For example in July 2022, Hagiuda Japan's prime minister had several collaborations and discussions with the United states, France, and Singapore on how they can expand this idea. Adding to that in the Netherlands, by 2024, the market value is set out to reach US \$23.0bn which will make the Netherlands one of the top contributors to the Market.

ECONOMIC

Overview

Japan is currently experiencing a great economic growth within their market by profiting off the Metaverse. Right now Japan is trying to propose a more digital way of living by engineering technology that helps pave the entrance into Web 3.0 examples of doing this by getting rid of the cash-heavy payments and instead thriving in a cashless society. Right now %30 percent of payments in Japan are cashless. According to Statista (n.d.):

“The metaverse market in Japan was estimated at 285.1 billion Japanese yen in fiscal year 2023. It was expected that the market, which in this case excludes services that exclusively focus on video games, will reach a value of more than two trillion yen by fiscal year 2027.”

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Regarding The Fabricant

The argument is that expanding The Fabricant business in Japan would spark economic growth for the company. To answer that, the answer would be a yes. Japan would be a great company to network with for The Fabricant because they already have their foot into the Metaverse as well as contributors and companies that could help invest in The Fabricant. The Netherlands Tendencies and movements in the Metaverse market are lined up with Japan's views goals. President of ASML The Netherlands diedam, Peter Wennick, had made a claim that he is open to expanding the business outside The Netherlands in order to grow the company.

The Japan Metaverse growth rate is expected to increase 48.2% from 2024 to 2030. The Netherlands currently has an annual healthy growth rate of 38.93% from 2024 to 2030.

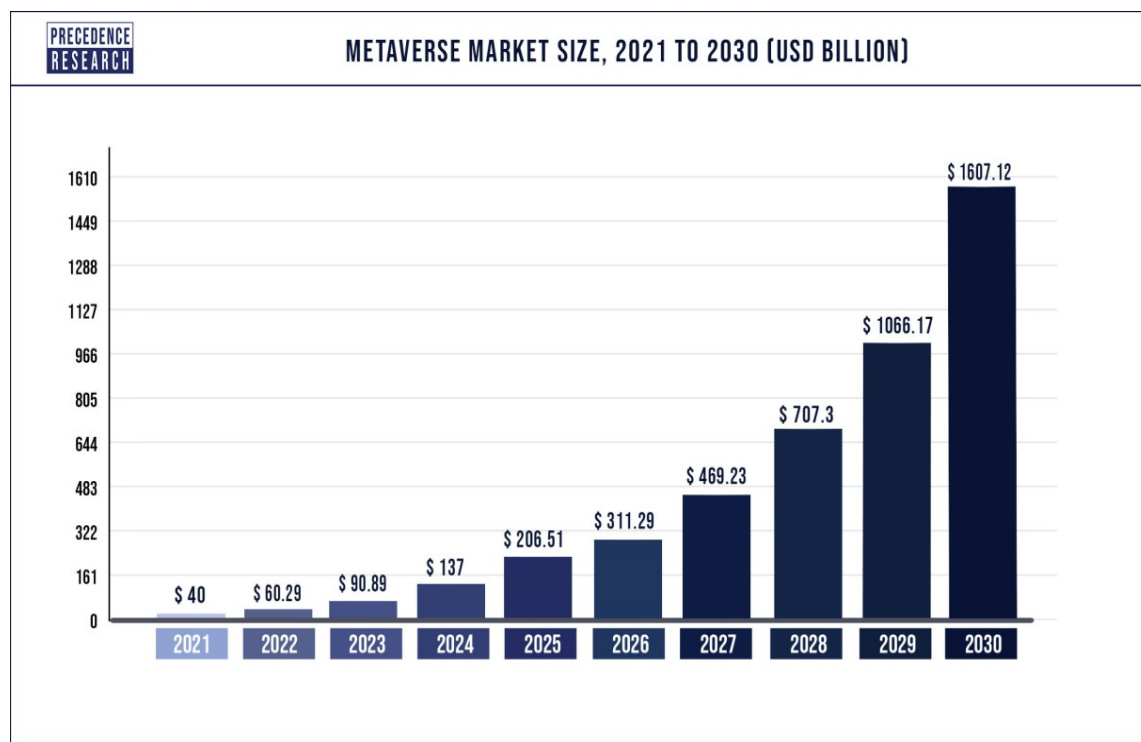


Figure 2 : The Metaverse Market size Value

With the Market size value being \$2607.12 billion and Japan having a big chunk of it by being said to reach \$56.7 billion by 2030 and The Netherlands reaching \$4889.0m by 2030 this shows

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the economic advantage the Netherlands would have by partnering up with Japan. While this shows Japan is said to be making more money than the Netherlands this is actually a great example as to why The Fabricant should be partnering with Japan. It shows that Japan knows what they're doing which can be very beneficial to the company.

SOCIAL

Overview

During the 2020 pandemic a lot of Western markets experienced a big boom in the Metaverse with everything being online and Mark Zuckerberg introducing Facebook to Meta. However, that quickly died down as investors in the west ended up backing out after the Pandemic ended and we were able to go outside again. In Japan and South Korea, and other Asian markets they are still booming and now more than ever. The Sandbox, a company that offers tools for the metaverse, is getting 40% of its sales from Asia. While the western markets and collectives seem to be questioning the metaverse and how this can harm us, Asian markets and the people are a lot more excited about this. According to NIKKEI Asia (n.d):

“Hitsuzi is a 32-year-old Japanese government employee who lives alone in a suburb north of Tokyo. He usually comes home from work around 8 p.m., eats a ready meal, and then, starting around 10 p.m., the fun begins. He puts on a set of VR goggles that transport him to a great gilded hall built in the clouds, where he chats and games with friends from all over the globe into the early hours of the morning.”

- Age group of Metaverse users in Japan is roughly about 15-30 years old
- An average of 68.8 minutes in Metaverse spent daily

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- 21.7% are online friends not connected in real life
- Asia is leading the investments in the Metaverse due to it having the world's most technology and young people

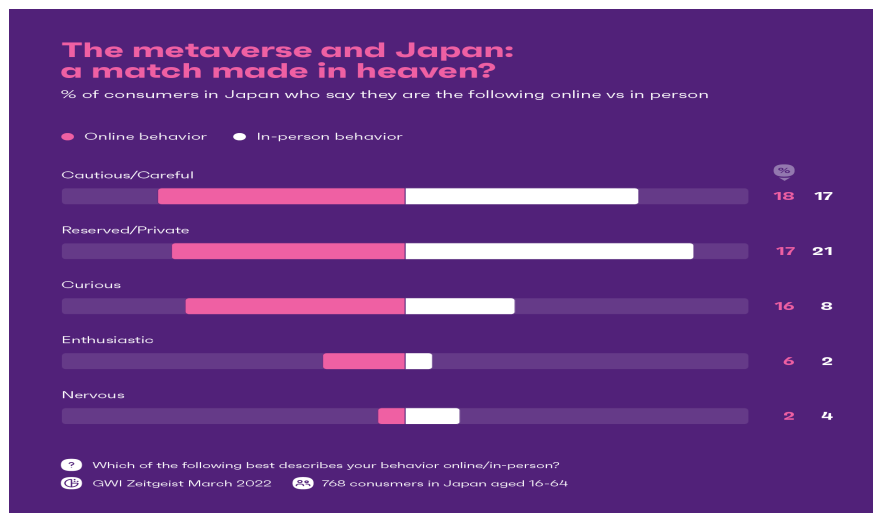


Figure 3: Anonymous survey on Japanese consumers and how they act in person vs. in the Metaverse

Regarding The Fabricant

Just like Japan the Netherlands has a very prominent audience also thinking the same way. The Netherlands has a great-driven digital infrastructure for the Dutch consumers. The Netherlands is also merging the Metaverse into a bunch of fabrications like education, e-commerce, and gaming. The Netherlands had categorized as number one for interest in the Metaverse coming from a consumer viewpoint beating the UK and the US. The number of users in the Metaverse is said to reach 11.9 million users by 2030 in the Netherlands. The Metaverse is becoming a more normalized market in Japan making it easier for The Fabricant to spread out and do business there in comparison to Western markets.

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TECHNOLOGICAL

Overview

Being that this is all digital it's really important to make sure that where the company is expanding to also has a great internet system and connection. Engineers in Japan had managed to break the world record for the world's highest internet speed. Japan's engineers had accomplished the internet speed of 319 terabits which is 7.6 millions times faster than the United states average internet speed at home. Japan is also working on Web3 technologies for a societal transformation.

Regarding The Fabricant

The Metaverse being a fresh idea and it still being so new works in favor of The Fabricant because with Japan working to expand Web3 they are open to international partnerships and different platforms to help spread the word and showcase Web3. This also works in favor of The Fabricant because Japan has one of the best internet speeds in the world. The leaders in starting 5g are in Asia which makes this even more convenient.

LEGAL

Overview

With the Metaverse being a whole new universe and world to expand to there are some laws that come with that. The Japanese government issues the “Intellectual Property Promotion Plan 2022” the approach for this policy is to place guidelines that addresses both ingrained and content-related challenges that goes on in the Metaverse. The legal issues that are concerning with Japan are that they are still having some conferences deciding whether to put hard or soft

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laws in AI. Data and personal usage leaked is a concern to the big Western market when it comes to how and who we share our information to. What seems to be a problem right now is the skepticism that some countries have with citizens' information and personal data being leaked to Asian markets. According to ICLG (n.d.):

“Study Group on Utilization of Metaverse, etc. for the Web3 Era” established by the Ministry of Internal Affairs and Communications, and the “Public-Private Partnership Conference on Dealing with New Legal Issues Concerning Content on Metaverse, etc.” established by the Cabinet Office, examined a number of legal risks.”

Regarding The Fabricant

Looking at it from a legal point of view, setting the laws down and putting them in place is important to note when running a business with different international companies. The “Study Group on Utilization of Metaverse, etc. for the Web3 Era” plays an important role because you want to know what you are setting your customers and citizens up with. To avoid lawsuits you want to make sure the legal parts are all set. The Fabricant is a European company and right now The Cabinet Office is having some disagreements with Asia on what should be noted as legal and what shouldn't in the Metaverse. This is just one thing to note when wanting to expand your business globally especially when it comes with a lot of slippery laws that are hidden in it.

ENVIRONMENTAL

Overview

Since the Metaverse is still so fresh I can't find statistics regarding Japan and their environmental plan on the Metaverse however I can speak on The Metaverse as a whole and the global impact it will have. Environmental concerns that are crucial with working in the Metaverse is the amount

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of carbon emissions we will be using in order to require an extreme amount of power. With VR and AI being set to be more of a new digital way of living we need to use more processed power at a more high demanding rate. This causes us to burn more fossil fuels and cut more trees. This triggers deforestation, soil erosion, and negative climate impacts. The consumption of the metaverse could reach nearly 400 terawatt hours and carbon emissions would be reaching as high as 115 MT by the year 2030.

Regarding The Fabricant

While the Metaverse does require a lot of carbon emissions, The Fabricant claims to be a sustainable business because its company is targeted towards resolving the textile waste of fast fashion. Right now trends are coming and going now more than ever so fast fashion and landfill waste is at an all time high. In the United states every year Americans alone throw out more than 34 billion pounds of used textile waste. By keeping fashion trends digital this can help with the recycling waste problem that we have now.

RECOMMENDATIONS

This PESTLE analysis recommends The Fabricant to expand into Japan. More importantly Japan's high speed technology and investments into the Metaverse really help benefit the company and their sales.

Generic Strategies: Differentiated

The Fabricant right now is targeting people that are interested in fashion, sustainability, and the Metaverse. In addition right now the Fashion industry doesn't really have many brands looking

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into the Metaverse and marketing their stuff on there so The Fabricant has a big head start in the new digital day and age that's coming.

Value Discipline Strategies: Operational Excellence

The Fabricant offers a great example of operational excellence because they're always improving their clothing and the way they market their clothes. As well as the improvement of AI on their website. They are currently looking to expand with other companies to improve the excellence of their product.

Grand strategies: Expansion/ Market share

The goal for expanding The Fabricant in Japan would be to follow an expansion strategy. With The Fabricant having a unique eye for their way of clothes and Japan looking for collaborations in the Metaverse this would make a great company to expand in Japan. Currently Japan has already collaborated with McDonalds but they're not set on any big fashion brands yet so they would be a great opportunity for The Fabricant to step their foot in the door.

International strategy: Global Standardization Strategy

The Global Standardization Strategy would be a great advantage for The Fabricant. With the Metaverse being fully digital this gives a great opportunity for global attraction to the company from all around the world. If this company was strictly based in The Netherlands and it wasn't digital at all this would be a completely different story but The Fabricant has almost a cheat code for their expansion globally.

Alternative Geography

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While the PESTLE recommends expansion in Japan, a great alternative I say would have to be Tuvalu. Tuvalu is the first country currently moving into the Metaverse.

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