Work Project presented as part of the requirements for the Award of a Masters Degree in Management from NOVA

– School of Business and Economics

# Consulting Project for Indie Campers: Internationalization of Indie Campers to Germany, France, Spain and Italy

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# Executive Summary

This presentation aims to develop and expansion plan and recommendations for Indie Campers. Indie Campers is a modern campervan company. The company was founded in 2013 by two friends and it is currently located in 13 cities, in three different countries, with a fleet of 95 campervans. Indie Campers offers a ranger of five different models, the vans are small and practical with lean and comfortable interiors for a better customer experience. Indie Campers' business is highly seasonal, with 70% of its revenue collected between April and September, which is which derives from rental and extras sales.

Indie Campers' favorable position and prospects, contribute to the development of an expansion plan for new market opportunities. Indie Campers' current growth rates and consolidated profits, as well as optimistic market conditions, contribute to a favorable position to start exploring new market opportunities in Europe. Indie Campers business has been recording outstanding growth rates both in revenue and days sold, being a good proxy of a successful performance in the future in new markets.

Indie Campers is subject to different external factors, which should be taken into consideration, and were analyzed in different strategic models, such as the SWOT Analysis, the PESTEL Analysis, the Strategic Positioning Analysis and finally the Six Forcer of Porter Analysis. Furthermore, an analysis of the tourism sector was develop to better understand each of the different markets.

The Management Consulting Labs team propose to develop an expansion plan to consolidate the Spanish market and enter in France, Italy and Germany. To access the viability of the project, a set of profit and losses forecasts were developed. Although the Net Earnings in the first year of expansion represents a small portion of the total income, it is clear that along the years it becomes to represent a higher share.

The strategy proposal presented is divided in four main areas of action, such as Operations, Communications, Investments and Corporate and Legal aspects.

The management consulting labs developed a model to predict the demand in each of the new locations, this model has two main goals, first access the viability of the project by forecasting the number of days sold in each location and secondly to forecast the number of vans needed in each location. One of the major aspects of this project is to understand that Indie Campers revenues are divided in two different streams, the first being the rental of vans and the second the resale of vans, which will gain importance along the years. Additionally, the group developed a tool for the company to confirm the prediction of the order quantity, to make in the second, third and forth order.

Finally, the team designed some future prospects recommendations for Indie Campers after the project. Initially, Indie Campers should consolidate its European market, by entering in Croatia, The Netherlands and the United Kingdom, and after can move to other continents, in countries such as the United States and Australia. Indie Campers can expand not only geographically but also horizontally, by adding and creating new streams of business and new companies, such as Sales Aggregators and the Production and Commercialization of Brands. Indie Campers main goal is to be recognized as a world brand and to develop the campervan sector, as well as the tourism industry.

# Methodology

## Primary Data - Database

Internal tools were used as primary data source:

- Indie Campers' website was mainly used to perceive the business communication and booking process.
- The company's Facebook and Instagram pages were used to understand Indie Campers' type of communication.
- The CRM platform, Rental Car, was used to better understand the business and to extract data about all reservations made since 2015.
- Indie Campers' workers know-how, access to internal documents and field trips to the Lisbon hub were important to consolidate all the information and to deepen the analysis.

## Secondary Data - Research

Among others, the access to data from the European Central Bank, OECD, Eurostat and tourism organisms was essential to complement and consolidate the general analysis and the industry overview.

Reports from airports associations of each country contributed to the development of the Model of Demand presented by the group.

## Survey

Development of a survey with the main goal of understanding the potential of the market about Indie Campers' expansion.

The survey was spread mainly through Facebook and reached 870 respondents.

Survey respondents characteristics:

- 730 valid questionnaires (273 male and 457 female)
- Mostly aged between 20-25 years old
- From more than 20 countries.

# AGENDA

# Indie Campers' current growth rates and consolidated profits, as well as optimistic market conditions, contribute to a favorable position to start exploring new market opportunities in Europe

## Project Breakdown

During the previous years, the **Tourism Sector has grown continuously**, being considered one of the fastest growing economic sectors in the world.[1]

**Situation**

Given Indie Campers' potential within the Tourism Sector, the high growth rates over the past two years, along with the consolidated profits, **the company is prepared to explore new market opportunities in Europe.**

**Complication**

How to explore the **opportunities for Indie Campers to grow** in the Tourism Sector in Europe?

**Question**

There are strong economic and strategic reasons for Indie Campers to consolidate its business in **Portugal and Spain**, and to grow in countries such as **France, Italy and Germany**.

**Answer**

Source: 1. UNWTO, Why Tourism?, 2016

# Indie Campers' favorable position and prospects, contribute to the development of an expansion plan for new market opportunities in France, Italy and Germany and to consolidate the Spanish Market

## Project Roadmap

**Indie Campers favorable structure and positive prospects, contribute to the creation of favorable conditions for Indie Campers' growth**

How to overcome this?

**Opportunities for Indie Campers in Europe**

In which markets?

**Spain**
- Consolidate the existing locations
- Add new locations

**France**
- Enter the market, already in Biarritz

**Italy**
- Enter the market

**Germany**
- Enter the market

# AGENDA

# Indie Campers was founded in 2013 by two friends and it is currently located in 13 cities, in three different countries, with a fleet of 95 campervans

## About the Company

### The History

After a trip to Australia in 2013, two friends founded Indie Campers.

The company has been growing continuously and rapidly, being currently located in 13 cities in 3 different countries with a fleet of 95 camper vans.

Indie Campers is considered one of the Portuguese start-ups with the highest growth rate in the tourism sector, with more than 70% of the total campervans share owned by rental companies in Portugal.

In 2016, the revenue reached approximately 1,5M€.

The plan for the future is to grow in terms of fleet size and to continue the internationalization process throughout Europe, entering new markets and establishing itself in the markets where the company is already operating in.

### Mission

To make the pleasure and enjoyment of road travel accessible to everyone.

To inspire and connect travellers worldwide with unforgettable European destinations.

To provide a superior online service and a seamless, integrated user experience.

### Vision

Dominate Europe's recreational vehicle market and lead the industry shift towards lean, sustainable and honest industry practices

### Philosophy: #GoIndie

Freedom, adventure and discovery.

Independence, spontaneity and flexibility.

Dynamic, authentic holidays, back-to-basics.

### Current Locations

Indie Campers is currently located in 13 cities:


Source: Indie Campers Website and Internal Documents

# Indie Campers offers a ranger of five different models. The vans are small and practical with lean and comfortable interiors for a better customer experience

## Business Overview - Product and Price Structure

### Vans Models

Sporty

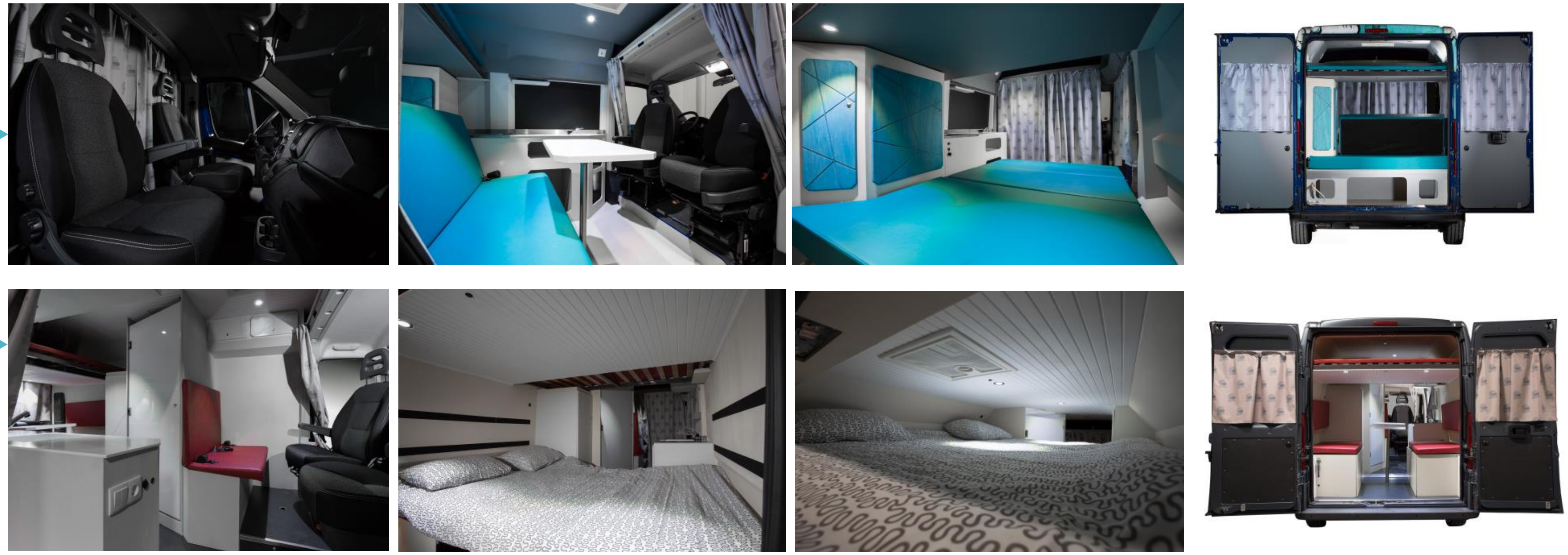
Motorhome

Active S

Active M

Active Plus

### Interior of the Vans



Indie Campers offers five models of vans among 10 different designs.

The vans are relatively small in comparison with its competitors and easy to drive.

The interior of the vans are lean and comfortable, optimized in a way that allows the client to drive, sleep, cook and relax comfortably during the trip.

The motorhome model offers a bathroom compartment.

Source: Indie Campers Website and Internal Documents

# Indie Campers offers different price solutions to its clients. These prices range according to the season, which is adjusted to the demand of the business

## Business Overview - Product and Price Structure

Price Range of the Vans, 2016

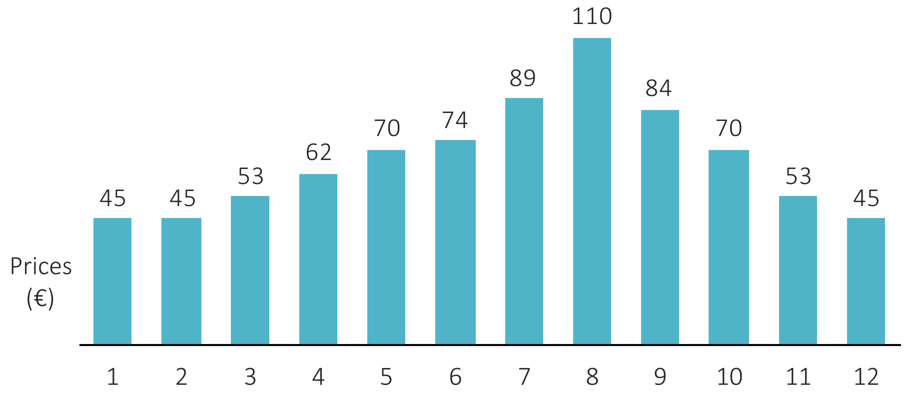
Sporty Active S Active M Active Plus Motorhome

\- Price Range +

Indie Campers not only offers a wide range of models and designs to its clients but also different price solutions.

This allows the client to choose among five different prices ranging from 49€ to 144€ (depending on the season).

Graph 1: Average Van Prices per month, 2016




Having in consideration the seasonality of the business, Indie Campers is able to charge different prices according to the time of the year.

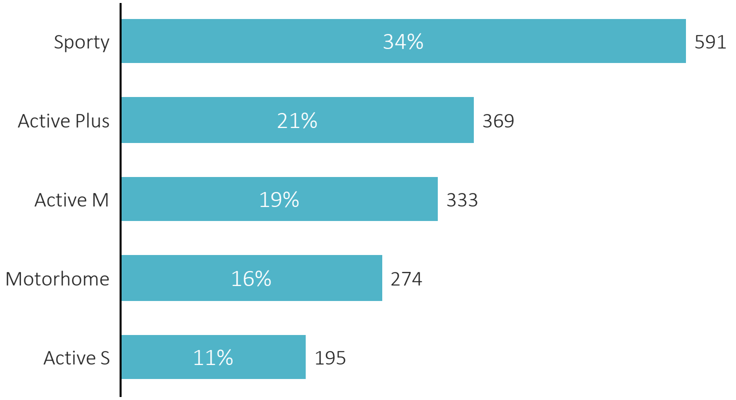
This adjustment has in consideration the demand associated to the business, adjusting it to each type of model.

Source: Indie Campers Website and Internal Documents

Indie Campers' business is highly seasonal, with 70% of its revenue collected between April and September, which is which derives from rental and extras sales

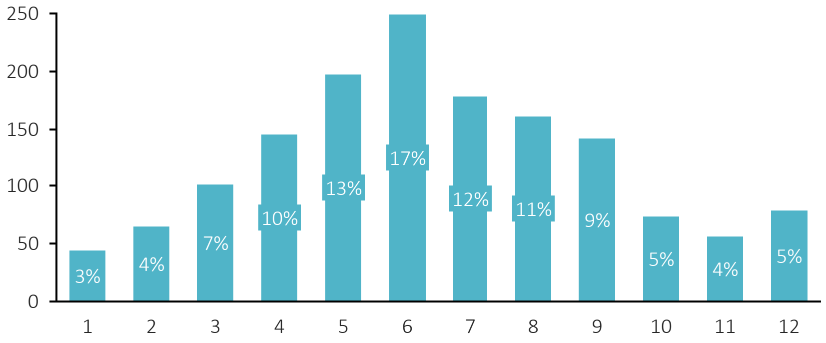
## Business Overview

Graph 2: Distribution of contracts per type of van, 2015 - 2016



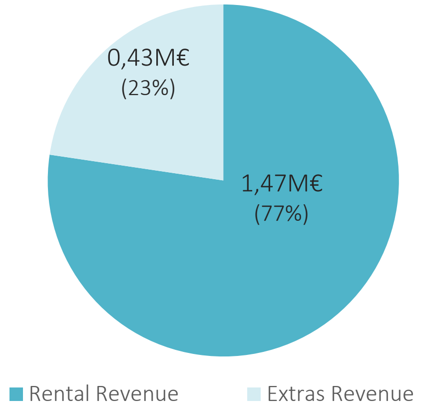

Source: Indie Campers Database

Graph 3: Distribution of revenue per month, 2016 (in thousands)




Source: Indie Campers Database

Graph 4: Average Stream of Revenue, 2015 - 2016




Source: Indie Campers Database

### Service

Among the five different models of vans that Indie Campers has available, *Sporty* represents 34% of the total number of contracts (591 contracts), followed by the *Active Plus* (21%).

### Sales

This particular business translates a seasonal behaviour regarding its sales. As presented in Graph 3, Indie Campers has the majority of its sales concentrated between April and September, representing 72% of its total revenue in 2016 (1M€).

### Revenue

Indie Campers' revenue results from two different streams: revenues from vans rental (1,47M€) and revenues from the rental of extras associated to each rental (0,43M€).

# AGENDA

Indie Campers is subject to different external factors, which should be taken into consideration, such as the legal frameworks for wild camping and the environmental changes towards electric vehicles

## Current Strategic Situation – PESTEL

P

**Political:** the recent events inherent to the refugees in Europe may close some frontiers between countries. This may represent a barrier to Indie Campers' business [1].

E

**Economic:** According to the European Commission, 2017 will be full of challenging times and modest growth, which is favorable to Indie Campers international business model. [2] Indie Campers' business has the opportunity to be boosted with the support of some available European funds like *Horizon 2020*. [3]

S

**Social:** the campervan culture is growing in Europe since it is a relatively recent kind of vacations trend among Europeans.[4] Moreover, the rising trend of travelers with the desire to "unplug", makes the campervan vacations an appropriate option. [5]

T

**Technological:** the increase of the use/presence of electric vehicles may require an adaptation of Indie Campers' vans. [6]
The increase development and integration of the Internet on Things may demand an adaptation of Indie Campers' vans to a higher use of technology. [7]

E

**Environmental:** due to environmental agreements like the *Paris Agreement*, $CO_2$ emissions tend to be reduced in the future. This kind of actions may compromise the use of the current vans. [8]

L

**Legal:** due to legal regulations some countries restrict the vans overnight outside campsites.[9] This may represent some restrictions to Indie Campers' customers who want to do wild camping. Furthermore, another governmental regulations may represent barriers for Indie Campers to fully act in these countries, such as restrictions in the circulation of the vans in historical centers. [10]

Source: 1. European Commission, An Economic take on the refugee crisis, 2016; 2. European Commission, Autumn 2016 Economic Forecast, 2016; 3. European Comission, Horizon 2020 ; 4.Outdoor Industry Association, 2016 Outdoor Recreation Participation Topline Report, 2016 ; 5. Trekksoft, 2016 Travel Trends that will drive the global Tourism Industry, 2015; 6. European Comission, Investment Challenges in Energy, Transport & Digital Markets, 2016; 7. Business Insider, Here are the IoT trends that will change the way business, governments, and consumers interact with the world;, 2016; 8. European Comission, Paris Agreement, 2016 ; 9. The Guardian, Wild Camping in Europe: How and where to do it, 2010 ; 10. Turismo Verona, Limit Traffic Zone, 2016

The biggest threats for Indie Campers is the bargaining power of the vans transformation suppliers, as well as the increase in rivalry and the consistency of its substitutes, the combination of rent-a-cars and hostels

## Current Strategic Situation – 6 Forces of Porter

### Threat of new entrants

The threat of new competitors is considered medium to high and growing, since:

- It is difficult to get supply-side economies of scale: quantity discounts when buying the vans, although the business can be supported by a small amount of vans
- Lack of previous customers' experiences
- Capital requirements: purchase of vans, hire of staff, rent of warehouses.
- With the growth of the sector, led by Indie Campers, the appearance of new entrants may be stimulated

### Rivalry (competition)

The intensity of competition is considered high, since customers may find a significant number of companies with similar characteristics to Indie Campers' (size, price, product and service) acting in Europe.

Indie Campers' main competitors:
Spaceships; Hanggtime; Chilicampers; VanYou; South Camper; Caracol Van; NorthSpain Camper Rental; Flamenco Campers; Soul Campers; Surf cars; Origin Campervans; BlackSheep; Van-IT; Vintage Road Trips; Van Trippers; Van-Away; 69 Campers; Campy Camper. (More Info in Appendix)

### Complementary Products

Gas: the increase of gas prices may compromise the use of Indie Campers.

### Bargaining power of suppliers

The bargaining power of Indie Campers suppliers is considered high and growing:

- There are few suppliers in the market with similar products and services' characteristics
- There is a high dependency on these suppliers. A failure of one of these suppliers may represent a significant delay for the business or even and extra effort to find a substitute.

Indie Campers' main suppliers: Tonke, Fiat, Renault, Volkswagen, Ikea, Leroy Merlin and Decathlon.

### Threat of Substitutes

Considering hostels and rent-a-cars as substitutes, the threat of substitutes is considered medium to high, and stable once:

- These substitutes are easy to access with low switching costs
- On the other hand, the experience associated to Indie Campers cannot be find in these substitutes.

Indie Campers' substitutes in Europe: Hosteling International (HI HOSTEL); Plus; St Christopher's Inns; Generator; Wombat's; X Hostel; A&O; Urbany Hostels; Avis; Europcar; Budget; Hertz and Sixt.

### Bargaining power of buyers

The bargaining power of Indie Campers' clients is considered high, and growing once:

- The product is not unique: customers may find similar products in Europe. Reason why customers are very sensitive to price changes.
- The switching costs are very low.

# Indie Campers can be classified as having a Differentiation Strategy for the fact that it has a broad target competitive scope an a differentiation competitive advantage

## Current Strategic Situation – Competitive Advantage Analysis (Porter's Generic Competitive Strategies )

| Competitive Scope | Competitive Advantage: Low Cost | Competitive Advantage: Differentiation |
|---|---|---|
| Broad Target | Cost Leadership | **Differentiation** |
| Narrow Target | Cost Focus | Differentiation Focus |

Competitive advantage will allow Indie Campers to sell its product/service in a distinctive and unique way when comparing with its competitors. In order to succeed in such an industry like Recreational Vehicles, it is important to have a strong competitive advantage to excel in the market.

Indie Campers' business is classified as having a broad target competitive scope, for the fact that it is a service that can be used by most of consumers, with no limitations of age and culture, ranging from friends to families. The only restriction is to have a valid driving license.

Indie Campers' competitive advantage underlies in a differentiation strategy: by providing an unique service with different and practical vans that improve the customers' experience when comparing with its competitors.

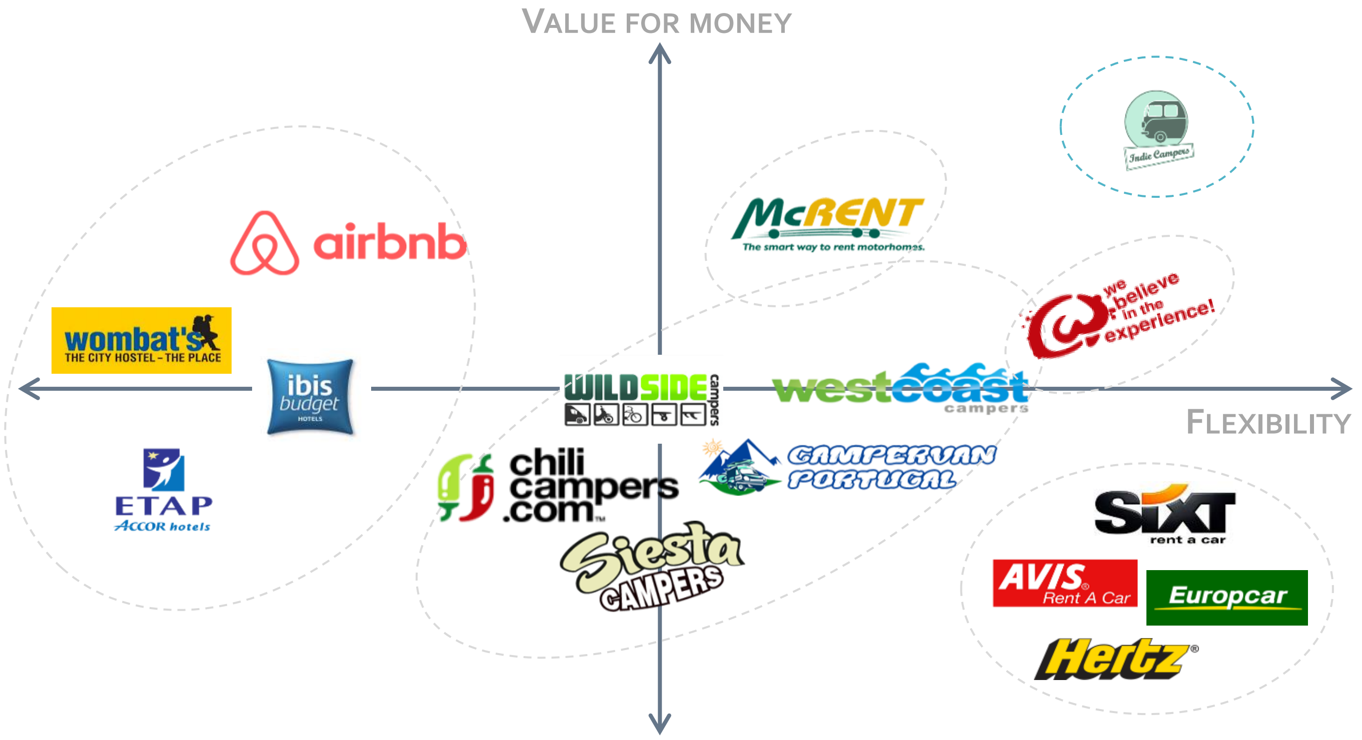
With a broad target competitive scope and differentiation competitive advantage, one can classify Indie Campers as having a Differentiation strategy regarding its competitors.

Source: Porter, Michael E., "Competitive Advantage". 1985, Ch. 1, pp 11-15. The Free Press. New York.

# Indie Campers' positioning in the market offers a good value for money solution, with a high flexibility component, when compared to its direct competitors and substitutes

## Current Strategic Situation – Positioning Matrix

Graph 5: Indie Campers Positioning Matrix




Indie Campers assumes a very strong positioning in the market both in value for money and flexibility (mobility) during clients' vacations.

In comparison with its competitors, Indie Campers offers a solution that combines the best of the rent-a-car companies (flexibility) and of the hostels (value for money).

This way, Indie Campers is able to fulfil a market gap for people who are looking for good value for money accommodations and the possibility of flexibility during their vacations, which is not possible when spending the night in hostels.

Comparing to its direct competitors, Indie Campers holds a favourable positioning regarding flexibility due the possibility of having a option of mixed pickup and drop-off locations, as well as a vast set of locations. In terms of value for money, Indie Campers offers a better service quality relation due to its outstanding customer care service.

Indie Campers has as main strength its product/service for being different and improved from what clients may find in the market. On the other hand, its main weakness is the unstructured processes regarding its operations. Its key opportunity is the expansion to new markets and its main threat is the government regulation to this kind of business in these potential new markets.

## Current Strategic Situation – SWOT Analysis

### Strengths:

- Competitive prices
- Occupancy rate reaches the optimal level in the high season (88,9%)
- Superior customer experience and customer care service
- Superior commercial service
- Offer mixed pick up and drop off locations
- Flexible allocation of vans
- Wide range of vans models (5 models)
- Unique and memorable design of the vans
- Lean and comfortable interiors
- Size and dimension of the vans

### Weaknesses:

- The website is not totally optimized
- Inexistence of a mobile app
- Unstructured processes regarding operations
- Reduced number of languages available
- Very seasonal business
- Management control issues after the expansion
- Quality compromise of the customer experience when expanding to new markets

### Opportunities:

- Enter new markets in Europe
- Expansion to new locations in Spain
- Explore domestic markets
- Reduction of the seasonality
- Devise partnerships online and offline with other brands
- Expand for the resale of vans business

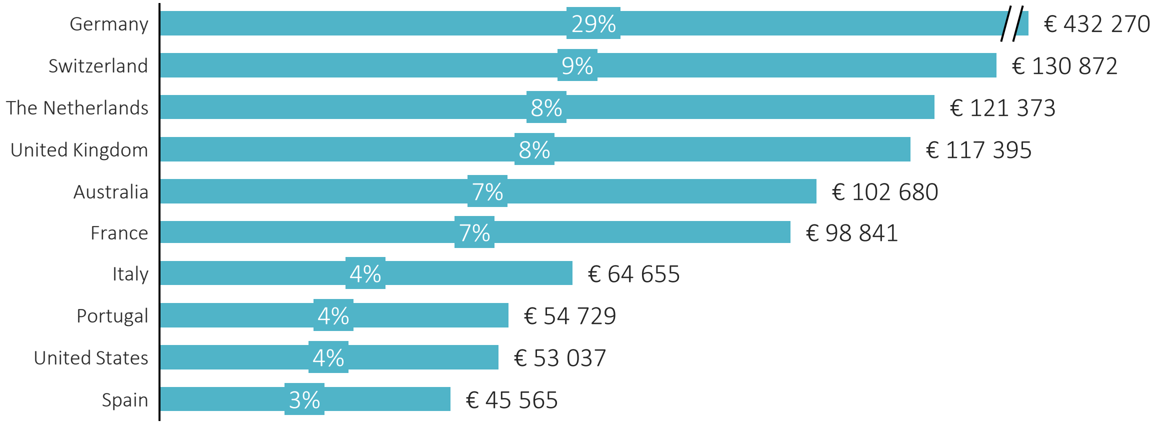
### Threats:

- Easiness of new competition
- Multicultural differences regarding the work culture among employees
- Government regulations in the potential new markets
- Laws constraints regarding wild camping

# Indie Campers revenue is well distributed among its top nationalities, with Germany being the best source of revenue

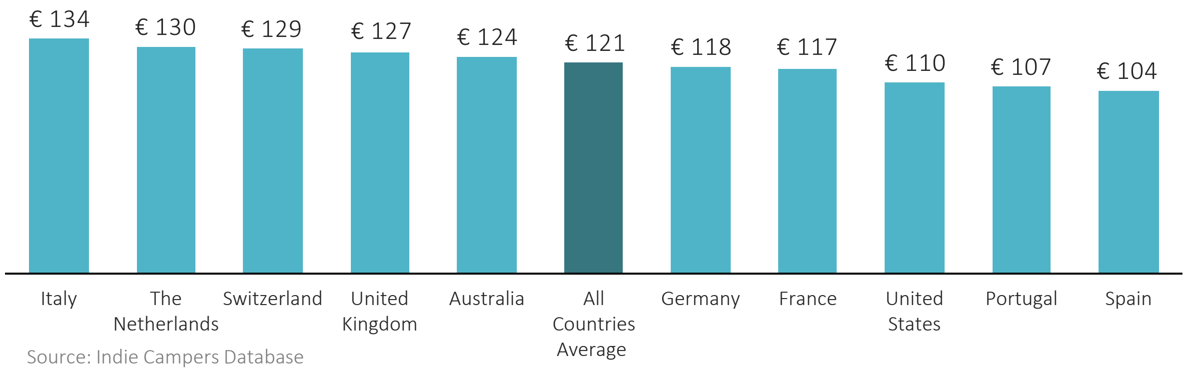
## Current Customers' Analysis (1)

Graph 6: Revenue by customers' nationality, 2016




Source: Indie Campers Database

Graph 7: Average daily spending by customers' nationality, 2016




Source: Indie Campers Database

Indie Campers serves a wide range of nationalities, with approximately 98% of foreign customers.

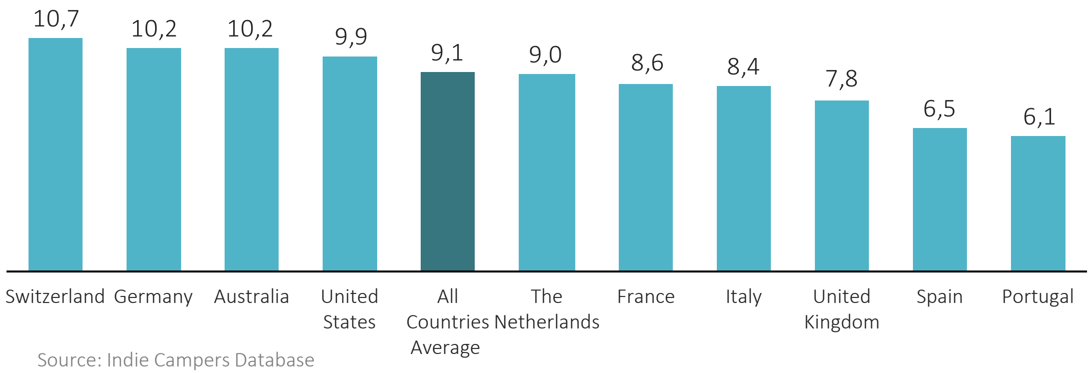
In 2016, Germany, United Kingdom and The Netherlands were the top 3 countries that contributed the most for the company's performance in terms of number of contracts. Its is important not to be highly dependent on only one market, which can be confirmed by the even distribution of customers' nationality in terms of revenue, with the exception of Germany. According to Graph 6, Germany outstands completely from the remaining nationalities in terms of revenue, representing approximately 29% of the overall locations, with an amount of 432.000€ spent in 2016. Switzerland, The Netherlands, UK, Australia and France follow Germany.

It is important to notice that the average daily spending depends on the preferred season, type of model chosen and extras purchased. Despite Germany being the nationality with the highest revenue amount, according to Graph 7, Germans have an average daily spending below the average of all countries, with an amount of 118€. Italians are the ones who spend more per day on average, with an amount of 134€, followed by The Netherlands, Switzerland, UK, and Australia. Finally, Portugal and Spain represent the lowest average daily spending.

# The average length of stay of Indie Campers customers is 9,1 days. The average days difference between the registration and the pickup dates is 44 days, being an important component of the business

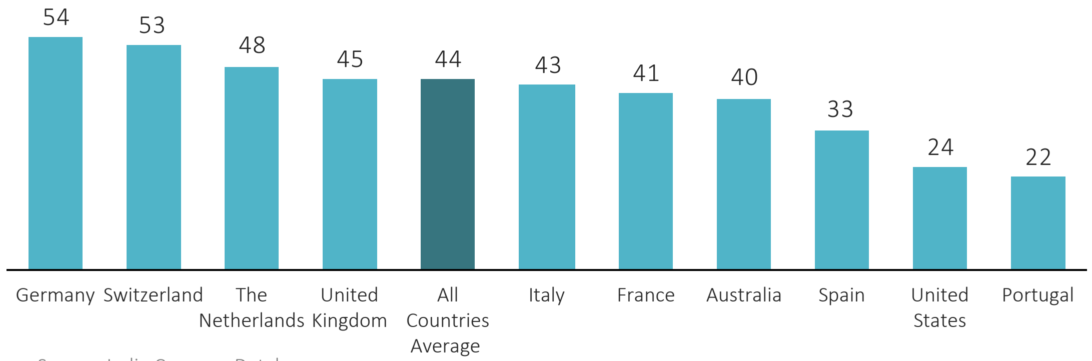
## Current Customers' Analysis (2)

Graph 8: Average length of stay by customers' nationality, 2016




Source: Indie Campers Database

Graph 9: Average days difference between registration and pick-up date by nationality, 2016




Source: Indie Campers Database

According to Graph 8, the countries with the highest average length of stay are Switzerland and Germany. Australia and United States have a length of stay above the average of 10,2 and 9,9 days, respectively. This can be explained by the fact that both countries are located in different continents and therefore, tourists prefer to come for a longer period since they spend a lot of time travelling. Portugal is the country with the lowest average length of stay, due to the fact that these local tourists are more likely to do a weekend getaway.

There are three important moments in the process of renting a van with Indie Campers: the registration date, when the client makes the booking; the pick up date, when the client picks up the van; and the drop off date. The average days difference between registration and pick up date is an important measure to plan all the operations process regarding the vans and to design the communication plan.

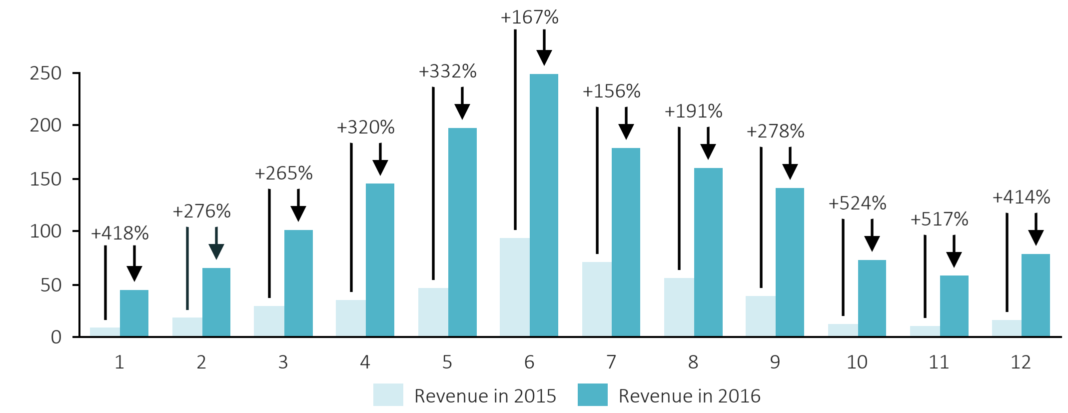
According to Graph 9, the average days difference between the registration and pickup dates is 44 days. Germany, Switzerland, The Netherlands, and UK are positioned above average, meaning that, usually booking are made earlier than the average, requiring an anticipation of the contact between the company and the clients. Spain, United States and Portugal are the countries with the lowest differences between registration and pickup dates.

# AGENDA

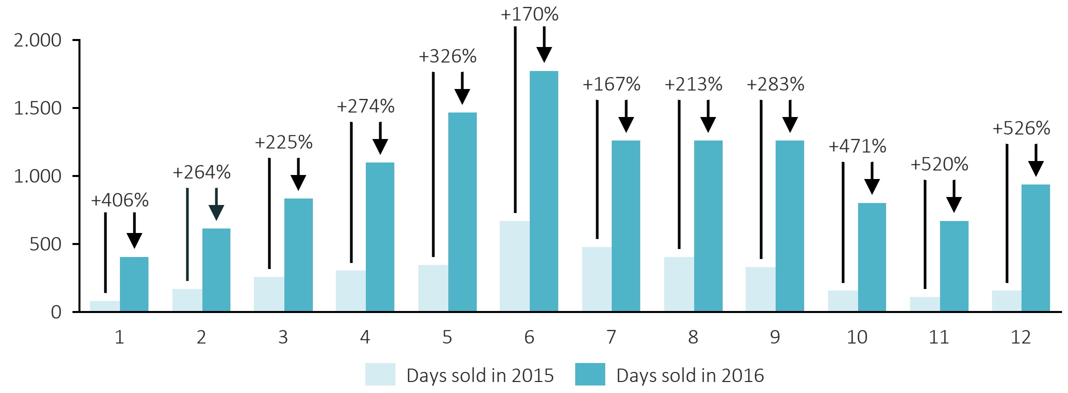
Indie Campers business has been recording outstanding growths both in revenue and days sold, being a good proxy of successful performance in the future in new markets

## Opportunity for Expansion

Graph 10: MTD variation of revenue (in thousands), 2015-2016




Graph 11: MTD variation of days sold, 2015-2016




Source: Indie Campers' database

By comparing the amount of revenue and days sold between 2015 and 2016, one can clearly understand that there was an outstanding growth, being the low season months the ones with the highest variation. This can be explained by the low occupancy rates during the low season, where there is much more opportunity to grow than in summer, where the occupancy rates are already high and the only way to grow is by increasing the installed capacity.

Indie Campers is performing remarkably since its creation. The exposure and visibility of the company in the foreign markets has been growing and there is a consequently increase of the demand.

Along with these factors, the tourism sector has been growing continuously during the previous years, being considered one of the fastest growing economic sectors in the world. [1]

Considering all these factors and the company's intention to explore new markets, there is a clear opportunity for expansion and Indie Campers is prepared to move forward to new European countries.

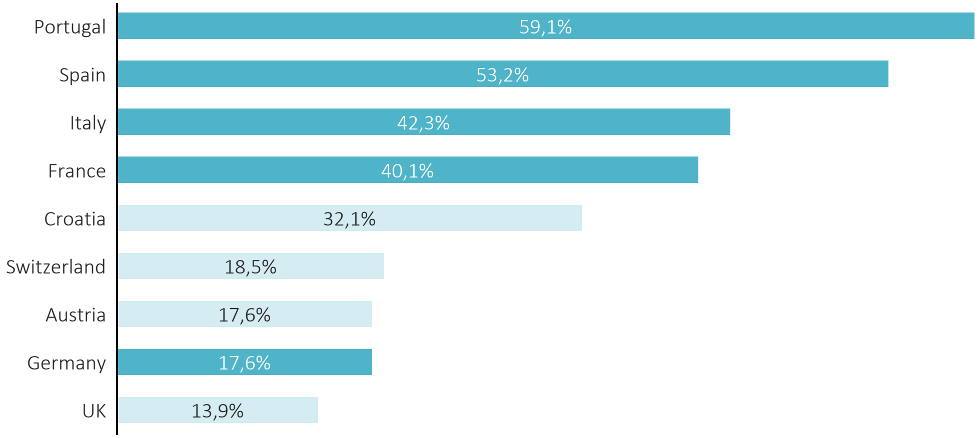
Source: 1. UNWTO, Why Tourism?, 2016

# AGENDA

# The countries chosen to the expansion plan between 2017 and 2020 are Spain, France, Italy and Germany, which match with the insights from the survey performed by the Management Consulting Lab team

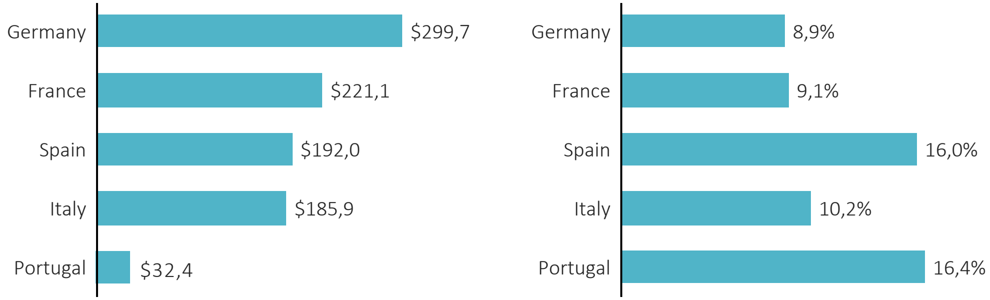
## Countries' Analysis

Graph 12: Preferred countries to travel with campervan according to the survey




Source: Survey performed by the Consulting Labs

Graph 13: Tourism sector contribution to GDP, 2015 (in billions and %, respectively)




Source: Survey performed by the Consulting Labs

The survey developed by the Consulting Lab team, came to confirm that the main destinations chosen to travel with a campervan are partially the same countries preferred by Indie Campers to expand in the next few years.

Portugal was the favourite country, chosen by 59,1% of the respondents, which can be biased taking into consideration that most of the respondents were from Portugal. The second most chosen country was Spain with 53,2%, followed by Italy and France. Due to Indie Campers' strategic preferences and geographical location of Germany, the country, which ranked 6th in the survey, was chosen to the expansion plan.

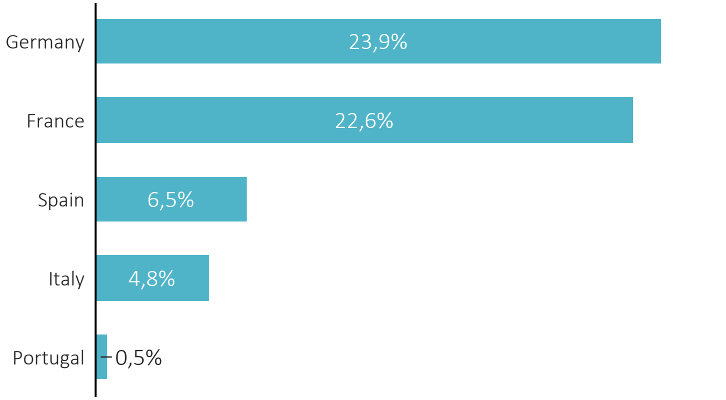
The tourism sector represents a significant part of the countries' GDP.
In relative terms, the tourism sector has represented 16,4% of the Portuguese GDP in 2015, followed by 16% of the Spanish GDP.
In absolute numbers, the tourism sector has contributed with 300 billion US dollars to the German GDP in 2015, followed by 221 billion US dollars to the French GDP.

The dimension of the Tourism sector contribution to GDP of the new markets can be seen as a positive sign to the growth and success in these markets.

In order to analyze the Tourism sector in each of the new markets, it is important to consider the use of caravans and rented cars, as well as the nights spent in campsites, RV and trailer parks

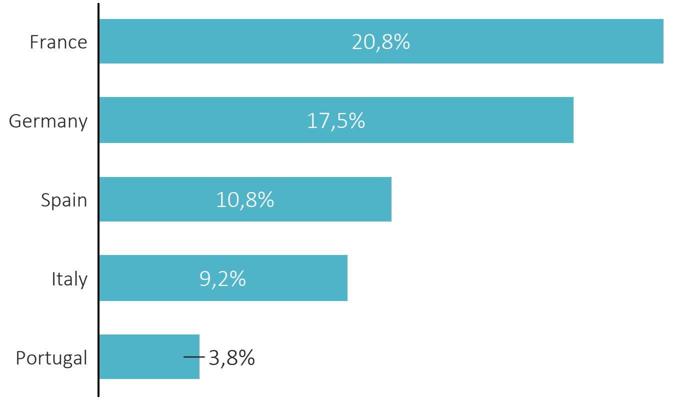
## Caravans and Rental Car Industry Analysis

Graph 14: Ratio of caravans in use in each country to Europe, 2014



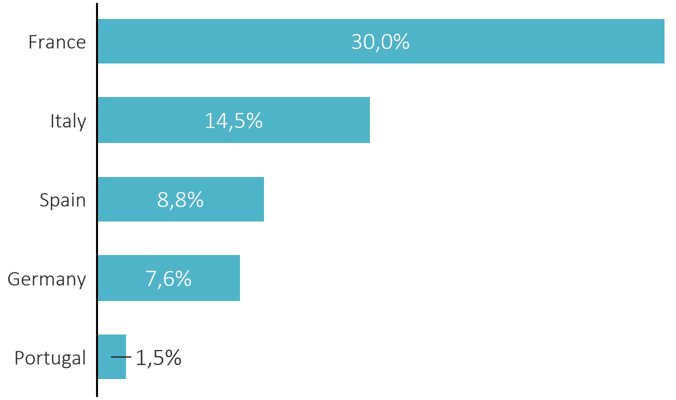

Source: European Caravan Federation

Graph 15: Ratio of the market value of the rental car industry in each country to Europe, 2015




Source: European Car Rental, 2016

Graph 16: Ratio of the nights spent in campsites, RV and trailer parks in each country to Europe, 2014




Source: Eurostat

To perform a deeper analysis of each country and to access their respective potential, three indicators were used. The first being the ratio of caravans in use in each country, Germany and France are the two main representative markets in Europe, showing the stronger campervan culture.

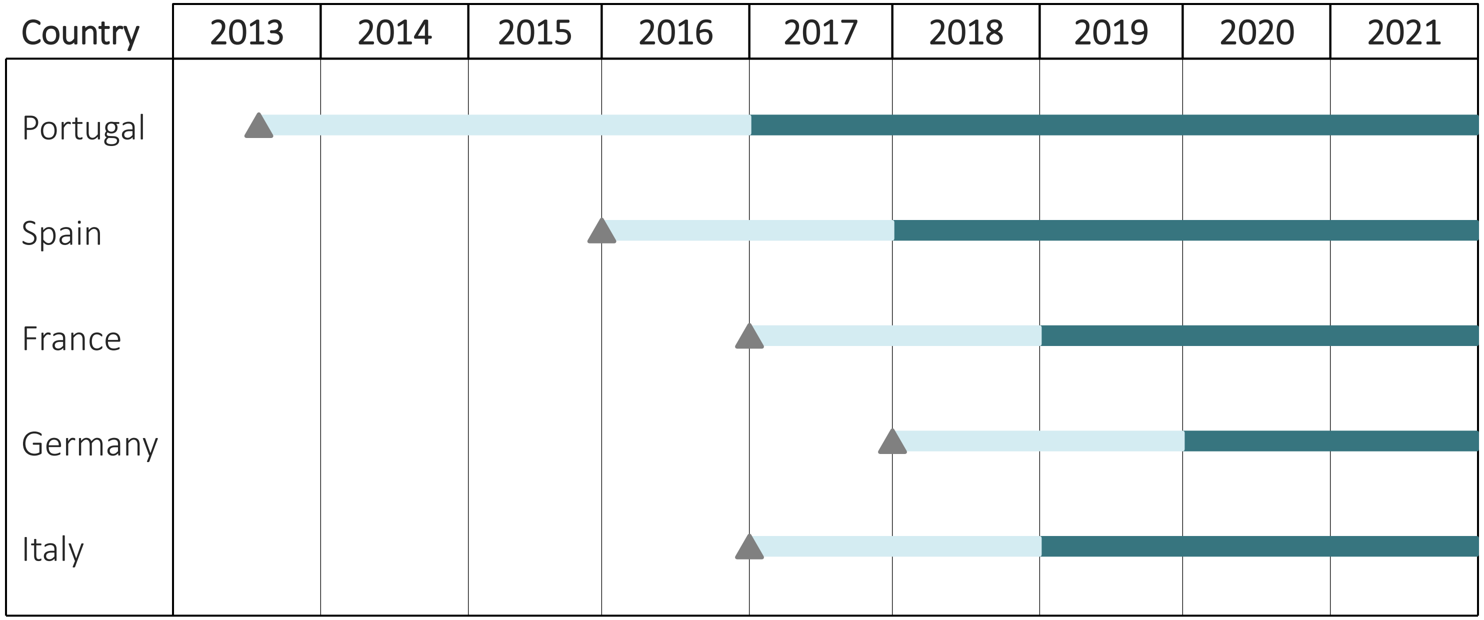
Secondly, and giving that the campervan rental business is easily compared to the rental car business, it is important to analyze where the rental business is more developed. France and Germany were again the most representative countries, making it an opportunity for Indie Campers to enter these markets.

Finally, the ratio of nights spent in campsites, RV and trailer parks is also an important indicator considering that, it is illegal to park and spend the night in a campervan outside camping grounds, excluding in Portugal and Spain. Therefore, it is positive for Indie Campers to have the highest values in France, Italy and Germany since it can represent a strong camping culture in these countries.

# AGENDA

# The Management Consulting Labs team propose to develop an expansion plan to consolidate the Spanish market and enter in France, Italy and Germany

## Strategy Proposal



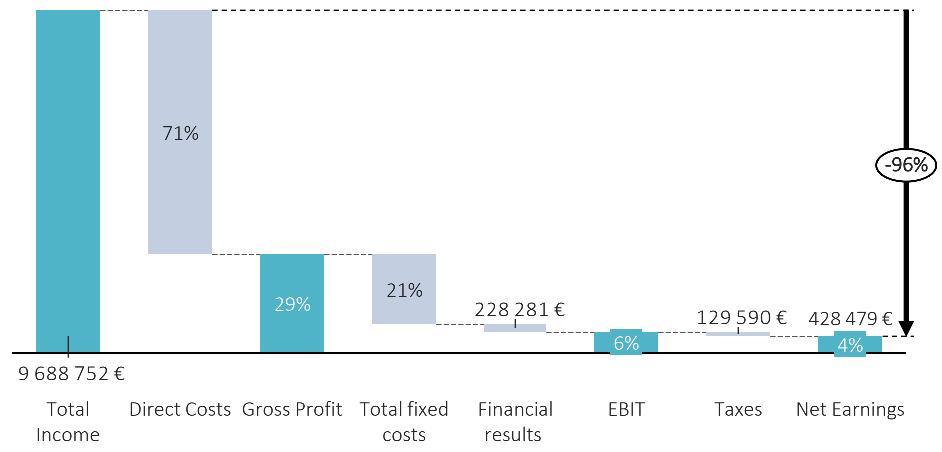

The expansion plan will occur in two different phases, the first being in 2017 with the consolidation of Spain and entry in the French and Italian markets; and the second in 2018 with the entry in the German market. It was assumed that each location matures two years after its opening, meaning that the locations enter a stage where the growth rates are not as high as before and start to stabilize.

Knowing this, it is expected that in a close future, locations that exist in Spain since 2016 will mature by 2018 and new locations that will open this year will mature by 2019. Locations in France and Italy that will open in 2017 will become mature by 2019, followed by locations in Germany that will mature by 2020.

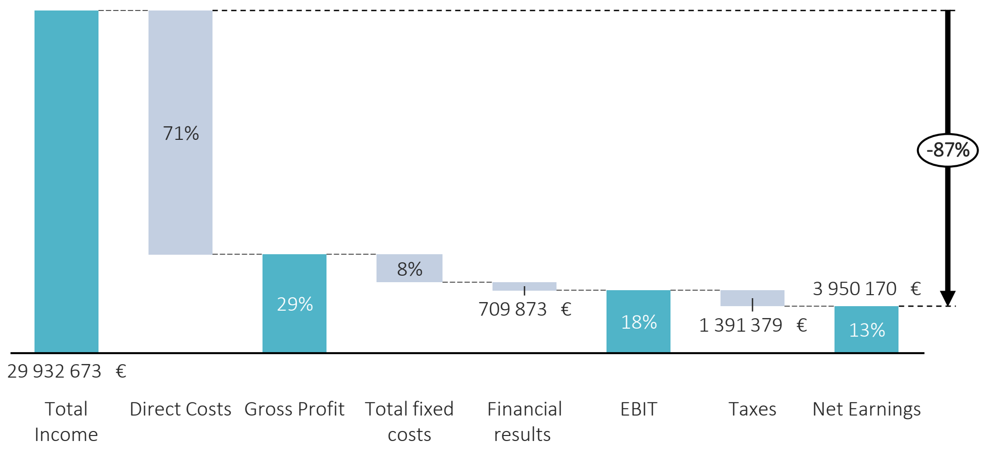
To access the viability of the project, a set of profit and losses forecasts were developed. Although the Net Earnings in the first year of expansion represents a small portion of the total income, it is clear that along the years it becomes to represent a higher share

## P&Ls - Operating Countries

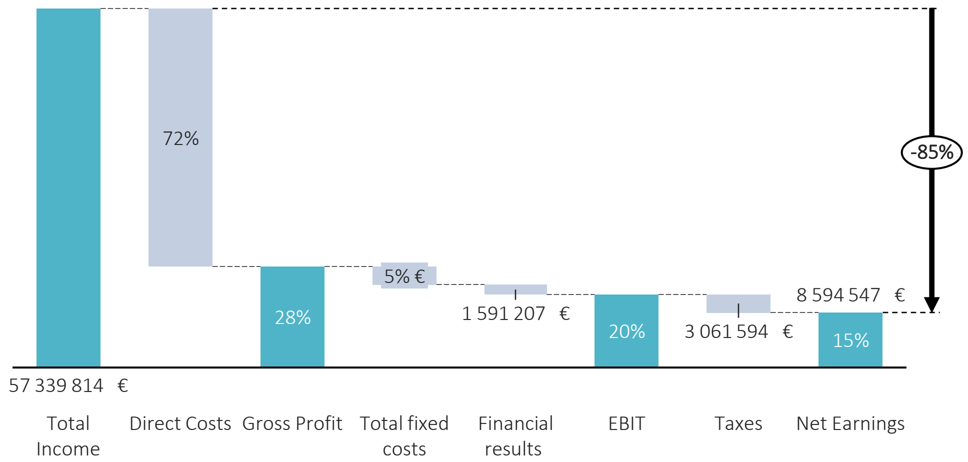
Graph 17: P&L of all countries in 2017



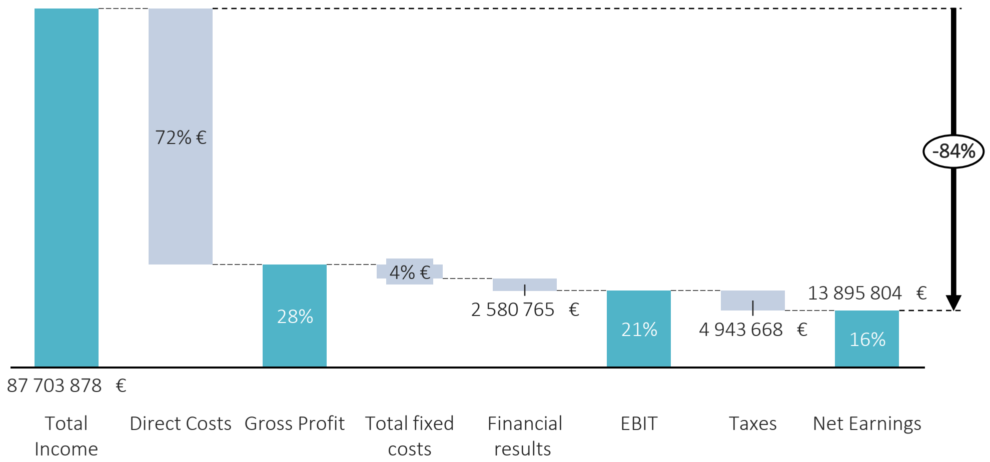

Graph 18: P&L of all countries in 2018




Graph 19: P&L of all countries in 2019




Graph 20: P&L of all countries in 2020




To academically access the viability of the expansion plan, it is important to analyse the aggregated profit and losses along the 4 years of study.

In 2017, even though the total income is considerable, the profit after taxes is residual due to the high amount of initial costs associated with the expansion.

Along the years, with the increasing sales and cost optimization (mostly regarding the share reduction of the fixed costs), the profit after taxes becomes a higher share of the total income.

# The strategy proposal presented is divided in four main areas of action, such as Operations, Communications, Investments and Corporate and Legal aspects

## Main Areas of Action

### Operations Plan

- HR Management: forecast of the workforce needed to each location and the workers responsible to each remote hub
- Selection of each independent and remote hubs, associated costs and operations

### Communications Plan

- Customized Communication to increase sales
- Mass Communication to increase sales and penetrate new markets
- Reach Optimization to reduce the days difference and explore the local market

### Investment Plan

- Development of a forecast of vans' needed, as well as its allocation to each location

  Plan of Purchase and Resale of the Vans, with issues such as the country of purchase as well as its resale business revenues stream

### Corporate and Legal Recommendations

- Development of some legal recommendations, overview of existing regulations

  Available European and regional funds, as well as the main tourism institutions in each country

# AGENDA

# AGENDA

## 7. Recommendations

- Selection of Locations
- Model of Demand: Forecast of the number of days sold in each location
- Operations Plan
    - Human Resources
    - Hubs cost structure
- Communications Plan
- Investment Plan
- Corporate and Legal Recommendations

# The main criteria used to choose the locations for the independent and remote hubs were: the number of international tourists arrivals, number of domestic tourists, tourism potential, strategic position and distance between locations

## Hubs locations

As mentioned before, Indie Campers' main business is inserted in the recreational vehicles rental industry. This type of business requires the existence of physical facilities (named independent hubs) to store the vans and serve as vans' pickup points for the clients.

In some locations, the lower amount of tourist arrivals and the proximity to stronger independent hubs, do not justify the creation of a new independent hub, reason why these can be served just-in-time – named remote locations.

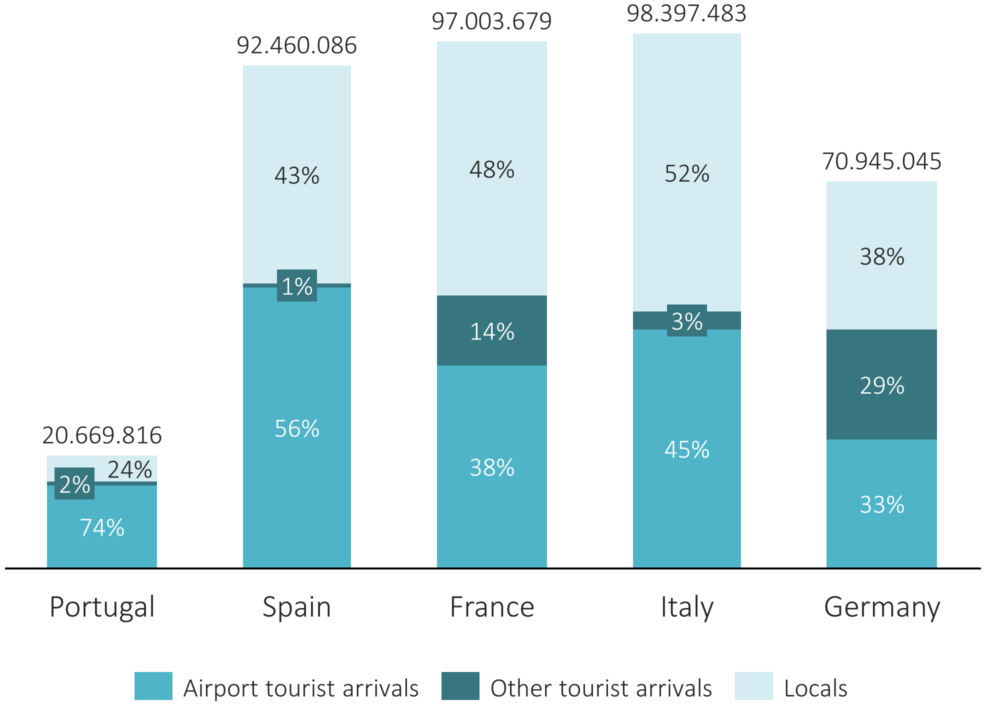
After analysing the potential for this type of tourism in Portugal, Spain, France, Italy and Germany, it was necessary to select the cities where both the independent hubs and the remote locations should be located.
In order to make this decision, the following criteria were taken into consideration: number of international tourists arrivals, number of domestic tourists, potential in terms of tourism for each location, strategic position and distance between locations.

The main assumption under the allocation of costs is that the costs of every remote locations is attributed to the correspondent  independent hub.

Considering the total tourist arrivals, the countries with the biggest potential are Italy and France, followed by Spain and Germany

## Selection of Locations – Tourist Arrivals by country

Graph 21: Stream of tourist arrivals by country, 2015




In order to select the location of the hubs (both independent and remote) the following data was analyzed:

- Airport tourist arrivals, other tourist arrivals (only considered railway and water trips once the road trips included short duration trips that are not classified as tourism) and locals (domestic tourists)
- Strategic position of the locations and geographical distance between them

After the analysis of this data, decisions about the classification between independent and remote hubs were made based on the combination of both information. It is expected that in the future, some remote locations will be transformed into independent locations. Although this may happen, the analysis performed do not consider this hypothesis.

It is important to state that the potential of a certain location is not reflected by the total volume of the correspondent airport arrivals, but instead by the potential in terms of tourism: by taking out business travelers, transits and nationals passengers returning to their home country.
The analyzed data was mainly taken from the independent airport entities correspondent to each city.

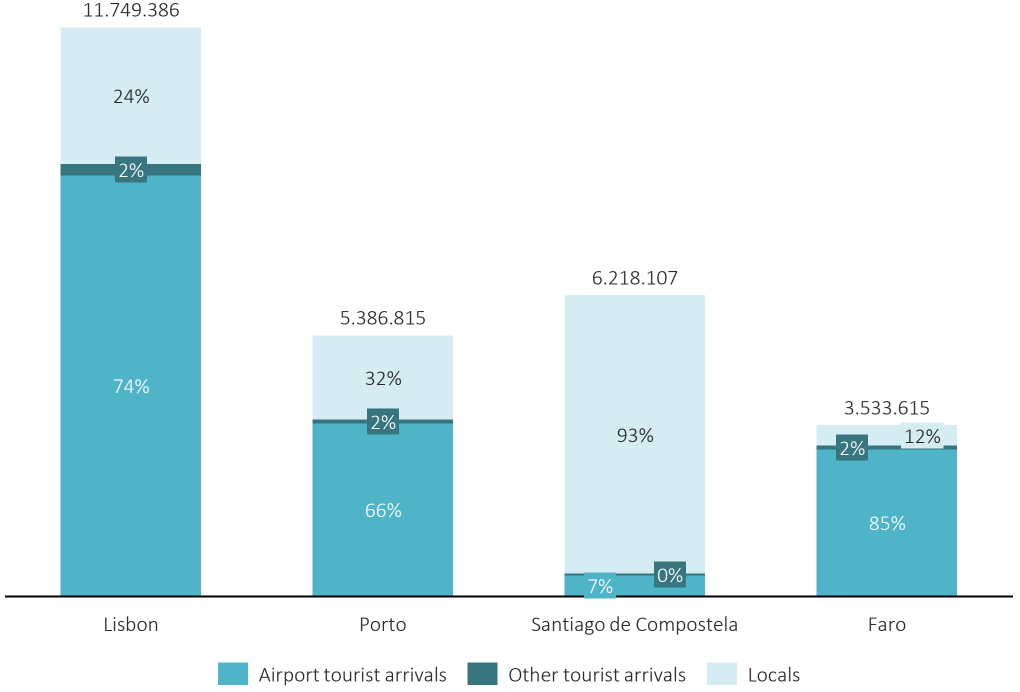
According to Graph 21, the countries with the biggest potential given the tourist arrivals are Italy and France, followed by Spain and Germany.

See references

# In Portugal it is recommended to maintain its three independent locations (hubs) and add one remote location

## Selection of Locations – Tourist Arrivals in Portugal

Graph 22: Stream of tourist arrivals by location in Portugal, 2015




As stated in the Graph 22, one can observe the high potential of the three main Portuguese cities: Lisbon, with 12M tourist arrivals; Porto, with 5M tourist arrivals; and Faro, with 4M tourist arrivals. Each of them has a considerable share of airport tourist arrivals, and Lisbon and Porto have a significant portion of local tourists.

Even though Santiago de Compostela is in Spain, it was chosen as a remote location of Porto due to its geographical proximity and powerful local tourism potential (93%) due to the religious tourism practiced in the city. Therefore, it was analyzed under the Portuguese perspective.

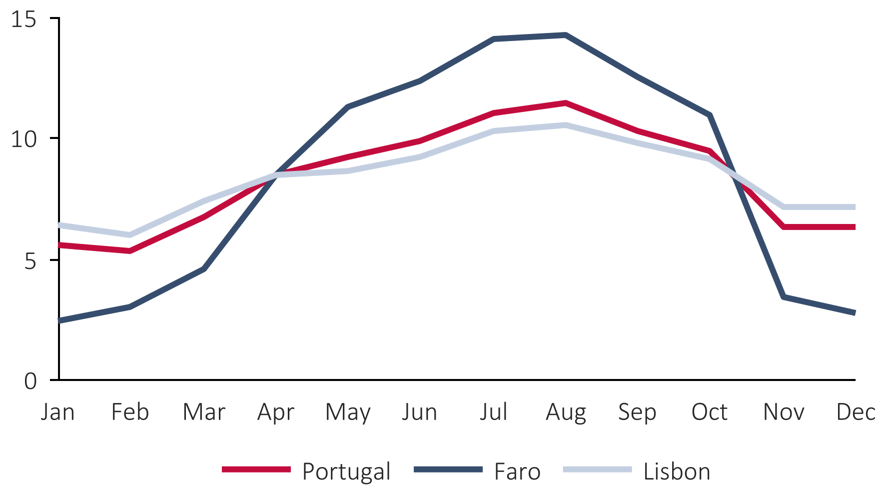
In the Portuguese market, the only new location to open is Santiago de Compostela. However, all the other locations will be studied and presented as a benchmark.

Source: ANA Aeroportos; Eurostat; INE

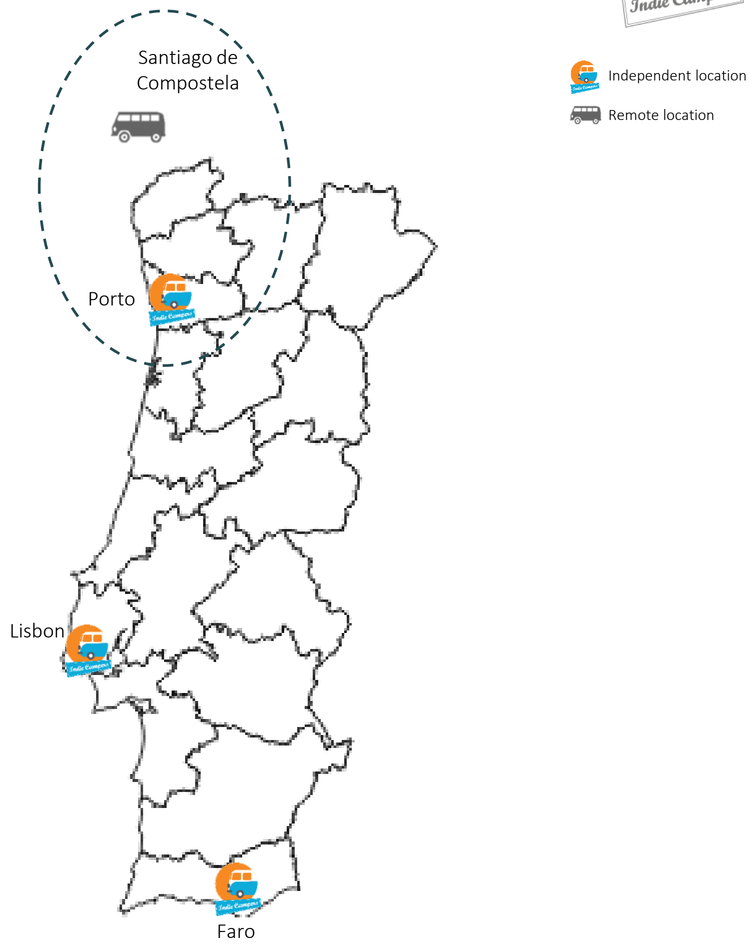
# In 2017, Portugal will open a new remote location in Santiago de Compostela, which will be associated to the Porto hub

## Selection of Locations – Portugal

Graph 23: Tourism Seasonality in Portugal, 2015




Source: ANA Aeroportos



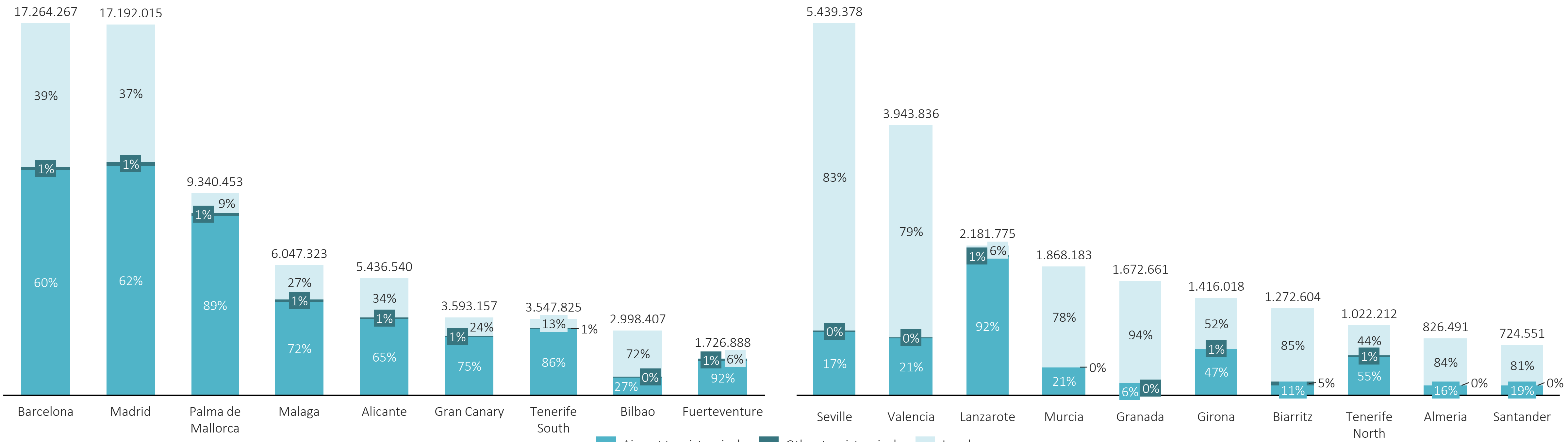

Portugal reflects some tourism seasonality, especially in the warmer months of the year (April to October). This happens due to the type of tourism performed in Portugal: beach, nature and surf.

Faro is considered the most seasonal location in Portugal due to its climate conditions, a result of its geographical location (south of Portugal). On the other hand, Lisbon is the least seasonal location, mainly due to the fact that it is the Portuguese capital, which welcomes tourists along the year to a city tourism.

# In Spain it is recommended to open nine independent locations (hubs) and ten remote locations

## Selection of Locations – Tourist Arrivals in Spain

Graph 24: Stream of tourist arrivals by location in Spain, 2015




Source: AENA Airports; Eurostat, International Transport Forum

As stated in the Graph 24 above, Spain will have nine independent locations, justified by the high number of tourist arrivals.

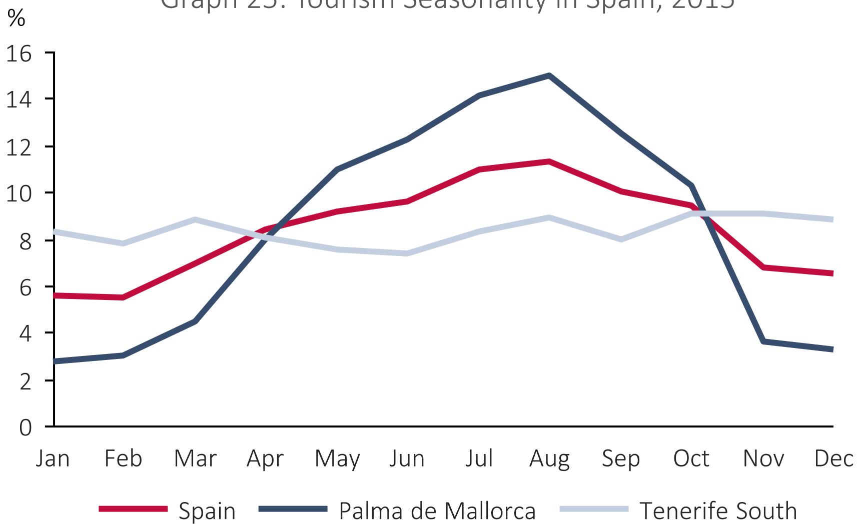
Associated to these independent locations, there will be nine remote locations that were selected for the proximity and strategic geographical position to the independent hubs.

As observed in the graph, all the independent locations have an overall high number of airport tourists arrivals (meaning the existence of a busy airport in the city), in contrast to the remote locations that have less tourist arrivals but a strong local market that justifies the existence of a remote location.

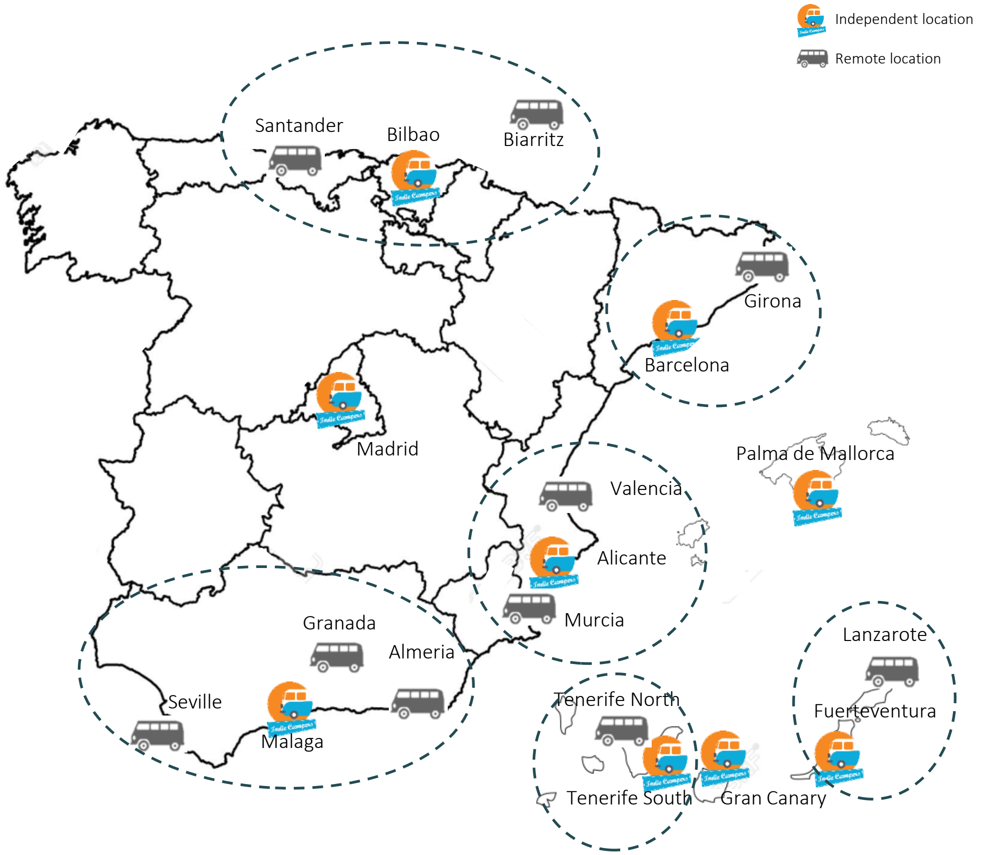
# In 2017, the Spanish market will be consolidated with the opening of new independent hubs such as Balearic and Canary Islands and Alicante; and new remote locations such as Murcia, Granada, Almeria and Santander

## Selection of Locations – Spain

Graph 25: Tourism Seasonality in Spain, 2015




Source: AENA Airports



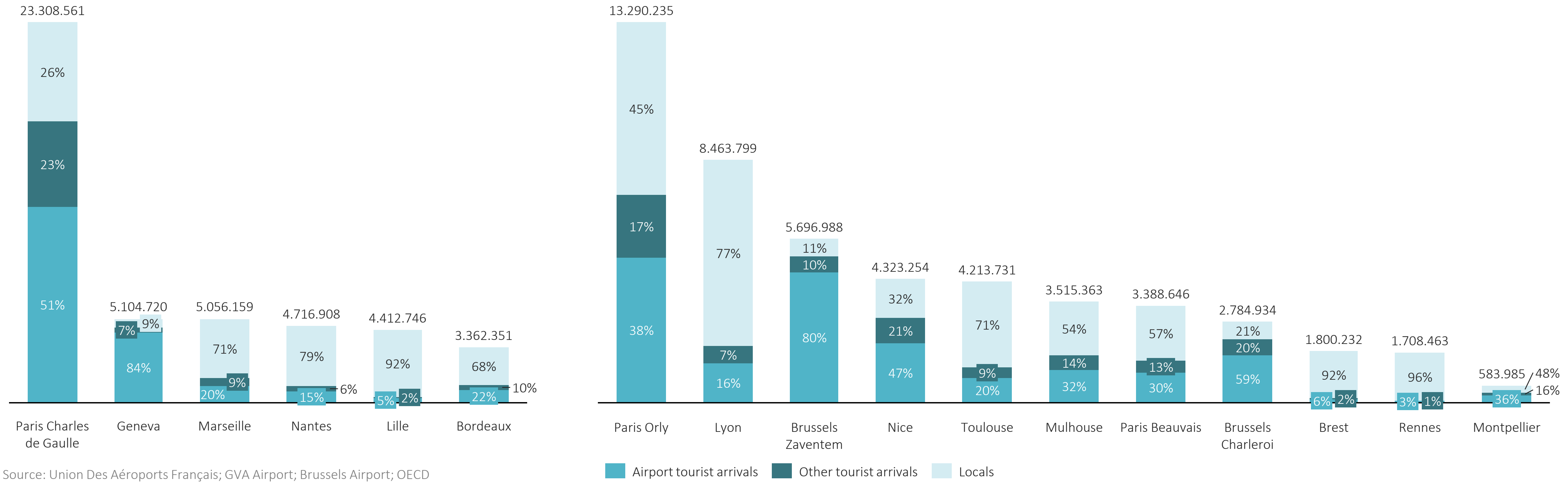

Spain reflects some tourism seasonality. There are locations more seasonal than the country average like Palma de Mallorca in the warm months due to the type of tourism performed in this island (beach tourism). Contrarily, Tenerife South reveals a constant seasonality along the year, as well as all other islands located in this archipelago.

The distribution of the locations in Spain had in consideration the proximity to Portugal and the existence of independent locations, which can serve Indie Campers' clients.

# In France it is recommended to open six independent locations (hubs) and eleven remote locations

## Selection of Locations – Tourist Arrivals in France

Graph 26: Stream of tourist arrivals by location in France, 2015




Source: Union Des Aéroports Français; GVA Airport; Brussels Airport; OECD

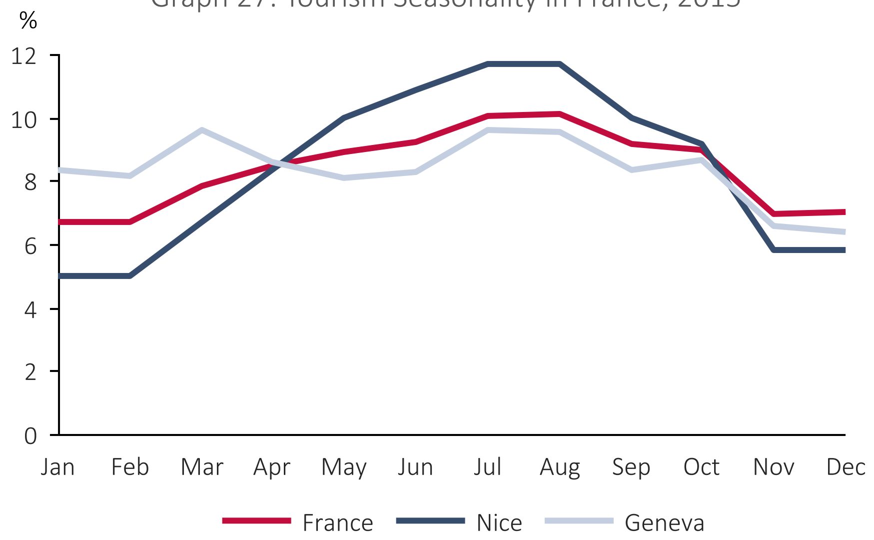
In opposite to other European countries, France reveals the existence of a strong internal network of transports, consequence of the TGV development within the country. This represents a big stream of tourist arrivals in France, being important to have this into consideration when analyzing the potential of each location.

France will have six independent locations, with Paris Charles de Gaulle as the strongest one, associated to eleven remote ones. The proximity and lower volume of tourist arrivals of the remote locations do not justify the existence of an independent location. This does not mean than in the future these locations will not upgraded to independent locations.

# In 2017, the French market will be penetrated with the opening of new independent hubs such as Paris CDG, Lille, Geneva, Marseille, Bordeaux and Nantes. Each independent hub has on average two remote locations

## Selection of Locations – France

Graph 27: Tourism Seasonality in France, 2015

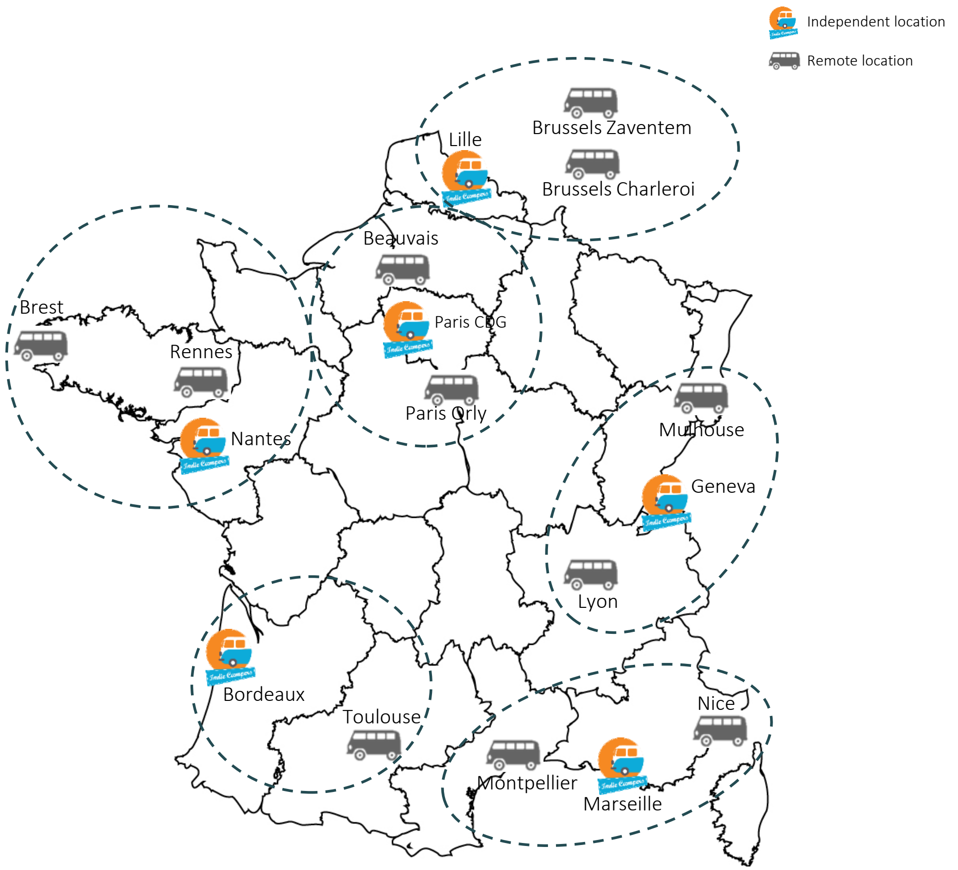



Source: Union Des Aéroports Français; GVA Airport; Brussels Airport

France reveals an overall moderated seasonality along the year, with exception of the winter months (November to January) when the tourist arrivals decrease significantly .

Geneva and the two Brussels locations are associated to France due to its high proximity.

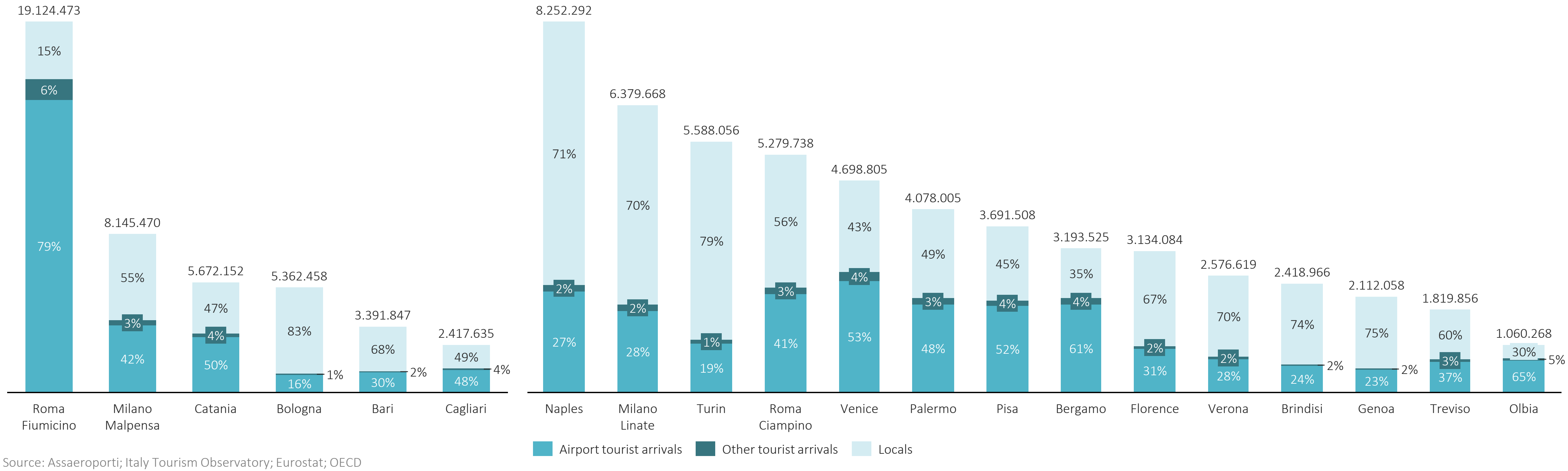
Nice is considered the most seasonal location in France due to the type of tourism existent (mostly beach) and Geneva as the least seasonal, for being a city where the type of tourism is mainly urban.



# In Italy it is recommended to open six independent locations (hubs) and fourteen remote locations

## Selection of Locations – Tourist Arrivals in Italy

Graph 28: Stream of tourist arrivals by location in Italy, 2015




Source: Assaeroporti; Italy Tourism Observatory; Eurostat; OECD

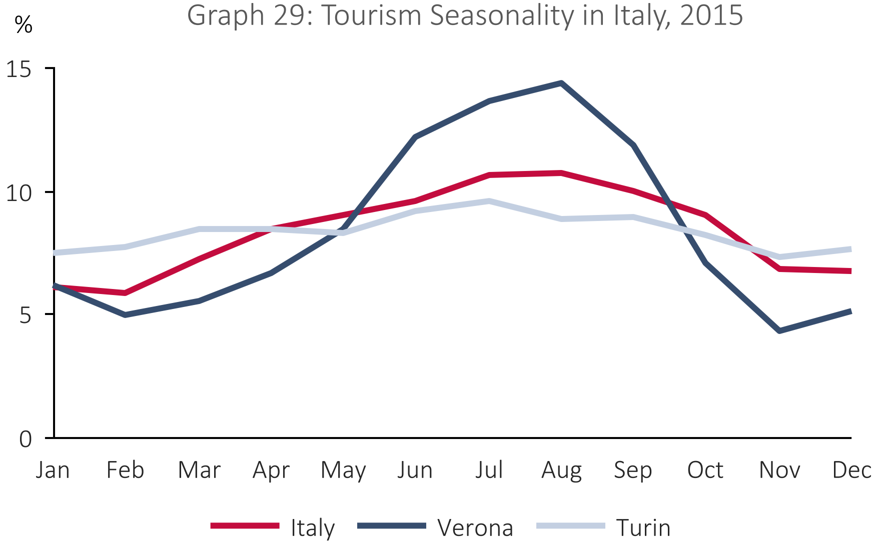
It is interesting to observe the size of the local markets in most Italian cities, revealing a great opportunity to explore the internal market of the country.

In this case, the independent hubs were selected based on the tourist arrivals, together with the geographical shape of the country. The proximity of some cities with a strong potential did not justify the existence of more than one independent hub in the same region. The solution was the creation of a significant number of remote locations in order to answer to the demand in these cities.

# In 2017, the Italian market will be penetrated with the opening of new independent hubs such as Milan, Bologna, Rome, Bari, Cagliari and Catania. The north of Italy has a high concentration of remote locations

## Selection of Locations – Italy

Graph 29: Tourism Seasonality in Italy, 2015

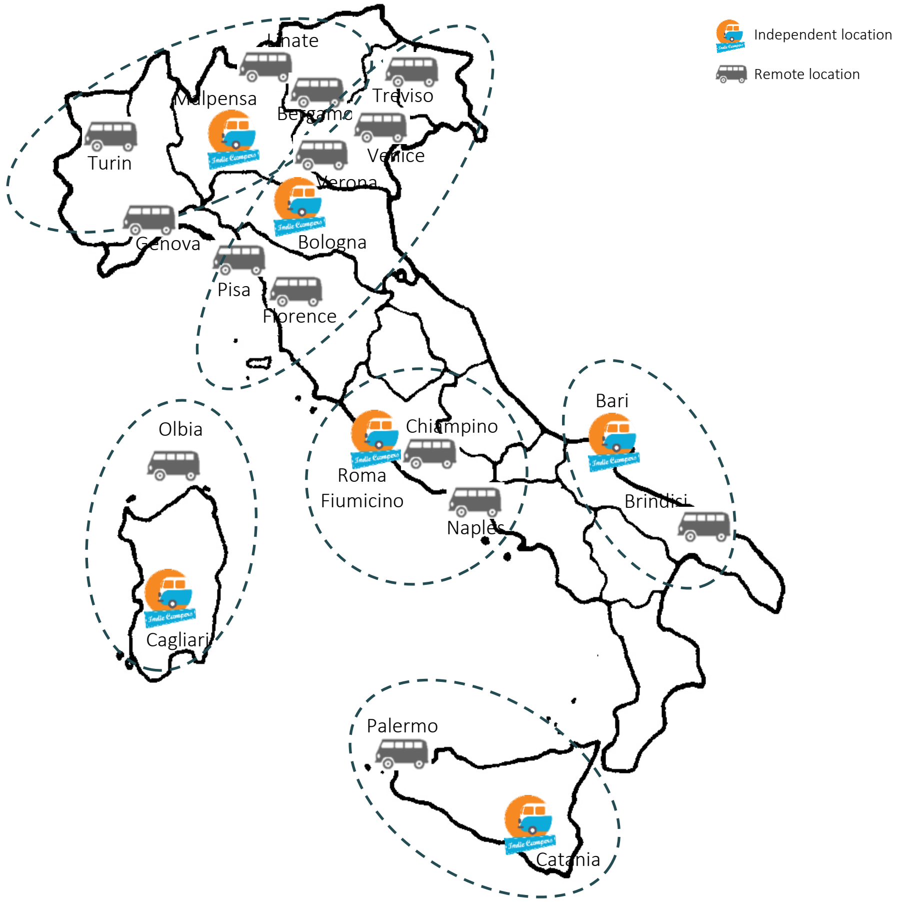



Source: Assaeroporti; Italy Tourism Observatory

Italy reveals a moderated seasonality along the year, with special distinction in the summer months (May to September).

Verona is considered the most seasonal location in Italy due to its significant weather differences between the summer and the winter months. In opposite, Turin is considered the least seasonal location for being considered a city destination.

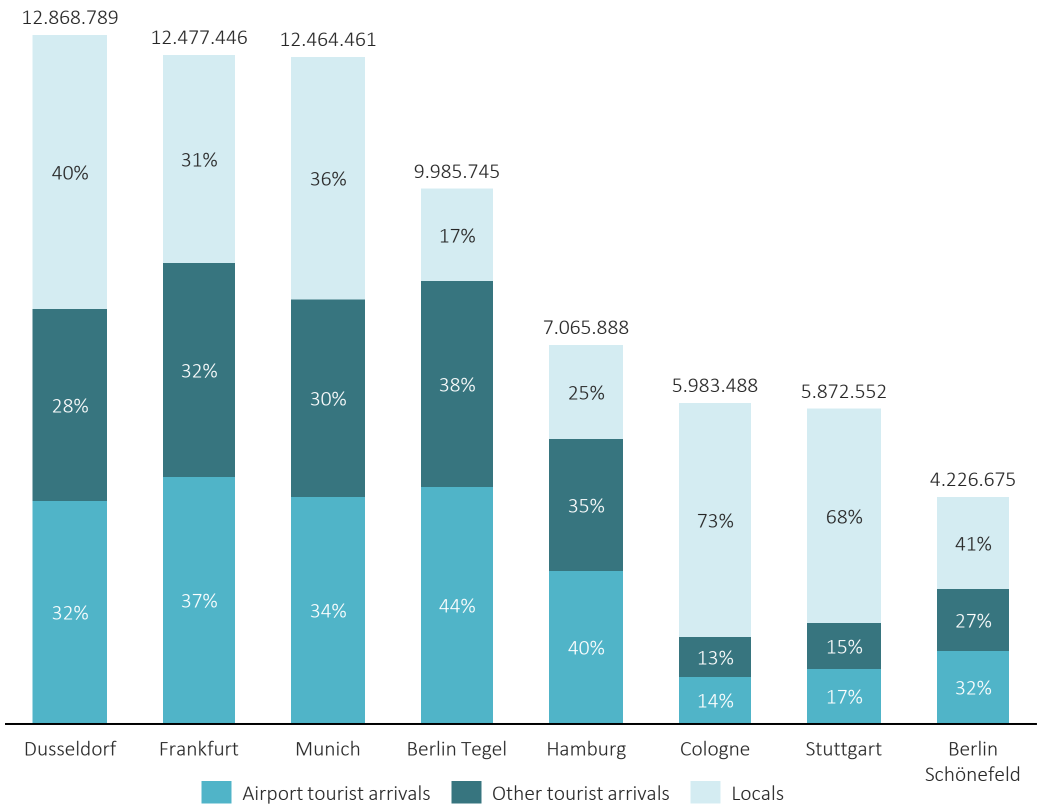
Italy is the country with the highest amount of remote locations per independent hub, with a higher concentration in the north.



# In Germany it is recommended to open six independent locations (hubs) and two remote locations

## Selection of Locations – Tourist Arrivals in Germany

Graph 30: Stream of tourist arrivals by location in Germany, 2015




Source: Flughafenverband ADV; Eurostat; OECD

Germany has its tourist arrivals fairly distributed among the main cities, resulting in similar tourism potential across all locations in the country.

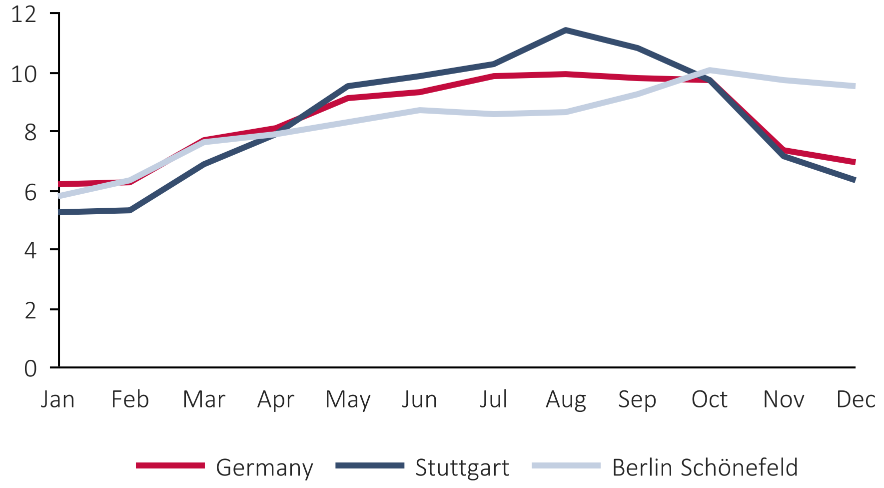
As it can be observed in Graph 30, Germany is considered a strong country in terms of internal tourism, revealing a great opportunity to explore the local market. The division between the three streams of tourist arrivals is fairly distributed within each location.

Germany will only open in 2018 due to its large market size thus, should not the tackled at the same time as other major European powers.

# In 2018, the German market will be penetrated with the opening of new independent hubs such as Hamburg, Berlin, Munich, Stuttgart, Frankfurt and Dusseldorf. There are only two remote locations

## Selection of Locations – Germany

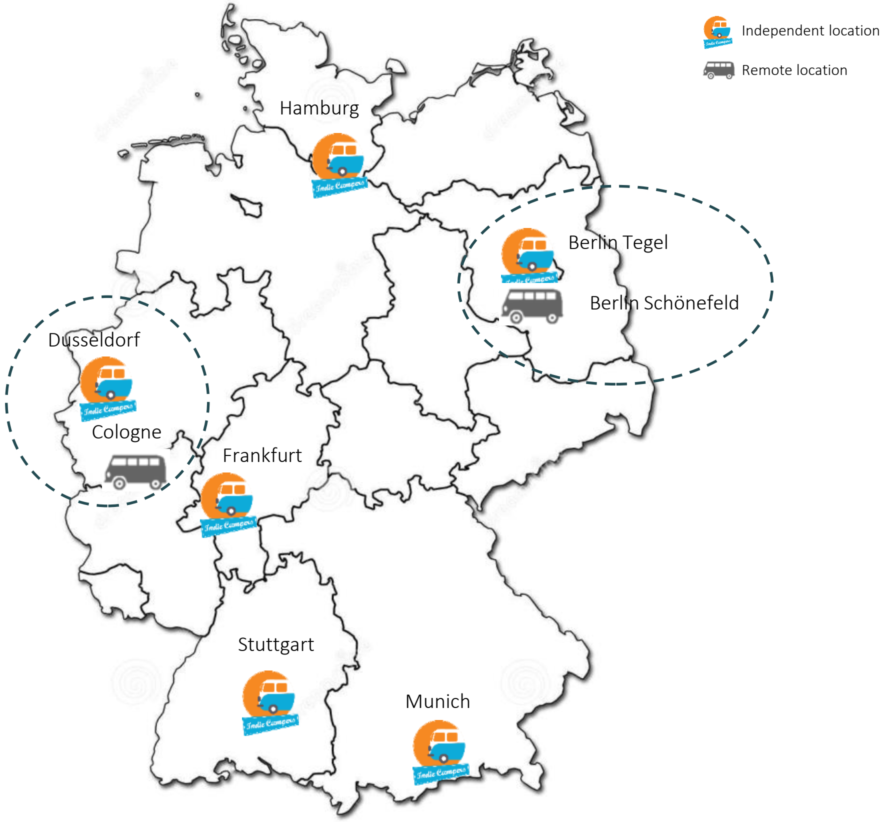
Graph 31: Tourism Seasonality in Germany, 2015




Source: Flughafenverband ADV

Germany reveals a low seasonal distribution, being stronger in the summer months, due to the climate of the country. There is also a relatively strong presence from February to May due to the winter sports performed in the country.

Germany has its locations very well distributed across the country. It is important that some of these locations are situated next to the borders to allow Germans to travel to other countries, once there is a strong internal market.



# AGENDA

## 7. Recommendations

- Selection of Locations
- Model of Demand: Forecast of the sales in each location
- Operations Plan
  - Human Resources
  - Hubs cost structure
- Communications Plan
- Investment Plan
- Corporate and Legal Recommendations

# The model of demand was created to obtain an accurate estimation of the potential and subsequent performance of each location in the next four years

## Model of Demand (1)

**1st Goal**

Predict the viability of the new 4 countries of expansion

- Number of days sold forecast per location per year
- Revenue forecast per location per year according to days sold

**2nd Goal**

Predict the number of vans needed per location per year to support the demand

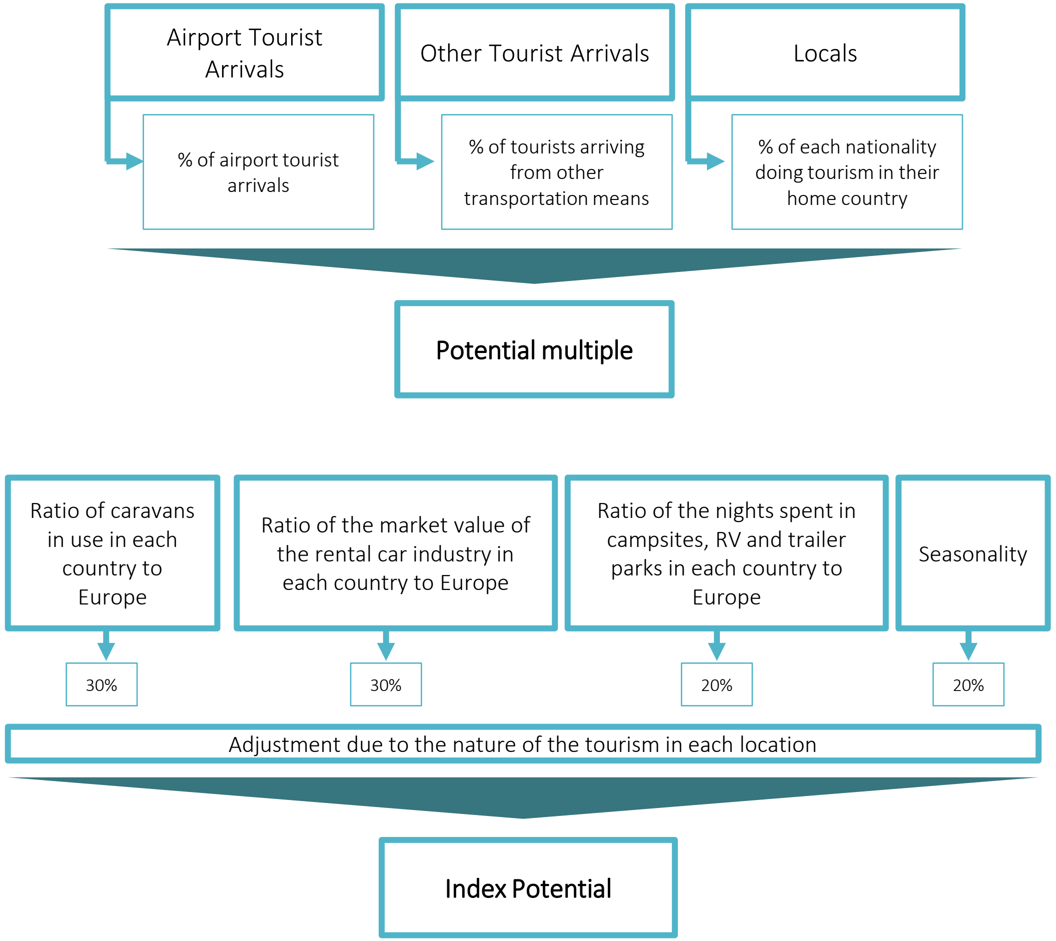
The model of demand was created to obtain an accurate estimation of the potential and subsequent performance of each location in the next four years.

The first goal was to predict the viability of the  new market through the forecast of the days sold and consequent sales value.
The second goal was to predict the number of vans needed per location in order to support the demand, based on the previous prediction.

The overall methodology will be explained in detail afterwards.

# The two main pillars of the model of demand are the potential multiple, calculated based on tourist arrivals, and the Index potential, calculated based on industry indicators.

## Model of Demand (2)




The first input of the model of demand was the number of airport tourist arrivals, other tourist arrivals and locals in each selected location. Based on this information, the main goal was to reduce the pool of arrivals in order to come up with a number of potential customers per location.

Firstly, this reduction was made according to the weighted contribution of each group of tourists to the overall performance of the company. The weight selection was established together with Indie Campers, based on its market knowledge.
By doing a weighted average between the arrivals and the correspondent importance, it was possible to reach one of the two main pillars of this model.

The second part of the model involves the aggregation of a set of indicators used to characterize the campsites, caravans and vehicles rental markets. Besides, there is also the inclusion of the seasonality behavior in each location as well as an adjustment regarding the type of tourism performed in each place.
The combination of all these indicators together with their importance value, led to the index potential.

# Based on the two pillars referred before, it was possible to come up with an expected potential for each location, being used to forecast the number of days sold and the subsequent number of vans needed

## Model of Demand (3)

Potential Multiple

Index Potential

Expected Potential of each Location

Distribution of Expected Potential

Forecast of number of Days sold

Forecast number of vans needed

Thirdly, the expected potential of each location was obtained through the product between the potential multiple and the index potential. In order to understand the importance of each location in the overall business, this expected potential was distributed across every location.

By using the expected potential of each location, the next step was to come up with the forecast of the number of days sold. To do so, Portugal was used as a benchmark (in 2017 since it is year where it achieves maturity) and the starting point was the year of maturity of each location. The maturity year represents the stage in which the growth rate will no longer be as high as in previous years.

The main assumption behind is that in the maturity year, each location sells the same number of days as Portugal in 2017, in proportion to its amount of potential customers. Meaning that, considering its expected potential, each location will be at the same level of Portugal in their years of maturity.

Since the forecast of the days sold was made in the respective year of maturity, the days sold in the years before were predicted by moving backwards. In the year of maturity, the business growth rate is supposed to be 100%, meaning that it grows 200% from year 1 to year 2 and 100% from year 2 to year 3, the year of maturity.

The amount of days sold per location were monthly allocated according to the distribution of revenues per month. Thus, the revenue forecast was performed based on the prediction of days sold and the price plan previously presented.

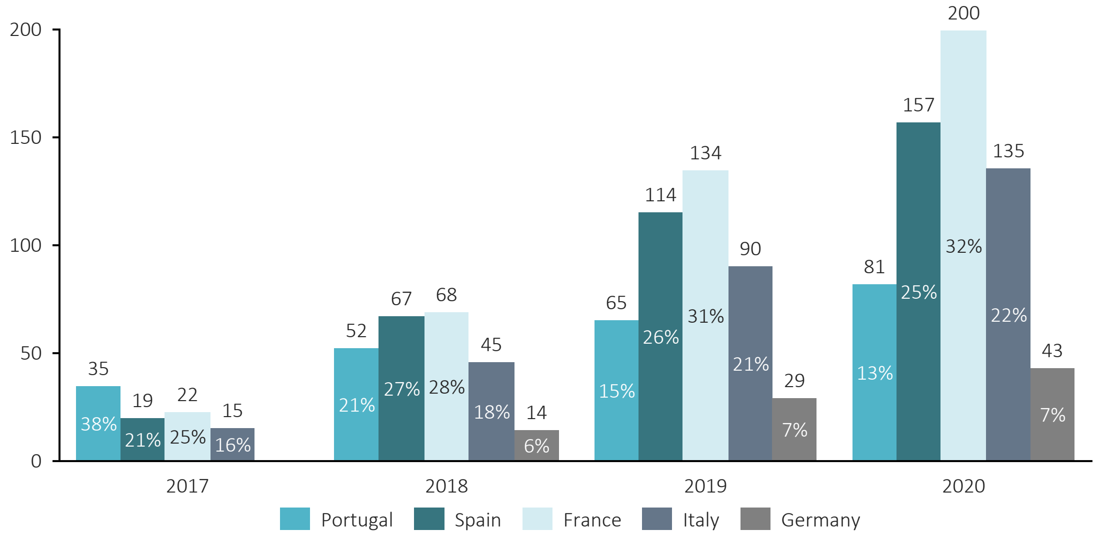
Finally, the occupancy rate of 2016 was taken as a benchmark to calculate the number of vans needed to support the demand in each location. The team came up with a multiple based on the vans allocated to Lisbon according to its days sold in 2017, and multiplied it by the forecast days sold of each location.

# The result prevenient from the model of demand is positive and present positive growth rates and confirm the viability of the project. Portugal starts to be the most representative country in 2017. However, from 2018 to 2020 France takes the lead both in days sold and sales value

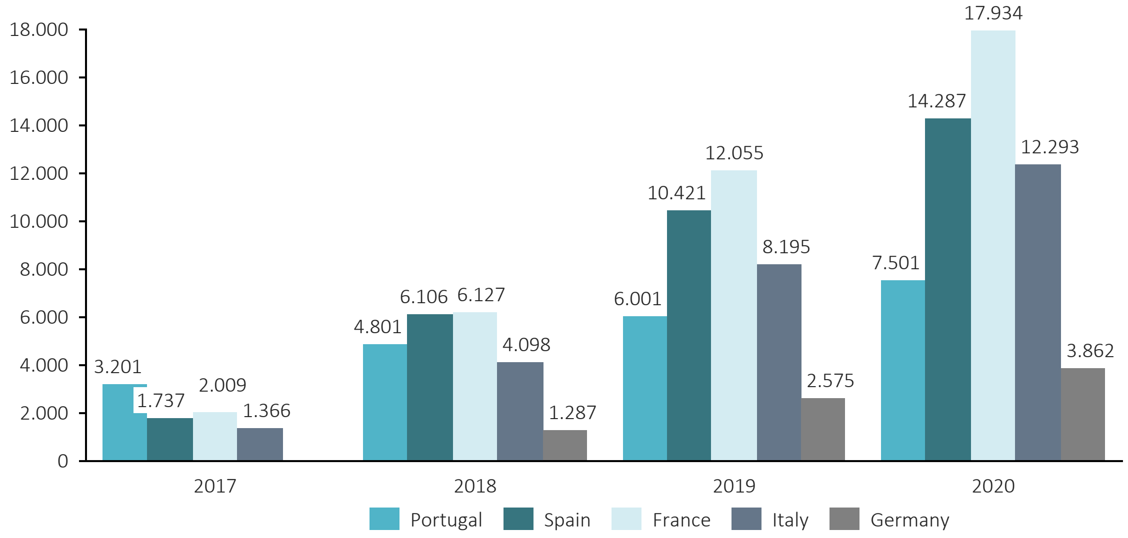


## Model of Demand – Final Forecast

Graph 32: Number of days sold, 2017-2020 (in thousands)




Graph 33: Revenues by country, 2017-2020 (in thousands)




Graphs 32 and 33 represent the forecast obtained through the model of demand in each of the four years and came to confirm the viability of the project.

Days sold and sales are strongly correlated with each other and present high growth rates from the initial year of expansion until 2020.

Portugal starts to be the most representative country in 2017. However, from 2018 to 2020 France takes the lead both in days sold and sales value.

The lower values associated to Germany can be explained by the late entry in the market and the reduced amount of locations in a first phase, when relatively compared to others.

# AGENDA

## 7. Recommendations

- Selection of Locations
- Model of Demand: Forecast of the sales in each location
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  - Human Resources
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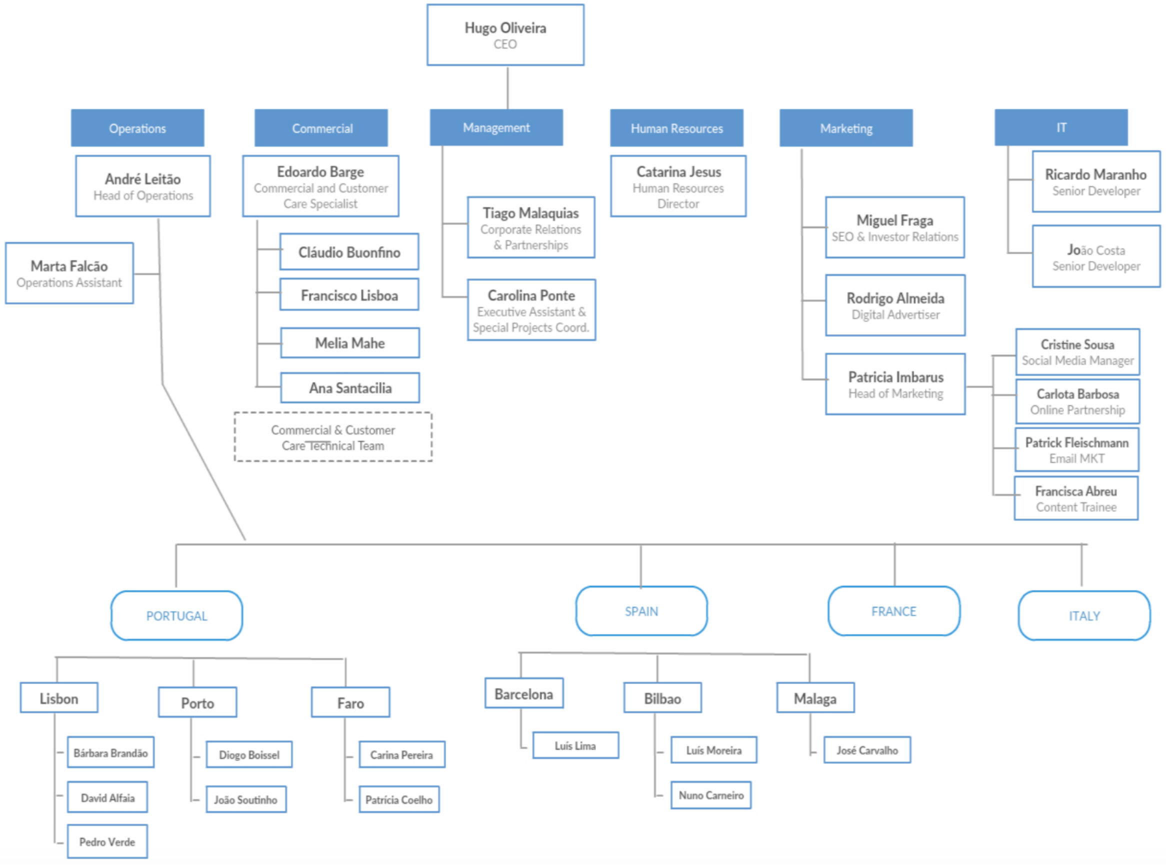
- Investment Plan
- Corporate and Legal Recommendations

# Indie Campers follows an organizational vertical structure and it is divided into six centralized departments: Operations, Commercial, HR, Marketing, IT and general Management

## Operations – Human Resources




Source: Indie Campers

Indie Campers follows a vertical structure with a set of six centralized departments until now. Hugo Oliveira is the founder and CEO of the company, controlling all departments below, making decisions and delegating authority to lower-level managers.

The Marketing, HR, and IT teams are the ones going through the biggest growth and development during the expansion process of the company.

The commercial team is one of the most important components of Indie Campers since it is responsible for customer care and support, helping in a customized way during the booking process and clarifying part of the questions of the potential customers.

Finally, operations represent the core of the business since it takes care of the management and maintenance of all hubs. The structure of the hubs in terms of Human Resources is composed by office managers (full time employees), road runners (full time interns during 9 months), and a summer interns (full time interns during 3 months). Besides, every country has a country manager, who controls the overall set of hubs in that specific country.

Starting from the expansion date, the company will have a Head of Operations, leading and controlling the overall operations. Despite Operations, all the other departments will be centralized in the Lisbon office.

# Indie Campers will have a specific structure to support its expansion. Each country will have a manager responsible for the overall operations of each independent hub

## Operations' Distribution

| Head of Operations – André Leitão | | | | |
|---|---|---|---|---|
| | Country Manager<br>Spain – Luís Lima | Country Manager<br>Italy – Edoardo Barge | Country Manager<br>France – Diogo Boissel | Country Manager<br>Germany – Not decided |
| Office Managers | Bilbao<br>Barcelona<br>Alicante<br>Malaga<br>Madrid<br>Palma de Mallorca<br>Tenerife Sur<br>Grand Canary<br>Fuerteventura | Milan Malpensa<br>Bologna<br>Roma Fiumicino<br>Bari<br>Catania<br>Cagliari | Bordeaux<br>Nantes<br>Paris CDG<br>Lille<br>Geneva<br>Marseille | Frankfurt<br>Munich<br>Dusseldorf<br>Berlin Tegel<br>Hamburg<br>Stuttgart |
| | Operationals | Operationals | Operationals | Operationals |

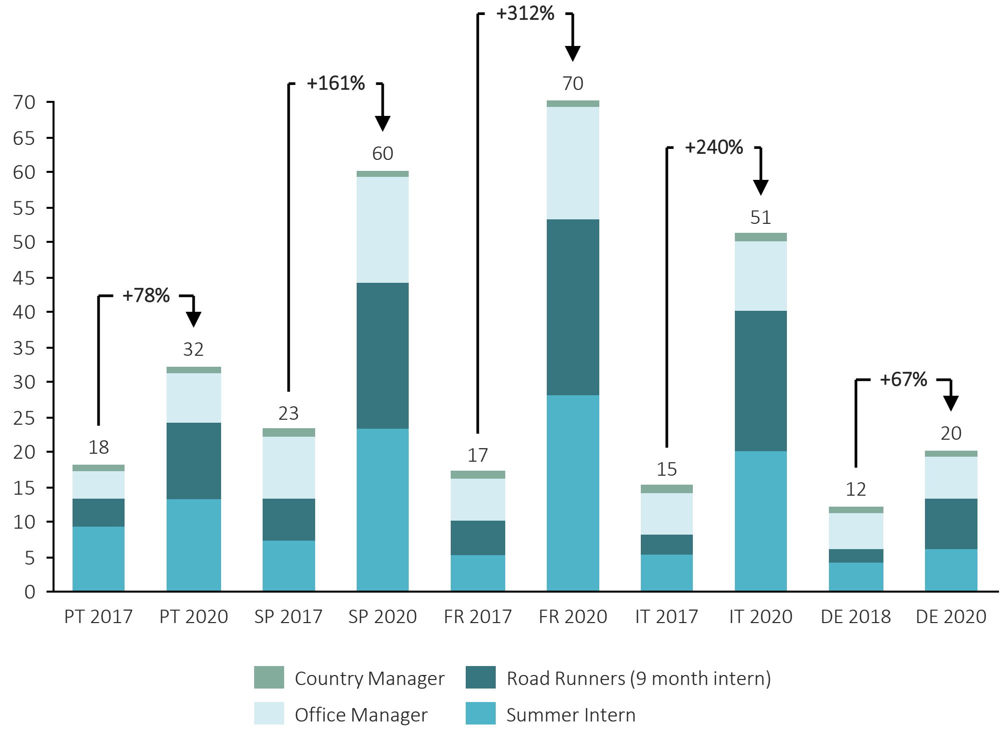
On the top of the Operations structure there is André Leitão, Head of Operations, followed by five country managers, one for each new country and for Portugal. The country manager will be positioned in a specific hub, usually in a central location such as the ones presented in the chart. Then, within each independent hub there is one or more office managers, depending on the demand and strategic position of the hub in question. Finally, these office managers are responsible for dealing and managing directly the set of operationals in each hub.

# The size of the workforce was forecasted taking into account the demand of each location and the distribution between job positions was set based on seasonality and operational issues



## Operations – Human Resources

Graph 34: Number of workers per country, 2017/2020




In order to forecast the number of workers needed in each location according to the estimated demand, the main assumption was to use Lisbon as a benchmark, since it was the first hub to be open and the most mature market in the company's perspective. The number of workers for the remaining locations was predicted based on their forecast of contracts in each year, and taking into consideration the workforce allocated by Indie Campers to the Lisbon hub in 2017. The structure of the workforce is the same as presented before and the allocation of the workers by job position was made based on criteria such as demand, number of remote locations associated to each independent hub and seasonality of each location.

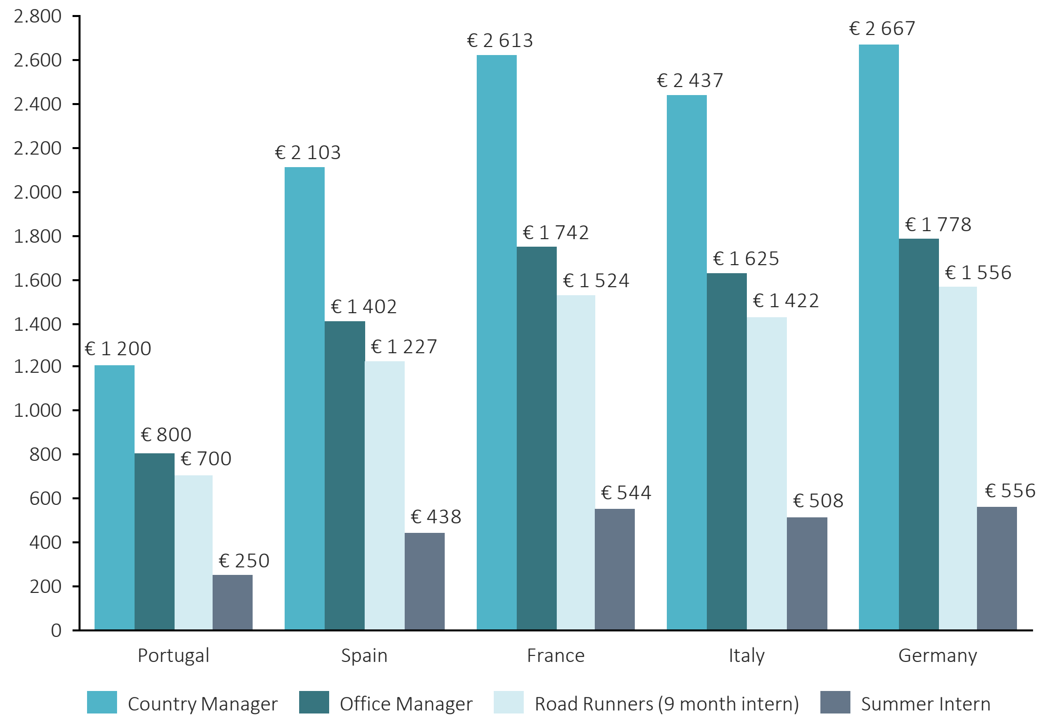
From the first year of entry in each country until the last year of analysis, the number of workers increase considerably in most of the countries in order to support the increase of demand. France, for instance, is the market where the biggest growth in terms of workforce is verified, followed by Italy, since these are the countries with the higher number of days sold. On the opposite way, Germany has the lowest growth rate in terms of workers because it has less hubs opened due to the perfect distribution of the high density locations across the country.

Despite the operational workforce presented in Graph 34, there is also the administrative and management personnel who are all allocated to the Lisbon office due to the centralization of services.

HR costs vary substantially from country to country due to adjustments in the living standard and different social security rates. France and Germany are the most expensive countries in terms of salaries

## Operations – Human Resources

Graph 35: Human Resources Costs, 2017-2020




Source: Reinis fischer, Average Salary in European Union, 2016

Regarding HR costs, the level of salaries to pay depends on the country where the company operates in and where the worker is allocated to. The calculation of the salary by job position in each country was based on the defined salary by position in Portugal and on the average salary in each country.

The salaries of all job positions are assumed to remain constant during the period of analysis. It is important to note that summer interns in Germany need to be students with no university degree completed, their internship cannot be a mandatory part of the degree (*Pflichtpraktikum*) and it must have a duration of three months maximum, otherwise the company is obliged by law to pay the minimum wage of the country (1.473 €).

The salary structure is divided in three main components: the base salary, the food allowance and the social security charges. The amounts presented in Graph 35 are referent only to the amount that is paid to the employee, meaning the base salary and the food allowance.

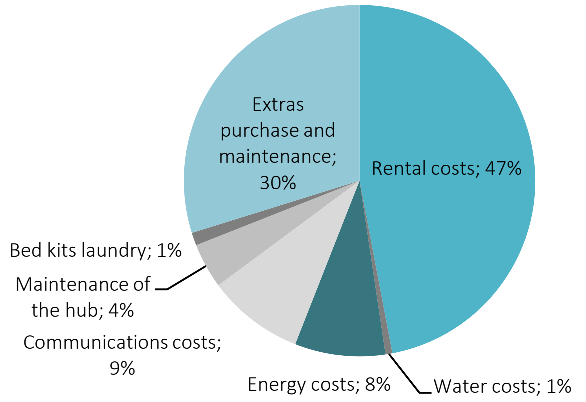
The HR costs vary substantially from country to country. Besides the difference in the base salary according to the living standard, the social charges amount are also significantly different. France has the highest social security rate (43,4%), which increases substantially the costs associated to HR in this country.

Another way to overcome the high social security rates of some countries, Indie Campers can opt to hire and register the employee in Portugal and then allocate him to another country subsidiary, by applying the transfer pricing rule.

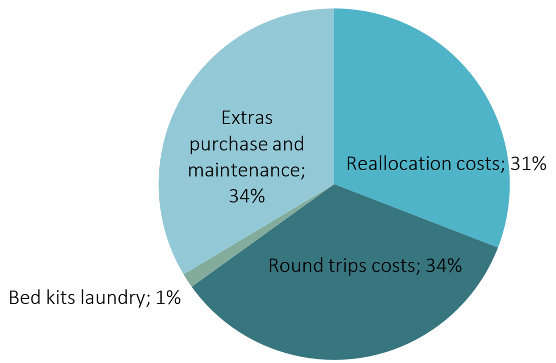
# The hubs cost structure is divided between independent and remote hubs, whereas the former represents the biggest share. Rental Costs and the purchase of extras represent the main share of the independent hubs costs

## Operations - Hubs

Graph 36: Average stream of costs of independent hubs




Graph 37: Average stream of costs of remote hubs




Source: Indie Campers' cost center data
Immobilien Scout, 2016; Ealquiler, 2016; Immobilier-Danger, 2013; Immobiliare, 2016

Independent hubs represent the biggest share of costs, when comparing to the remote hubs. The most relevant portion is dedicated to the rental cost of warehouses, representing almost half of the average cost structure. It is assumed an average size of 150m$^2$ per warehouse. Extras purchase and maintenance was calculated based on the assumption that extras in general have a profit margin of 80%, which is also a big part of the cost structure, with a weight of 30%.

Utilities represent 18% of the overall costs, calculated based on cost information provided by the company. The maintenance of the warehouse and the laundry of the bed kits were calculated based on the number of contracts and on a unit price of 1,50€ given by the company, which accounts for 5% of the pie.
Rental costs, utilities, and the maintenance of the hubs are fixed costs while the extras purchase and maintenance and the bed kits laundry vary according to the number of contracts forecast.

Each remote location is associated to a specific independent hub therefore, the biggest share of the cost structure is dedicated to the reallocation of the vans, costs to move the van from an independent to a remote hub when there is a pick up; and to the round trip of the operationals, when returning to their independent hub after the pick up.
Together they account for 65% of the remote hubs' costs.
As variable costs, the remote hubs have the extras purchase and maintenance and the bed kits laundry, following the same assumptions above and representing the remaining 35% of the cost structure.

# AGENDA

## 7. Recommendations

- Selection of Locations
- Model of Demand: Forecast of the sales in each location
- Operations Plan
  - Human Resources
  - Hubs cost structure
- Communications Plan
- Investment Plan
- Corporate and Legal Recommendations

# The communication plan is divided in three main strategies: customized communication to increase sales, mass communication to increase sales and penetrate new markets, and reach optimization to reduce the days difference between registration and pickup dates and explore the local markets

## Communications

Strategy 1: Attract individuals who manifest interest in the industry

Develop a peer-to-peer communication with a high level of customization

Increase the amount of days sold

Strategy 2: Mass communication

Communicate with a low level of customization in order to create awareness and drive purchase

Increase the amount of days sold

Penetration in the new markets of expansion

Strategy 3: Reach optimization

Goal 1: Reduce the days difference between registration and pickup dates

Ongoing Communication

Create awareness along the year

Induce purchase in high season

Communication targeted by Nationalities

Induce purchase in low/medium season

Goal 2: Stimulate and explore the local market

Communication targeted to Locals

Induce purchase in low season

Budget: 425.000€

Content Recommendations to apply to each campaign

Overall Partnerships suggestions

Although there is an overall communications plan in action, the main focus was solely on the strategy of optimization, proposing various solutions to reach the two main goals presented

## Communications

Graph 38: Distribution of the number of days sold per month of registration and pick-up, 2016

| Registration \ Pick-Up | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1** | 7% | 4% | 17% | 9% | 22% | 6% | 15% | 16% | 0% | 4% | 0% | 0% |
| **2** | 0% | 12% | 23% | 10% | 16% | 4% | 20% | 12% | 0% | 3% | 0% | 0% |
| **3** | 0% | 0% | 17% | 12% | 13% | 15% | 17% | 20% | 1% | 5% | 0% | 0% |
| **4** | 0% | 0% | 0% | 14% | 27% | 10% | 20% | 21% | 5% | 3% | 0% | 0% |
| **5** | 0% | 0% | 0% | 0% | 15% | 30% | 27% | 22% | 3% | 2% | 0% | 0% |
| **6** | 0% | 0% | 0% | 0% | 0% | 16% | 39% | 37% | 4% | 4% | 0% | 0% |
| **7** | 0% | 0% | 0% | 0% | 0% | 0% | 43% | 30% | 20% | 5% | 2% | 0% |
| **8** | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 29% | 55% | 14% | 2% | 0% |
| **9** | 0% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 49% | 41% | 8% | 2% |
| **10** | 0% | 0% | 1% | 4% | 0% | 0% | 0% | 0% | 0% | 51% | 32% | 12% |
| **11** | 8% | 5% | 3% | 5% | 7% | 2% | 1% | 2% | 0% | 0% | 46% | 21% |
| **12** | 16% | 8% | 7% | 5% | 9% | 5% | 4% | 2% | 1% | 0% | 0% | 41% |

Source: Indie Campers Database

Graph 38 represents the distribution of the number of days sold per month of registration according to the month of pick up. An important conclusion is that the highest density of customers bookings happens during the high season.

Moreover, customers booking during the low season come more frequently in the high season, making the average days difference between registration and pick up dates is high.

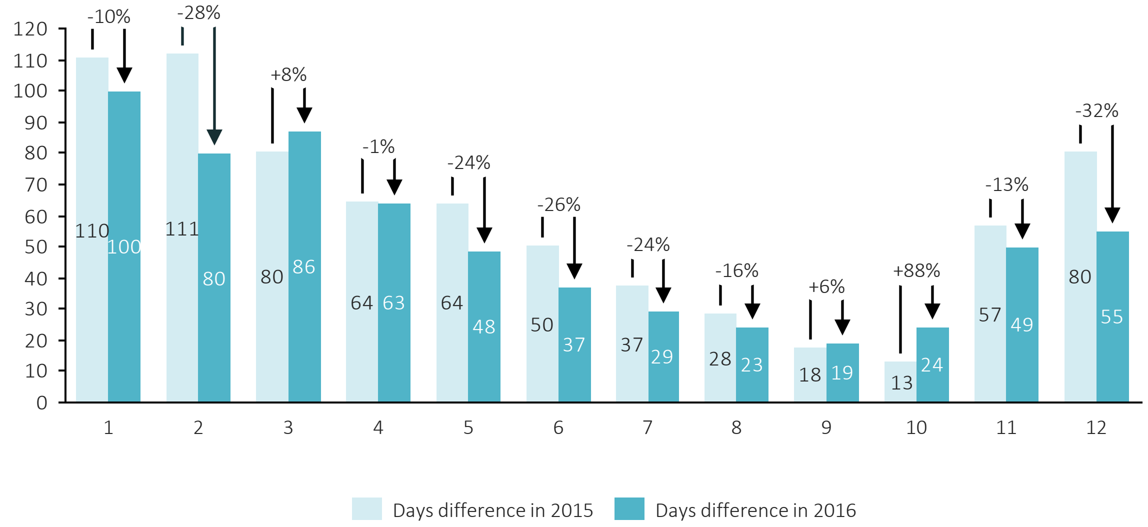
Hence, one of the main goals in the reach optimization strategy is to reduce the days difference between registration and pickup dates once it allows to increase the occupancy and register higher growths, since the company is increasing its bookings in the low season.

The final goal is to have individuals making registrations closer to the pick up date, mainly in the low season. Graphically, this would be represented through a darker line along the overall diagonal of the matrix and to the right of that diagonal as well.

# The average days difference between registration and pick up dates decreased organically from 2015 to 2016, representing a positive sign to Indie Campers optimization of the days sold

## Communications

Graph 39: MTD variation of the average days difference between registration and pick-up dates, 2015-2016




Source: Indie campers Database

Although reducing the average days difference between registration and pick up dates, particularly during low season bookings, is one of the main goals of this strategy, this is something that is happening organically (with no marketing actions towards that goal).

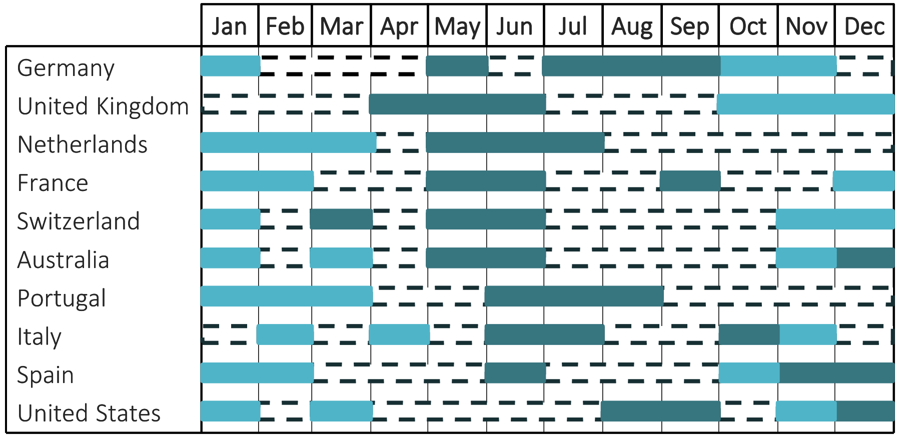
According to graph 39, it is visible that the average days difference is already decreasing in the majority of the months from 2015 to 2016. The only ones where it increases is in March, September, and October.

In graph 39, it is possible to confirm that customers who make their reservations during the low season do it more frequently to come during the high season.

# The strategy of reach optimization is divided in two actions, the communication in the low frequent booking period and the communication during the month before the more frequent booking period

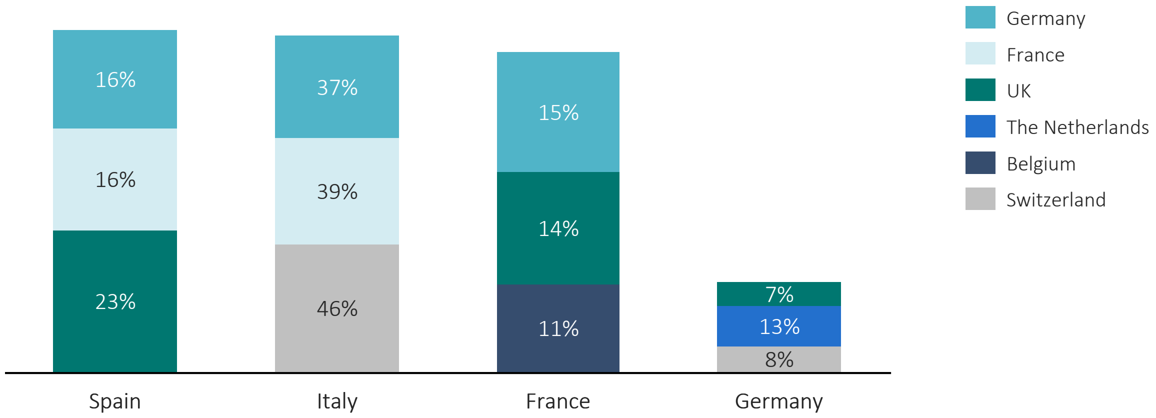
## Communications

Graph 40: Distribution of the number of days sold per nationality, 2016




Source: Database

Graph 41: Top markets travelling to each of the four countries of expansion, 2014




Source: OECD, 2016

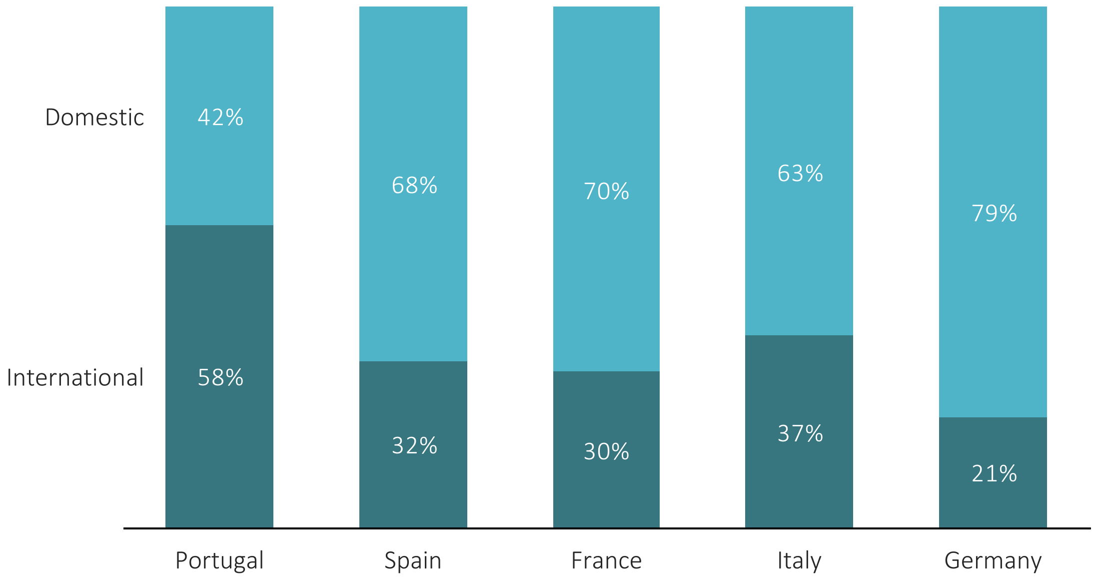
Taking into account that there was a reduction of the average days difference between registration and pick up dates from 2015 to 2016, one can predict that this reduction will continue to happen from 2017 onwards. In order to achieve this goal, the proposal is to develop a communication targeted by nationalities. These actions would be launched in two main timings: 1) during the months where customers do not frequently make bookings, in order to incentive them to book and consequently drive purchase; 2) during the months before, the more frequent booking period, in order to attract as the maximum level of customers.

These two different timings vary from nationality to nationality according to their purchasing habits and vacations culture. Therefore, the communication content needs to be developed and targeted accordingly. The selection of the nationalities to whom Indie Campers should target its campaigns was made based on the top markets of inbound tourism in each of the four countries of expansion. According to Graph 41, Germans, British, and French are top nationalities travelling to all these countries. Swiss is a strong nationality in Italy.

Contrarily to Portugal, the potential of the domestic market in the countries of expansion is much stronger, therefore Indie Campers can exploit this new important source of revenue by communicating directly to locals

## Communications

Graph 42: Comparison between domestic and international tourism, in terms of tourists, 2014




Source: OECD, 2016

The initial strategy of Indie Campers did not include the focus on the local market of each country due to its poor attractiveness in Portugal. However, when expanding to other countries, it is important to analyze the attractiveness and performance of the domestic tourism in each of the new countries since this can be an important source of revenue.

According to graph 42, Portugal is the only country from the ones under analysis where the international tourism is stronger than the domestic tourism. Therefore, one can conclude that there is a big market opportunity and an important source of revenue when expanding to other countries.

With the objective to explore and stimulate the local market in each country, the communication targeted to locals is the most suitable proposal. The campaigns will be developed in a customized way in order to attract more potential customers and to increase the turnover rates.

# In order to fulfil the communication campaigns previously presented, there are some content recommendations to take into consideration

## Communications – Content Recommendations

| Discount to Bookings above 12 days | Reallocation of Vans | Specific Campaigns according to each country | Differentiated Hooks |
|---|---|---|---|
| Example: "Book 5 more days and get 15% of discount! Let's Go Indie!" | Example: "Travel with Indie Campers from Bilbao to Barcelona for 1€! Book now!" | Example: "Book a trip with Indie Campers and come to see the biggest wave in Europe!" (Canhão da Nazaré) | Indie Campers, should adapt the communicated Hook depending on each country tourism and campervan culture |
| The fact that Indie Campers offers a discount to reservations with more than 12 days, will encourage customers to book at least 12 days.<br>This represents a win-win situation for both clients and Indie Campers: the client receives a discount, and Indie Campers sells more days within the same reservation (meaning less costs with the cleaning, pick up and drop off processes). It also represents an opportunity to fill more days in the low season. | Often, Indie Campers has the need to reallocate its vans for demand purposes. Each reallocation represents some costs for the company like: gas, round trip of the driver and sometimes even accommodation for the driver.<br>The fact that Indie Campers would announce a trip from one location to another for 1€, or a symbolic amount, would solve the reallocation problem, would save all the expenses associated to this reallocation and would attract customers to try Indie Campers. | Example: "Book a trip with Indie Campers and follow the Tour de France live!" (Tour de France)<br><br>This kind of content will customize and personalize the communication. It would encourage people to use Indie Campers to visit specific attractions and consider popular locations of a specific country or even specific events.<br><br>Examples for these kind of campaigns could be: "Tour de France", "Bavarian Tour", "Surf tour from Bilbao to Bordeaux", "Coast of Italy", "Nazaré and Ericeira surf coast". | According to small interviews and the survey developed, each country's communication should be adapted to the type of tourism developed with caravans in each country.<br>Portugal and Spain share the same drivers, such as surf and seaside. The case of France is very similar, with nature, seaside and surf as main hooks, while Italy is focused on seaside, lakes and mountains.<br>Finally, Germany has as main hooks nature, sea, mountains and lakes. |

Partnerships represent a win-win situation for both parties. In this specific case, partnerships can help Indie Campers to improve its business, not only regarding the customer experience but also in the reduction of some business associated costs

## Communications – Overall Partnerships Recommendations

| Bloggers | Surf Brands | Campsites | Stores to buy extras | Ferry Companies |
|---|---|---|---|---|
| Bloggers would refer Indie Campers in their pages in exchange of a free weekend trip in one of the Indie Campers' vans. This would create brand awareness and word-of-mouth about the brand, with low associated costs. | Indie Campers would make purchase agreements with these brands in exchange of an association of the surf brands to the company.<br>This could be made, on Indie Campers' website.<br>In example: "Powered by Billabong". | This partnership would improve Indie Campers' customers experience: Customers would have a range of discounts in these campsites. The advantage for the campsites is the advertisement of their brand through Indie Campers website and the increase in the occupancy in the campsite. | Purchase agreements with stores like Decathlon, Leroy Merlin and IKEA to buy material (extras) with some price benefits . | Indie Campers customers may want to use ferries during their trip, specially in the Balearic Islands. Since these prices are relatively high, Indie Campers would make an agreement with few ferry companies like Balearia and Transmediterranea to make discounts available to Indie Campers customers. |

# AGENDA

## 7. Recommendations

- Selection of Locations
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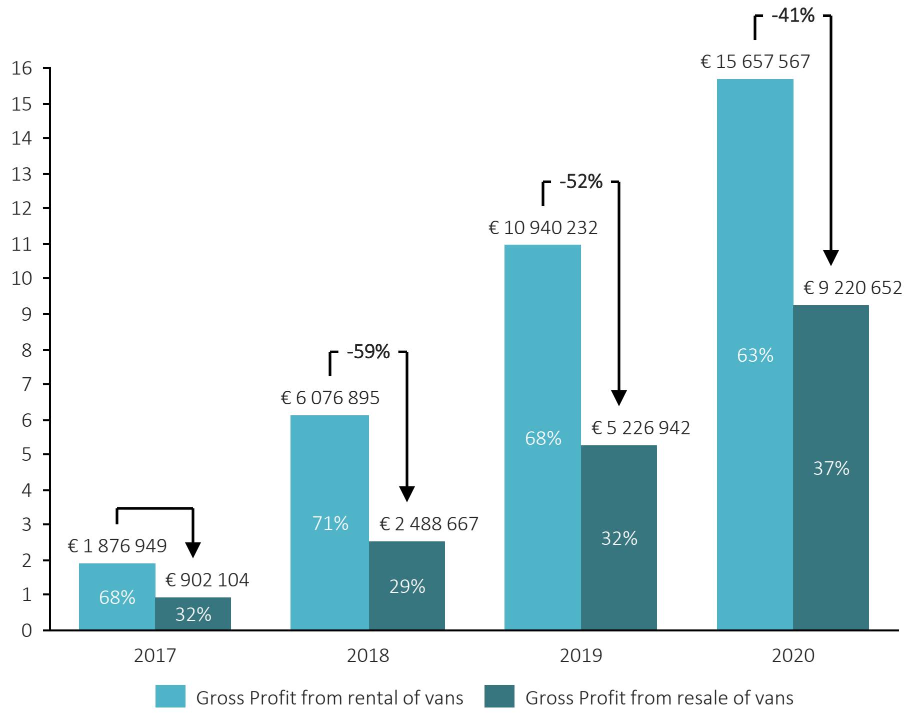
# Indie Campers revenues are divided in two different streams, the first being the rental of vans and the second the resale of vans, which will gain importance along the years

## Investments

Graph 43: Contribution Margin of Rental and Resale of Vans




Another crucial part of Indie Campers business is the financial business of the purchase and consequent resale of vans. Due to the high amount of vans needed, the company believes that a leasing contract is the best way to purchase the vans.

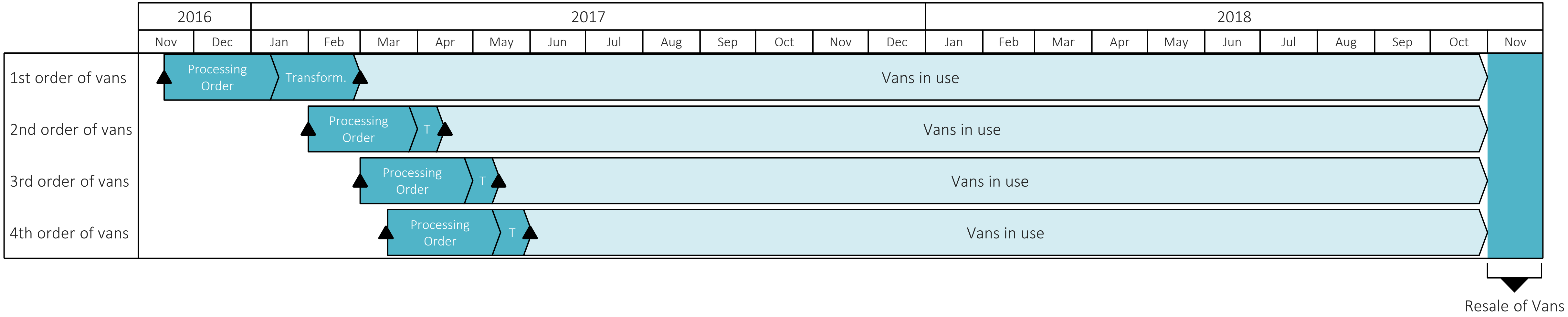
One can notice that the relative importance of the contribution margin of the resale of vans, accounts for 37% of the total contribution margin in 2020. From 2017 to 2018 with the addition of Germany, along with the consolidation of France and Italy in 2017, the contribution margin acquires a relative importance to the resale of vans.

In the investments forecast it is important to notice that the vans will be depreciated in four years, according to the Portuguese Decree Law 25/90.

In order to compute the contribution margin of the resale of vans, it is assumed that the vehicles will be devaluated in a straight line method, and that will be resold at the price of acquisition including the discount (without transformation), making a total devaluation of 41% for Fiat, 35% for Renault and 28% for Volkswagen.

# The vans will be ordered in four main stages, being the first the larger in size, and the following based on the demand predictions to the next months. The vans will be resold after 17 to 20 months of activity

## Investments



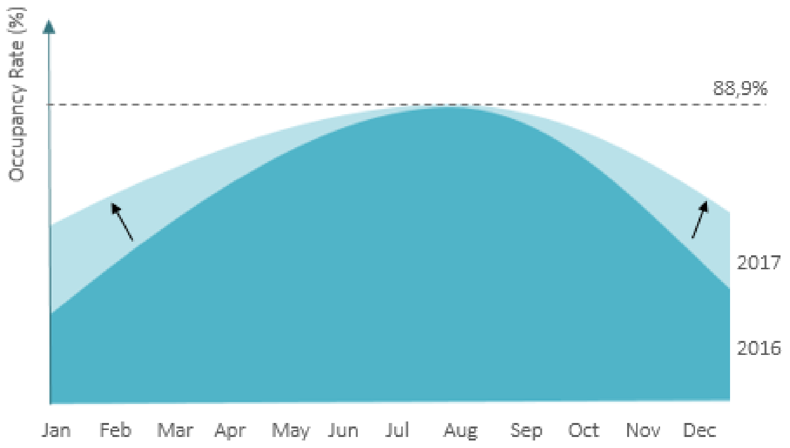

The criteria used to decide where to buy the vans (country and brands) are the prices of the brands and models available in each of the five countries, as well as the fiscal benefits of buying the van in another European country. By making the purchase of the vehicles in other European country rather than in Portugal, Indie Campers is exempt of paying VAT. The criteria used to decide the brand to buy the vans is based on the company and customers' preferences and previous business relationships developed with each brand, accounting for 66% of the vans bought from Fiat, 33% from Renault and 33% from Volkswagen.

The buying process will be divided in four orders, since it is important to analyze the demand of the following year by phases and according to the next year first months of operations. After the order is made, the vans take on average two months to be prepared for transformation. The first order is the biggest one and it will be made according to the forecast of the demand for the following year, the next orders will be smaller in quantity and so there is less time for the transformation process. The vehicles will be in use from 17 to 20 months, a short lifetime due to the rapid usage of the vans.

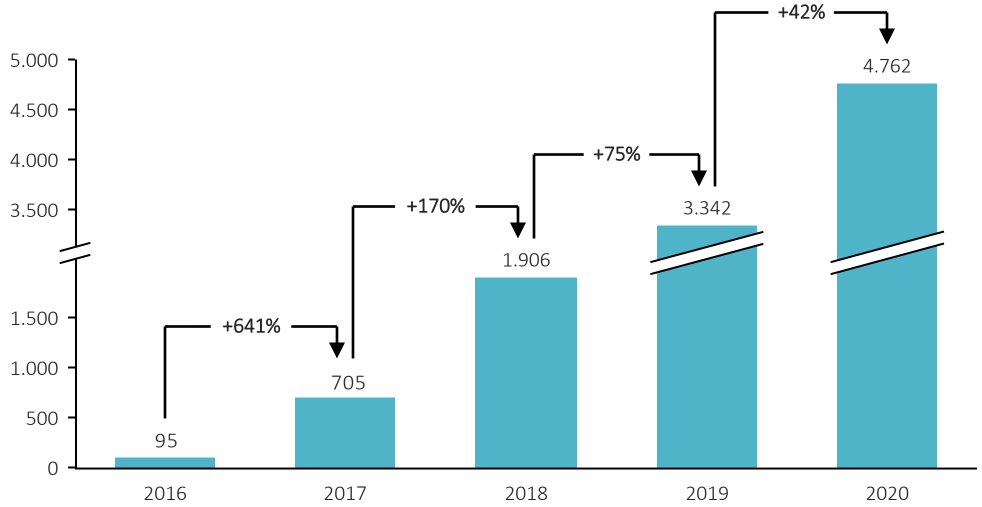
# The group developed a tool for the company to confirm the prediction of the order quantity, to make in the second, third and forth order

## Investments

Graph 44: Evolution of the average days difference between registration and pickup




Graph 45 : Forecast of the number of Vans needed, 2017-2020




According to the number of days sold forecast and assuming the occupancy rate registered in 2016, it is possible to forecast the average number of vans needed in each year. Moreover, since the vans are not restricted to any location, they are allocated according to the distribution of revenues in each location.

Since the biggest expansion of the four countries will occur from 2016 to 2017, this is the year where the growth of the number of vans is extraordinary high, passing from approximately 100 vans to 700 vans.

The group developed a tool to help as an investment control system during the vans ordering process. One of the main goals of this tool is to confirm the prediction of the order quantity to process the second, third and forth order.

# AGENDA

## 7. Recommendations

- Selection of Locations
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# There are important corporate and legal aspect Indie Campers needs to pay attention to, such as Procedures to open a business, available funds and tourism organizations and taxation issues

## Corporate and Legal Recommendations

### Procedures to open a business

In order to open a business there are specific procedures the company must go through and every country has a specific set of processes. Portugal is the country where it is faster and easier to open a business, it requires only three days to complete the process. In the opposite way, Germany has the most complex set of procedures. Additionally, it takes more time to open a business in Spain (almost two weeks) and it is more costly than in Germany.

(Complete information in Appendix)

### Funds: European, State and Regional Funds

Being a SME, Indie Campers can enjoy from subsidies and taxation benefits, government support, and apply to specific European and Regional funds.

(Complete information in Appendix)

### Taxation Facts

Each country has specific taxes and regulations to obey to, namely social security rates, income taxes, among others.

(Complete information in Appendix)

### Corporate PR Strategy

It is important for Indie Campers to create a corporate public relations strategy in order to have a constant and permanent contact with tourism institutions and organizations in each of the countries. By doing so, the company can have access to different sources of support and enjoy from benefits as already happens in Portugal with *Turismo de Portugal*.

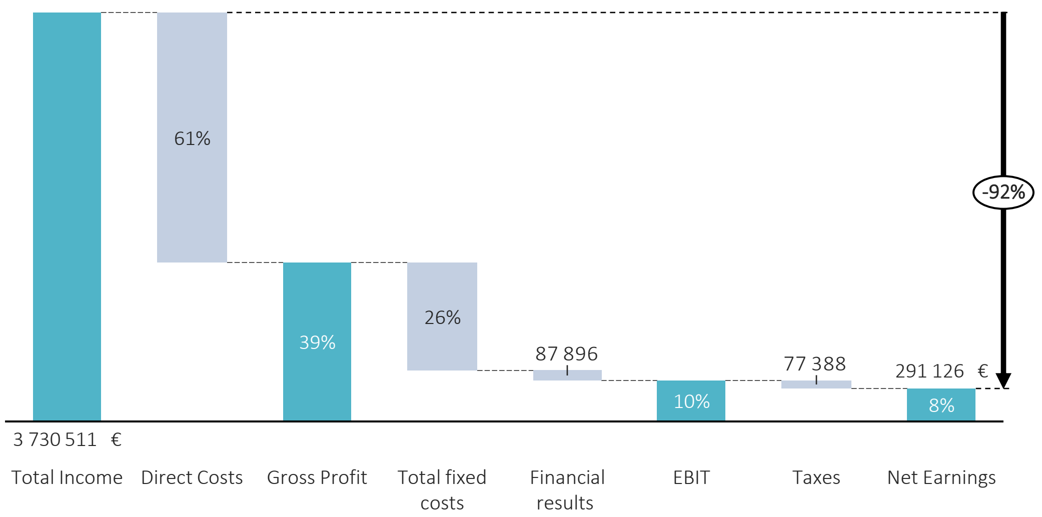
(Complete information in Appendix)

# AGENDA

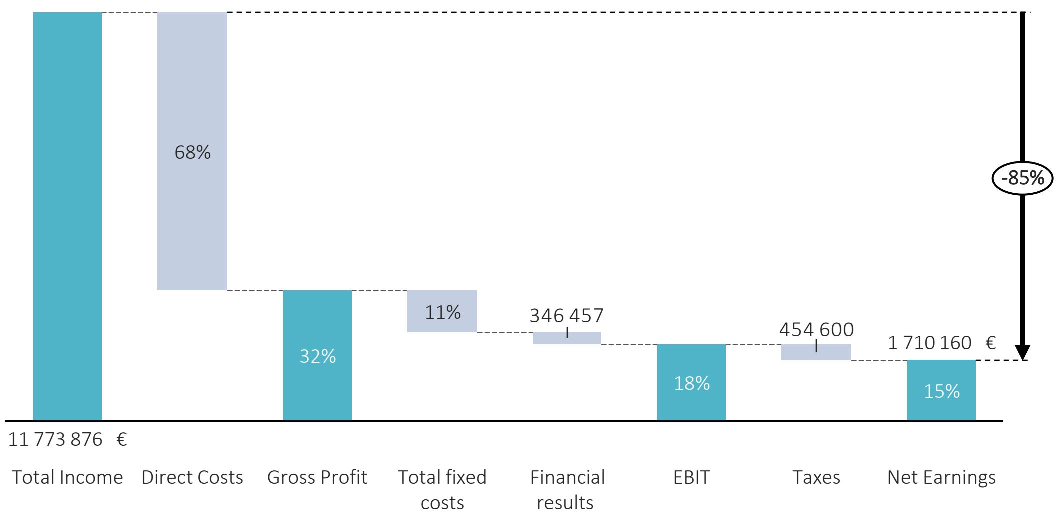
# Due to its seniority, Portugal is considered to be a strong market with substantial growth rates, and represents a good part of Indie Campers' source of revenue

## Portugal

Graph 46: P&L of Portugal in 2017




Graph 47: P&L of Portugal in 2020




According to the forecasts, Portugal is considered to be a strong market with substantial growth rates. This can be explained due to the fact that it is the country where the first locations were opened, and due to the soft regulations regarding wild camping. Furthermore, it is considered by most tourists as a cheap travel destination with a favourable climate. In 2017, due to its seniority, Portugal represents the greatest part of Indie Campers' total countries' revenue.

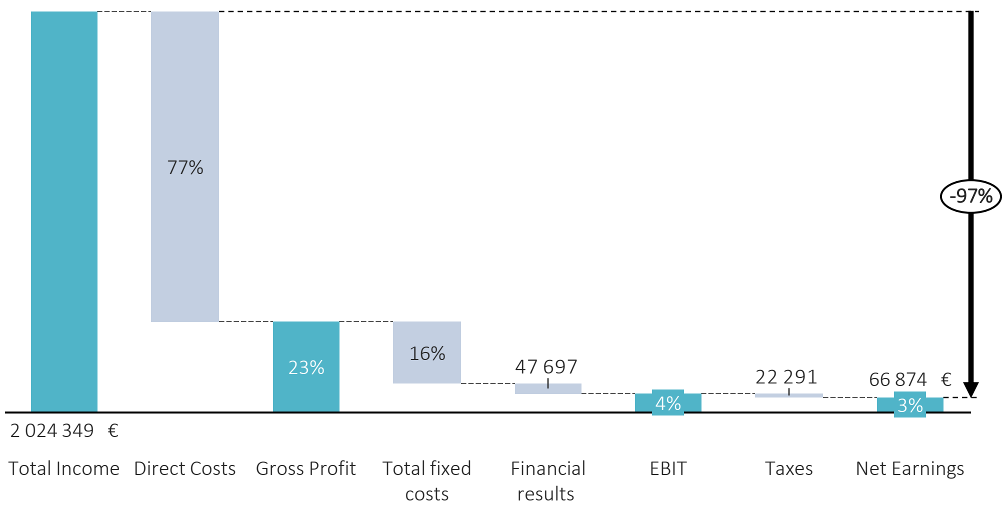
Compared to other countries, and given the size of the market Portugal looses importance in the global panorama by 2020, despite the strong growths and the high revenues, having Net Earnings representing 8% in 2017 of the Total Income and 15% in 2020.

Furthermore, the Portuguese cost structure is different than the rest of the countries, where fixed costs are the highest in proportion to total income since it is where the Headquarters are located in.

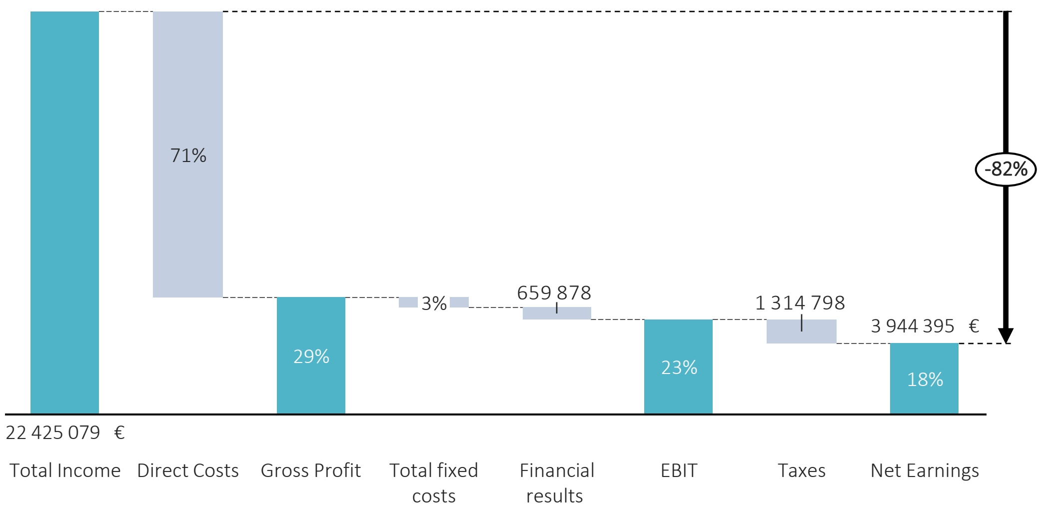
Spain is the country with the highest Net Earnings in 2020, representing 18% of the Total Income. This can be explained by the decrease in the relative importance of the total fixed costs to the total income

## Spain

Graph 48: P&L of Spain in 2017




Graph 49: P&L of Spain in 2020



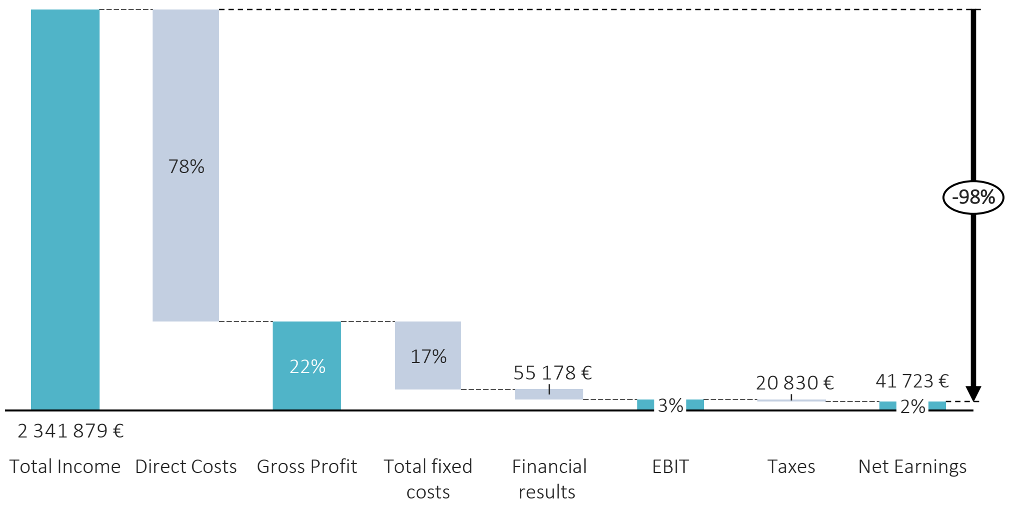

Even though the Spanish cost structure is heavier in 2017, the country will prove to have the highest Net Earnings in 2020 due to the decrease in the relative importance of the total fixed costs to the total income. Spanish EBIT increases from 4% to 23% from 2017 to 2020, and it has a direct effect on the amount of tax paid, causing a burden in the Net Earnings.

Due to the process optimization and efficiency attained along the years of presence in the country, total income increased eleven times more in the last year of analysis when compared to the first year of expansion.

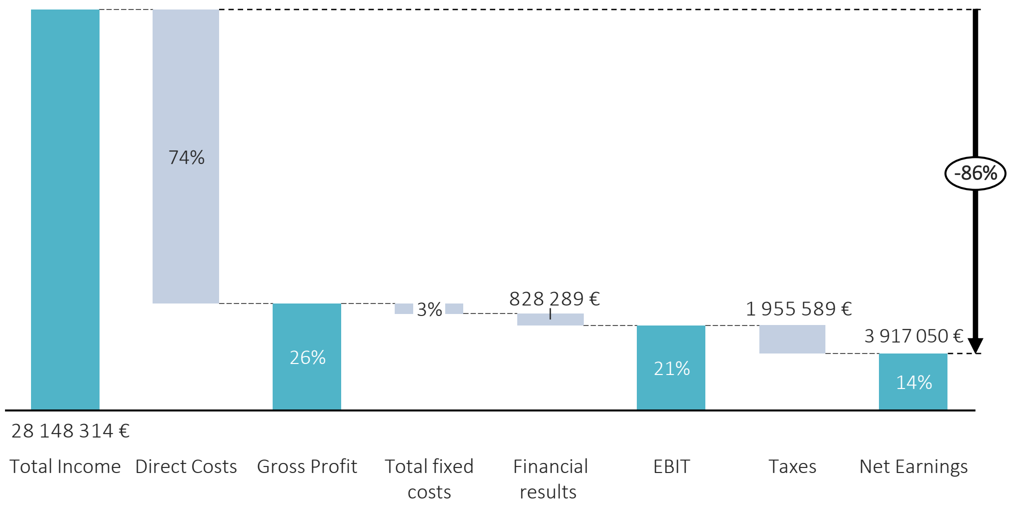
# According to the forecasts, France will be the country with the highest Total Income in 2020 with an amount of almost 28,15 Million €

## France

Graph 50: P&L of France in 2017




Graph 51: P&L of France in 2020



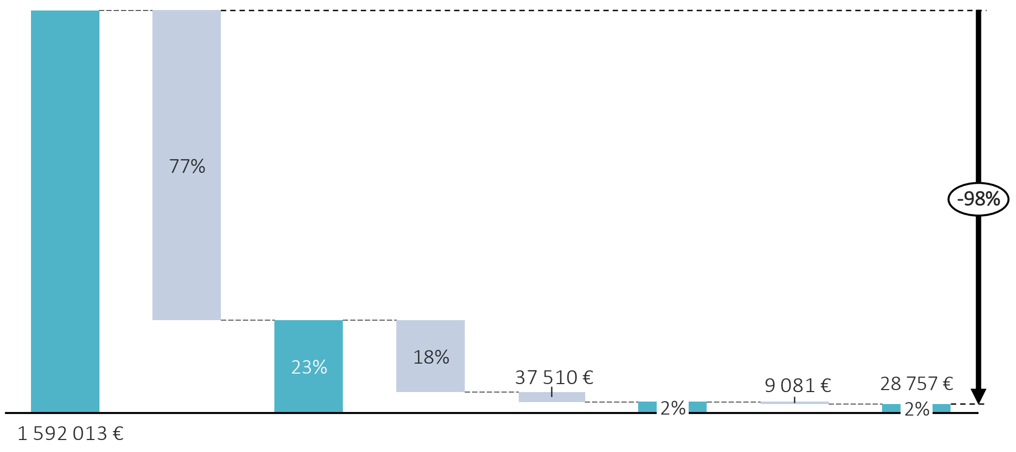

France is the country with the highest total income among all the countries, with an amount of 28,15 Million €. French EBIT increases from 3% to 21% from 2017 to 2020, and it has a direct effect on the amount of tax paid, causing a burden in the Net Earnings.

Due to the process optimization and efficiency attained along the years of presence in the country, total income increased twelve times more in the last year of analysis when compared to the first year of expansion.

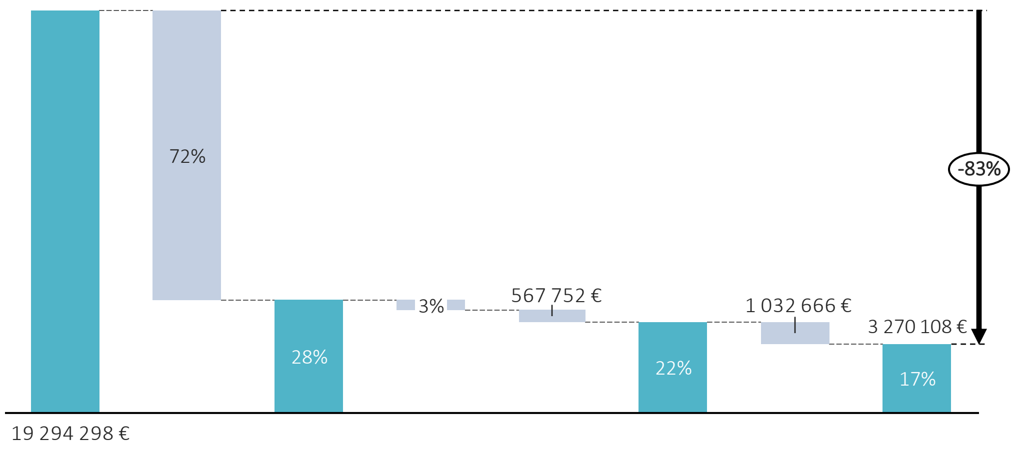
# Italy registers strong financial profit and losses in 2020, having a total income twelve times bigger than in the first year of expansion

## Italy

Graph 52: P&L of Italy in 2017




Graph 53: P&L of Italy in 2020



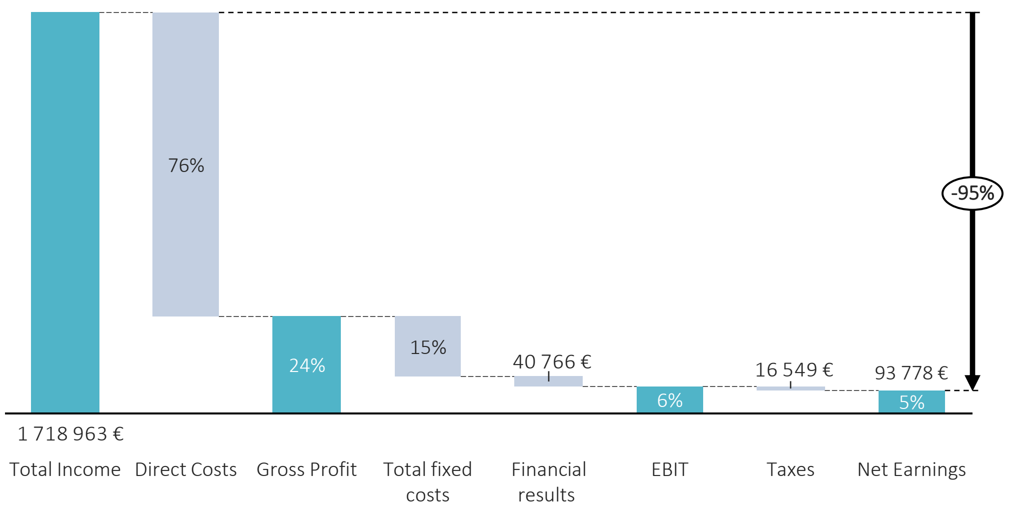

Italy registered a Total Income of 19,30 Million €. Italian EBIT increases from 2% to 22% from 2017 to 2020, and it has a direct effect on the amount of tax paid, causing a burden in the Net Earnings.

Due to the process optimization and  efficiency attained along the years of presence in the country, total income increased twelve times more in the last year of analysis when compared to the first year of expansion.

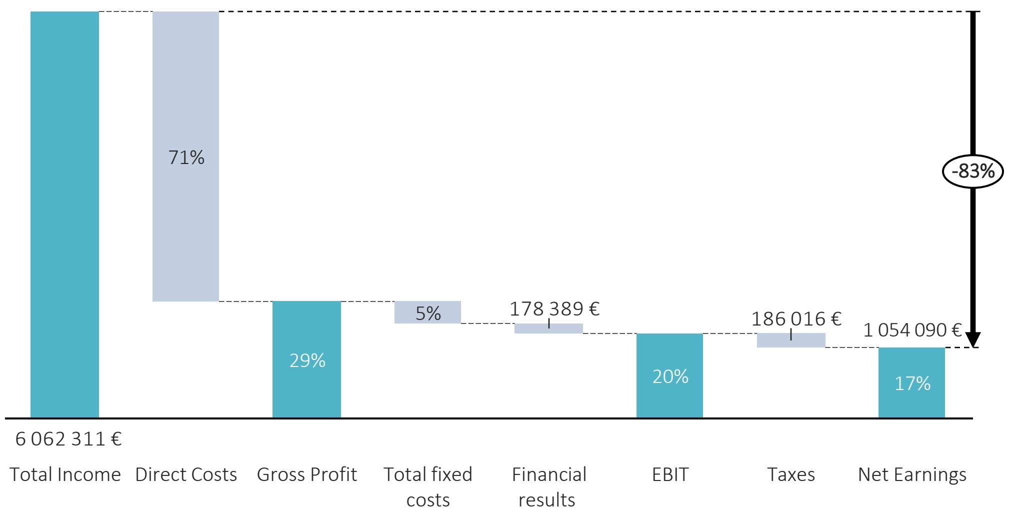
# Even though it is the most recent market, Germany is the country with the steepest growths, due to its already existent campervan culture and familiarity with Indie Campers

## Germany

Graph 54: P&L of Germany in 2018




Graph 55: P&L of Germany in 2020




According to the forecasts, Germany becomes a strong market, given the efficient geographical distribution of locations and the already existent campervan culture, where a big part of campers are strongly familiarized with the campervan culture. Furthermore, and given that great part of Indie Campers' customers are German, the familiarity with the brand can also contribute for the extraordinary growth rates.

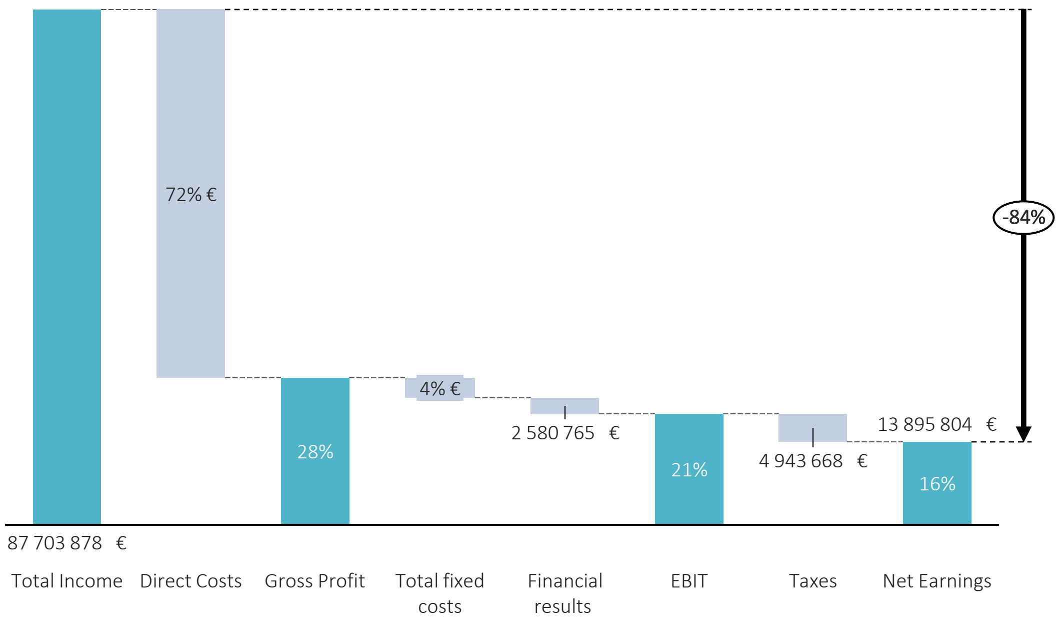
Starting with 5% of Net Earnings relative to Total Income, it becomes 17% in 2020. In the last year of analysis, Germany will not reach its total potential since it has only two years of operations, and so, given its growth rates it is most likely to be one of the major markets for Indie Campers in the long term horizon.

# AGENDA

There are three key drivers of Indie Campers' future business prospects, which are the rise of new competitors, the optimization of the sales channel and the resale of vans business

## Future Prospects

Graph 56: P&L Total, 2020




After the development of the four years expansion plan, it is important to access what may happen in terms of future prospects after 2020. Taking the last year of analysis as a starting point, and according to the forecasts, Indie Campers will have a solid position in the European market as well as a strong financial structure.

The two main group deliveries that Indie Campers can exploit for the expansion plan are the model of demand and subsequent forecast of days sold, and the tool developed as an investment control system.

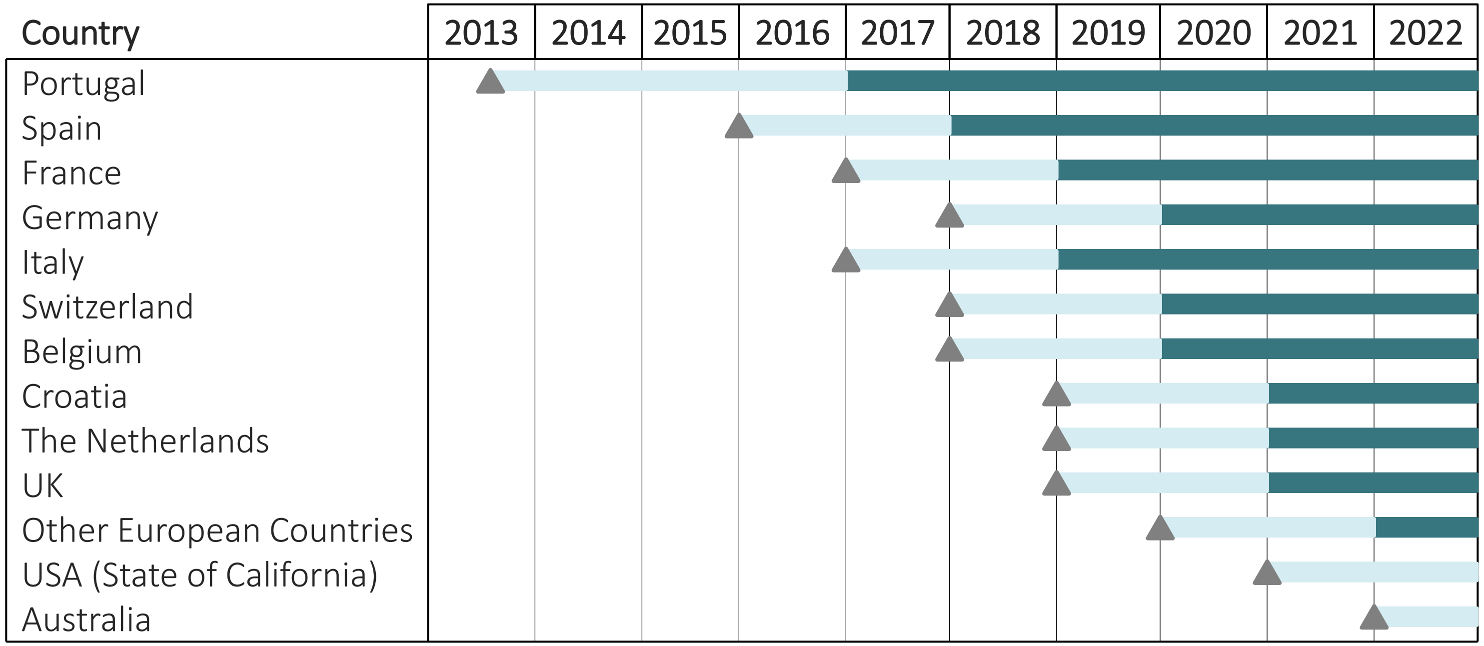
There are three main risk factors, which can be considered as the key strategic points to the success of Indie Campers. The first being the entry of new competitors. The growth of Indie Campers, can stimulate the campervan culture and consequently create new opportunities for the rise of new firms in this industry, as well as attract established campervan companies from Australia to Europe.

Secondly, the resale of vans and its success is crucial to the progression of Indie Campers, since as the company grows the volume of vans rise.

Finally, the optimization of the sales channel can be considered as the most important strategic factor for Indie Campers' long term condition, not only for the rental of vans, but also to the resale of vans.

## Initially, Indie Campers should consolidate its European market, by entering in Croatia, The Netherlands and the United Kingdom, and after can move to other continents, in countries such as the United States and Australia

### Gant Chart




After the first expansion phase from 2017 to 2020, the first two countries where Indie Campers should enter in are Switzerland and Belgium, since Brussels and Geneva already took place in the initial expansion plan. In terms of new geographical locations, it is advisable for Indie Campers to enter in markets, such as Croatia, The Netherlands and the United Kingdom, due to the tourism sector potential in each market and geographical proximity to the existing markets. A second step should be to consolidate its business in Europe by taking other European countries which can be of high potential, such as Austria and the Baltic Countries. Lastly, Indie Campers can start exploring new markets, first by moving to the United States, mainly in the state of California, where the campervan culture is more preeminent, and lastly by taking Australia, where the campervan sector is completely developed.

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# Indie Campers can expand not only geographically but also horizontally, by adding and creating new streams of business and new companies, such as Sales Aggregators and the Production and Commercialization of Brands

Indie Campers

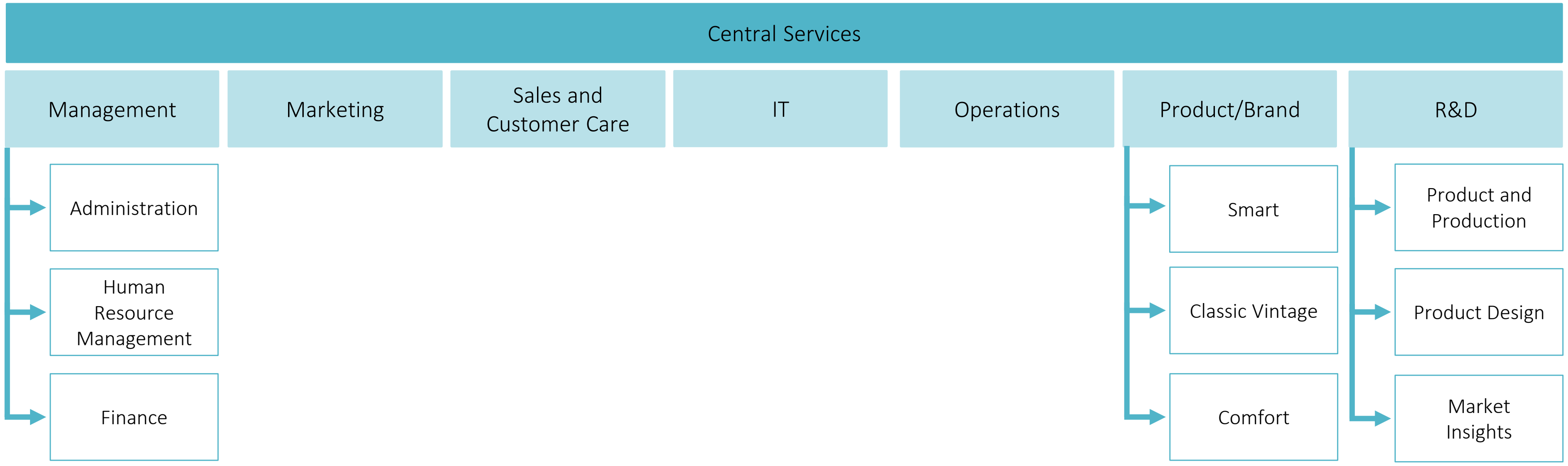
## Future Prospects

**New Streams of Businesses**

| Rental of Vans Business | Aggregator for the Rental Van Business | Aggregator for the Resale of Vans | Campervan Brand Commercialization | Production of Vans | Software and Technology Development |
|---|---|---|---|---|---|
| 2017 | 2018 | 2018 | 2017 | 2018 | 2019 |
| Indie Campers<br>West Coast Campers<br>Origin Campervans<br>**2018 - 2019**<br>Acquire two to six more campervan brands to expand the range of customers. | Development of an online sales channel, where all the rental vans brands can be booked. (The purpose is to be the *Booking.com* for Vans.) The aim is to better control the market and have a strong sales channel to all the brands. Currently, there are already some aggregators, such as *Campanda* and *Motorhome Republic.* | In the same directive as the aggregator for the rental vans business, it is likewise essential to develop a sales channel for the resale of vans business. An aggregator, where the vans can be repurchased and a way to clear down the vans which have passed the rental lifetime. | Continue to develop a partnership with TONKE, a company that develops the designs of the vans .<br>**2018**<br>Create an own company to make the designs to all the rental brands, as well as to create new brands with fresh designs. | Another strategy could be to integrate the building and transformation of the inside of the vans.<br>In this way, Indie Campers would not be dependent from outside suppliers for the transformation of the vans, allowing a much better control over this process as well as more quality control. | Finally, since Indie Campers sales are done through online channels, which can be adapted to better serve its purpose, it would be ideal to create a Software and Technology company. This company would be designed to develop software for Indie Campers. |

# To support the new business streams and companies, Indie Campers should grow its organizational structure and add two centralized departments, such as the Product and Brand Department and the Research and Development Department

## Future Prospects



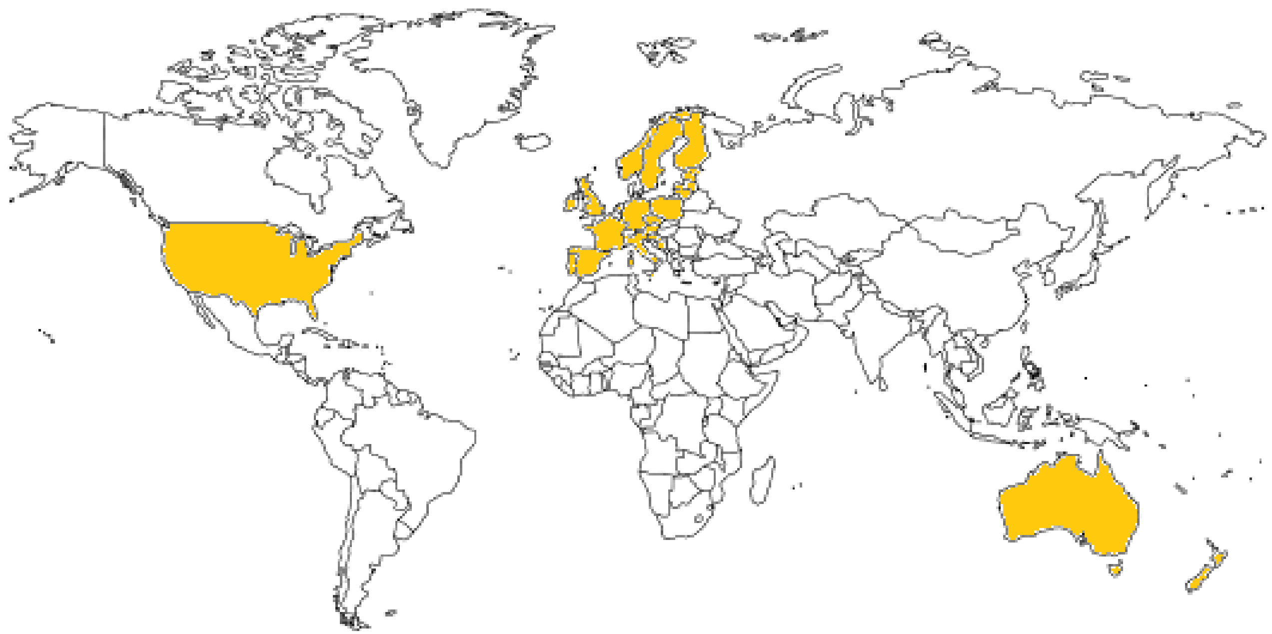

In terms of organizational structure, the main future recommendations lie on the size and volume of the workers. Additionally, the recommendations lie on the creation of two new departments in the central services of the company, such as the Product and Brands Department, as well as the R&D Department.

The Product and Brand Department will be focused on the development of each brand and correspondent vans. Furthermore, it will the develop three different product lines:

- The first one being *Smart*, in which Indie Campers' vans are currently in
- The *Classic Vintage*, in which the classic Volkswagen Combi can be re-energized
- Lastly the *Comfort* line, a range of vans with full amenities such as bathroom and with more comfortable materials and interiors.

The R&D department will be focused on three main areas, the first being the product and production, the product design and lastly the market insights and prospects.

## Indie Campers' Future



As a conclusion, one can consider Indie Campers' future prospects a far away reality, although the company has proven consistently to be capable of having extraordinary growth rates, always meeting the defined goals.

The combination of a great product with the right customer experience, developed by the best team and advisors, are the key success factors for Indie Campers and the reason for the belief of their success.

# AGENDA

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# Thank you for your attention


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# Q&A

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