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SME Competitiveness – Internationalization strategy Field Lab

# ShoesCloset – An Internationalization Plan to Enter in The French Market

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# EXECUTIVE SUMMARY

"ShoesCloset – An Internationalization Plan to Enter in the French Market" refers to a Project for a Portuguese footwear brand which has been operating in the medium-high segment of the women market for one year and aims to internationalize. It would result in the expansion of sales and the upgrade of fashion knowledge which appears to be possible by entering France. It is proposed to enter the French market through export by assigning an agent at the first stage and a brand representative afterwards. The target market would include women between [20-49] years of age, and it is recommended to sell in/to department stores and smaller multi-brand footwear stores, whilst selling online. Nevertheless, to better face the challenges of internationalization, ShoesCloset still needs to improve at home before going abroad.

# METHODOLOGY

For the firm in study, there were three Work Projects carried out, including this one, being each Project focused on a specific foreign market. The three members, together with the firm's CEO, found out that **Germany, France and the UK** were attractive countries and similar in dimension. Thus, the members agreed to choose those markets, which were randomly allocated. The presenting Work Project, in turn, refers to France.

First, the literature was focused on International Business and Strategy. Second, primary data came from the brand's founder (CEO) as the group carried out meetings with the CEO from September to December 2011 – the mentioned facts report to that period. Primary data also came from **market research**[1]. The members carried out a questionnaire to find out the footwear preferences and consumption patterns of women living in Portugal (N=250) and interviewed Inês Caleiro, founder of a Portuguese footwear brand called Guava. For the foreign market, it was carried out a questionnaire as well to find out the footwear preferences and consumption patterns of women living in France. Still, the respective sample is not as representative as that of the domestic market (N=89). Moreover, the members carried out another survey which aimed to understand what people associated the brand's name with (N=100), regardless of their country-of-origin. Third, secondary data came from the Internet, Academic Research Library Databases such as EBSCO and Euromonitor International, which forecasts could be slightly overvalued given the economic crisis' pace, João Maia, APICCAPS[2]' Research Office Director, and Sílvia Silva, CCILF[3]'s Project Manager. Furthermore, the group talked to Strategy, Marketing and E-Marketing experts, Professors José Mata, Vítor Centeno and Tomaz Miaskiewicz, respectively, for insight and advice.

[1] Whenever "market research" or "research" is mentioned in the text, it refers to the results from the questionnaires carried out.
[2] *Associação Portuguesa dos Industriais de Calçado, Componentes e Artigos de Pele e Seus Sucedâneos*
[3] *Câmara de Comércio e Indústria Luso-Francesa*

# PART 1 – FOOTWEAR INDUSTRY

The **footwear industry** has structurally changed due to the increasing competition from lower-cost countries and the changing consumer preferences. Innovation, in this sense, appears to be one of the main responses to those changes (Vale & Caldeira, 2007). As the consumers of developed countries are increasingly concerned with comfort and quality and at the same time value the aesthetics of the shoes, product innovation in this sector has truly become a "combination of utilitarian (comfort, durability, practicality) and aesthetic (style) concerns" (Vale & Caldeira, 2007:535). Within the **Portuguese footwear industry**, which is a "mature industry" (Sá & Abrunhosa, 2007:59), there is actually the need to innovate at both the product and organizational levels (APICCAPS[4], 2007). As the Portuguese firms tend to have higher production costs than several international competitors, it is key to strengthen the product through design and fashion (APICCAPS, 2007). To acquire fashion knowledge, the Portuguese firms need to access international networks as the local one is only a source of production knowledge (Vale & Caldeira, 2007). Also, since Portuguese footwear firms are characterized by an informal environment and the decision-making power tends to be very concentrated (Vale & Caldeira, 2007), it is important to build less centralized but more formal organizations (APICCAPS, 2007). Indeed, as in the Portuguese industry quality has become the "qualifying criteria" (Prajogo & Sohal, 2001, as cited in Sá & Abrunhosa, 2007:59), innovation turned out to be crucial to compete (Sá & Abrunhosa, 2007). Moreover, the Portuguese footwear industry is rather fragmented since there were 1,345 shoe firms in 2010 (APICCAPS, 2011), 99% of which being SMEs (J. Maia, personal communication, Oct. 2011). The firm in study, in turn, is a SME as well.

[4] *Associação Portuguesa dos Industriais de Calçado, Componentes e Artigos de Pele e Seus Sucedâneos*, which represents the Portuguese footwear industry. http://www.apiccaps.pt/web/guest/quemsomos (5 Sep, 2011)

# PART 2 – SHOESCLOSET

## 2.1. FOUNDATION

ShoesCloset (SC) is a **Portuguese brand of shoes** that was created in November 2010. With a familiar background in distribution within the shoe sector through the Sapatarias Leninha stores, which sell conventional footwear, the founder of the firm, Miguel M. Oliveira, tried to take advantage of this know-how and created his own brand. In fact, the familiarity with the sector led him to believe that there was the need to introduce to the market high-quality, design, and, at the same time, versatile, comfortable and usable shoes – at appropriate prices. After he came to this idea, his sister agreed to become part of the project as well since she has a degree in fashion design. The founder, in turn, has a degree in production engineering. In total, the firm is composed by nine employees.

## 2.2. BUSINESS DESCRIPTION

The SC's activities include the **conception, design and commercialization of shoes,** which target the medium-high segment of women between [20-45] years of age. Each season, the firm creates four different themes of shoes, which are handmade and mostly of leather, and characterized by a casual design. The average B2C price is 99€.

The **conception and design activities** are carried out in-house by a model maker and a Design & Communication Team, which is responsible for New Product Development. Moreover, SC has a partnership with CTCP[5], which develops physical, chemical and ergonomic tests for the brand and the firm itself has already carried out some physical tests on its own. There is also the possibility to partner with the Universities of Aveiro and Minho to boost R&D. According to the CEO, the firm allocates **10%** of Total Costs to Design and R&D. The **commercialization**, in turn, relates to the direct channels

[5] *Centro Tecnológico do Calçado de Portugal*, which promotes the technical training and the products' quality improvement within the footwear industry. http://www.ctcp.pt/ctcp.asp?idmp=MQ==&idms=MQ==&idmt=MQ== (5 Sep, 2011)

where SC is present which are an online store, on its Website, two multi-brand stores (Sapatarias Leninha), which are owned by the founder's family and thus vertically integrated, and a mono-brand store called ShoesCloset. Despite the international basis of the online store, only domestic orders have occurred. In fact, the firm operates in the B2C context and during 2011 sold 1,250 pairs. Regarding B2C Marketing, SC launches catalogues, has a Website and a Blog and is sometimes present in fashion magazines. The firm advertises the four themes of each collection through catalogues and Website and believes this idea of creating themes is likely to represent its brand image. SC allocates **20%** of Total Costs to Marketing & Sales and **4%** to after-sales services.

**The materials, manufacturing and transportation, in turn, are outsourced**. The raw materials and components, which market is more concentrated, are outsourced from Portugal and Italy, and the firm allocates **28%** of Total Costs to this activity. It is also important to say that the raw materials' prices, such as leathers, have been constantly fluctuating, which is a major challenge for SC when negotiating orders. The production, in turn, is outsourced from four factories of small dimension located in S. João da Madeira and Oliveira de Azeméis, North of Portugal. Two of them work at 40% for SC and the others at 50% and 60%. SC chose these factories because the labor is qualified and experienced, and also because there is flexibility in scheduling the production. SC pays a fixed amount per pair and normally orders shoes on a make-to-sell approach. The firm allocates **13%** of Total Costs to this activity. As soon as the shoes are finished, they are distributed by an intermediary to Lisbon, where the stores are located, and the firm allocates **9%** of Total Costs to these logistics. The inventory warehouse, in turn, is located inside of one of the Sapatarias Leninha stores. Moreover, **10%** is allocated to Firm Infrastructure. During the production process, even though the factories' owners are the ones responsible for controlling the products' quality, they use a SC employee to report on quality[6]. Also, when the shoes arrive in Lisbon, there are SC employees at the warehouse to make a final quality control and labeling. However, the percentage of Total Costs allocated to Quality Management is still minimal. The former employee is also in charge of going around the factories to give indications to the workers and train them when necessary. The firm allocates **6%** of Total Costs to Human Resources. Transversally to all these activities, SC's organizational culture is very family-based and informal, with decision-making power mostly concentrated in the founder.

## 2.3. BUSINESS MISSION AND STRATEGIC OBJECTIVES

The SC's Mission is to adapt to the current lifestyle complexity by crossing design with comfort and versatility in an environment-friendly way, while promoting the high-quality Portuguese image. The SC's Vision for 2013 is to expand domestic sales, be recognized for quality and comfort guarantees, be 100% "Made in Portugal" and promote it, and expand abroad. The firm's Strategic Objectives for 2013 are to achieve ISO9001[7], ISO14000[8], Biocalce certifications[9] and register some shoe models so that they cannot be copied[10]. Furthermore, SC intends to decrease the percentage of imported materials from 20 to less than 5%. Also, the firm expects to participate in international footwear fairs and expand sales to Germany, where there is already a brand representative to carry out market prospection, and France during 2012. At the same time, the firm intends to start market prospection for the UK, Netherlands and Belgium.

| Expected Revenues from Portugal | | Expected Revenues from France | |
|---|---|---|---|
| **2012** | **2013** | **2012** | **2013** |
| 180,000€ | 250,000€ | 80,000€ | 140,000€ |

**Table I – Expected Revenues**

[6] According to the CEO, in every 100 pairs of shoes, there are usually 2 defect pairs.
[7] ISO14000 states criteria for minimizing adverse effects on the environment. http://www.iso.org/iso/home.html (12 Dec, 2011)
[8] ISO9001 states criteria and standards for a quality system. http://www.iso.org/iso/home.html (12 Dec, 2011)
[9] Biocalce is a comfort, quality, resistance and durability certification for footwear. http://www.biocalce.org (10 Nov, 2011)
[10] According to the CEO, through GAPI, *Gabinete de Apoio à Propriedade Industrial,* a firm is able to register shoe models and this could be done on both national and international levels. http://www.ctcp.pt/ctcp.asp?idmp=MTA=&idms=ODE= (10 Nov, 2011)

## 2.4. CORE COMPETENCES, STRENGTHS AND WEAKNESSES

The SC's core competences are the creation and design of footwear, which are carried out in-house, as well as R&D and innovation. In fact, the partnership with CTCP is one of the firm's strengths as it boosts research. Regarding the product's tangible attributes, quality[11] and comfort are indeed key strengths and there is a concern for design (See Appendix IV). Furthermore, the intentions to register shoe models and obtain Biocalce certifications will create important strengths which will reinforce and prove the comfort and quality attributes, while eventually limiting imitation. The quality-price ratio is also a key strength. Regarding intangible attributes such as brand, however, there is weak brand awareness and visibility because SC is present in too few channels. Furthermore, the brand name itself might not be suitable as it may *a priori* limit the brand's idea. In fact, according to market research, "ShoesCloset" is mostly associated with "furniture", "shoes" and obviously "closet for shoes" (See Appendix V). According to Prof. Centeno (personal communication, Nov. 2011), the brand name is not appropriate and might not be well understood abroad. Regarding the logo, catalogues and illustrations (See Appendix VI), it seems there is no alignment between them, and also according to market research (See Appendix VII, questions 15 and 16), the catalogues should have a "clean" design and be more simple. The Website design is also poor.

| Strengths | Weaknesses |
|---|---|
| -High-quality<br>-Handmade and comfortable shoes<br>-Concern for design<br>-Appropriate prices<br>-Flexibility in scheduling the production<br>-Strong focus on registration of models<br>-Strong focus on the achievement of ISO9001, ISO14000 and Biocalce<br>-Partnership with CTCP to boost R&D | -Weak brand awareness and visibility<br>-Presence in too few distribution channels<br>-Brand name may not be suitable<br>-Misalignment between the brand's logo, catalogues and illustrations<br>-Poor Website design and look<br>-Decision-making power is excessively concentrated in the founder |

**Table II – SC's Internal Strengths and Weaknesses**

**[11] Whenever "quality" or "high-quality" is mentioned in the text, it refers to durability, resistance and good materials.**

# PART 3 – SHOESCLOSET IN THE DOMESTIC MARKET

## 3.1. MARKET TRENDS

In a situation of economic crisis such as the current one, consumers tend to buy less by impulse and appear not to be willing to spend money on non-essential items (Euromonitor Int., 2010). Indeed, in the domestic market the consumption patterns are changing (Euromonitor Int., 2011) and the SMEs are having serious difficulties in borrowing money from finance agencies (Jornal de Notícias, 2009). Despite this threat, Portuguese brands could actually benefit from the economic crisis due to the fact that Portuguese consumers tend to be more patriotic (Silva, 2011).

Regarding footwear, according to market research (See Appendix VII), the target market[12] values firstly the comfort, quality and design, in descending order, whilst brand, versatility and store service are the least valued. In fact, according to Silva (2002), some footwear intangible attributes are not that important for consumers. What is critical, based on research, is the quality-price ratio as women said they sought quality and comfort at the best prices. Therefore, price is a crucial factor.

## 3.2. COMPETITION AND POSITIONING

Within the footwear market, there are brands that compete in the **low-medium segment**, such as Bata or Seaside which target the mainstream market; in the **medium-high segment**, examples being Fly London, Timberland or Aldo; in the **high segment**, for instance Luís Onofre; and in the **luxury segment**, for example Christian Louboutin. Since SC competes in the medium-high segment, its main direct competitors are brands such as **Massimo Dutti, Lanidor, Uterqüe, Aldo, Foreva** and **Helsar**, which are in fact between the youthful and the mature/formal styles, as is SC, and set similar prices.

[12] Given the SC's target market, the total sample was filtered to only include the responses from that target. This, in turn, is assumed to include women between [20-45] years of age and that use to purchase at least [1-2] pairs of shoes per year within [60-160€]. Refer to Appendix VII for a more detailed explanation.

### 3.2.1. VRIO ANALYSIS

SC aims to combine comfort, quality and design with appropriate prices. At present, the trend is towards combining utilitarianism with aesthetics (Vale & Caldeira, 2007) and, based on research, those are the most valued attributes and price is a critical factor. Hence, SC appears to be on a good track. However, **it only has a temporary comfort advantage against its direct competitors**. The truth is that the shoes are actually comfortable and the firm itself has strived to carry out ergonomic tests. The Points of Parity, in turn, are design and quality and, within the medium-high segment, quality is a strong requirement. At present, SC is positioning itself within the **design-with-quality Frame of Reference**. Comfort, in turn, is likely to represent its Point of Difference.

| Resource | Valuable | Rare | Costly to Imitate | Organized | Competitive Implications |
|---|---|---|---|---|---|
| **Design** | Yes | No | No | Yes | Parity |
| **Quality** | Yes | No | No | Yes | Parity |
| **Comfort** | Yes | Yes | No | Yes | Temporary Advantage |

**Table III – VRIO Analysis (Domestic Market)**

# PART 4 – THE INTERNATIONALIZATION DECISION

## 4.1. THE WHY OF INTERNATIONALIZATION

Considering the Conelearn Framework developed by Verdin and Heck (2001), the benefits that SC could seek through internationalization were mostly cost advantages and learning opportunities (See Appendix XIII for detailed description of this model). The cost advantages may, in this case, come from economies of scale in the purchase of materials, better use of the factories' capacity[13] and moving down on learning curve (Verdin & Heck, 2001). The learning opportunities, in turn, are related to the possibility of SC "to learn and up-grade the know-how and knowledge from operating in many

[13] Taking into account that in total the 4 factories are able to produce 4,180 pairs per year for SC and that the firm has only sold 1,250 in 2011, there is the opportunity to better use their production capacity.

different places and environments, and ultimately to become a more competitive company at home and elsewhere" (Verdin & Heck, 2001:94). Since this firm is within the fashion industry, it is really important to keep up with fashion trends, observing and analyzing different markets, people and brands, to find out what could be leveraged. As Portuguese footwear firms need to establish international networking to bring home design and fashion knowledge, internationalization is one of the main ways to do that.

## 4.2. CRITERIA OF COUNTRY SELECTION

According to Verdin and Heck (2001), in order to achieve cost advantages, the foreign markets must be big and growing enough so that there is the possibility to achieve economies of scale and move down on the learning curve. At the same time, they should be similar and close to the domestic market to avoid huge costs of transportation and fully exploit the capacity potential (Verdin & Heck, 2001). To take advantage of learning opportunities, it is important to select lead markets (Verdin & Heck, 2001).

### 4.2.1. SELECTION OF THE FRENCH MARKET

To take cost advantages, it is advisable to start by entering European markets since they are closer to home, and for some there are no boundaries, and are more similar in terms of tastes and preferences than other markets. This is also supported by the fact that, regarding market size and growth, Germany, France, UK and Italy occupied the second, third, fourth and fifth positions, respectively, in the ranking of the 15 largest footwear importers in the world in value in 2010 (APICCAPS, 2011). Within these countries, the ones with the largest women's footwear markets are Germany, Italy, France and UK and, within them, the ones with the highest growth rates are France, UK and Germany (Euromonitor Int., 2011). Concerning learning opportunities, given that SC could also benefit from being in France as it is the fashion center, it represents an attractive market.

# PART 5 – SHOESCLOSET IN THE FOREIGN MARKET

## 5.1. MARKET FACTS AND TRENDS

**Economical:** France is one of the main European economies, with a population of 63 million people (AICEP, 2010) and a disposable income per capita higher than several other European countries (Euromonitor Int., 2011). Still, due to the economic crisis, French consumers have become less confident and spend less by impulse (Euromonitor Int., 2010). Furthermore, the unemployment is becoming significantly high and it is mostly an issue for those under 25 years of age (Euromonitor Int., 2010).

**Lifestyles:** The people in their "twenties" are mostly still single and care about fashion and status. Due to high unemployment, though, their average income is low (Euromonitor Int., 2011). Yet, those who still live with their parents tend to have a higher spending power (Euromonitor Int., 2010). The people in their "thirties", in turn, are either single or married, with or without children, and have on average higher annual gross incomes (Euromonitor Int., 2011). The "middle-aged adults", and mostly those between [45-49] years of age, have the highest average gross income and are expected to increase in number (Euromonitor Int., 2011). Actually, within Western Europe, this segment is expected to seek items that enhance the appearance (Euromonitor Int., 2010).

**Technological:** Internet retailing is expected to grow, not only due to the fact that more consumers are connected to the Internet, but also more retailers are increasingly betting on online stores (Euromonitor Int., 2011). Besides this, an increase of customized product offerings through this channel is expected (Euromonitor Int., 2010).

**Environmental:** The French consumers have become increasingly concerned with environmental issues and fair trade since 2009 (Euromonitor Int., 2010).

## 5.2. FOOTWEAR MARKET FACTS AND TRENDS

In 2010, France's non-sports women footwear was 36% of the total footwear market value and it is expected to increase by 6% and 22%, in value and volume, respectively, from 2010 to 2015 (Euromonitor Int., 2011). In fact, women are a major consumer segment for footwear within France (Euromonitor Int., 2010). In 2010, compared to Portugal, the French non-sports women footwear market value was 6.8 times higher (Euromonitor Int., 2011). Indeed, the French are the ones that purchase on average more pairs of shoes per year in Europe, about 5.1 pairs per capita (Euromonitor Int., 2010). Moreover, they like to follow fashion trends without, however, showing-off and women usually read fashion magazines to keep up with trends (Euromonitor Int., 2010). More concretely, even though consumers have become more sensitive to price (Euromonitor Int., 2010), women within [25-35] years of age tend to buy footwear more by impulse and this is actually a very strong segment for footwear sales (Euromonitor Int., 2011).

According to market research (See Appendix XIV), the three most valued footwear attributes by the total sample of French women are design, quality and comfort – the French are increasingly demanding comfortable items (Euromonitor Int., 2010). The price was also recalled as an additional attribute to consider. Brand, versatility and store service, in turn, are the least valued. But it is a fact that the French are brand-conscious (Euromonitor Int., 2010) and actually, based on research, there are several brands which were repeatedly mentioned and of which women have more shoes. Also, they appear to prefer, in descending order, the Italian, French, Spanish and Portuguese shoe brands.

Regarding retailing, the industry is concentrating on large French retailers spreading throughout France, meanwhile replacing independent clothing and footwear stores (Euromonitor Int., 2010). However, even though these independent stores may have a decreased market share, **their sales are satisfactory in higher segments** (Euromonitor Int., 2010). Based on market research, women usually go to department stores, such as Galeries Lafayette and Printemps, shopping centers and the city center. Furthermore, 72% of the total sample appreciates traditional commerce, 49% shopping centers and 32% online stores. The clothing and footwear internet retailers are actually becoming very strong players against the store-based retailers (Euromonitor Int., 2010).

## 5.3. COMPETITION AND POSITIONING

In 2010, the main countries-of-origin of France's footwear imports were China, Vietnam, Italy, Spain and Portugal (APICCAPS, 2011). France is not a major manufacturer of shoes as in 2009 there were only about 110 firms (Euromonitor Int., 2011). In fact, many French footwear brands have relocated the production to low-cost countries, while creating and designing the shoes at home (Euromonitor Int., 2011).

Given the SC's styling, the potential direct competitors are brands such as **André, Minelli, Bocage, Repetto, Massimo Dutti, Uterqüe, Aldo, Helsar** and **Côté Femme** which are, indeed, within the medium-high segment. There are other brands that were recalled, such as **San Marina, Mellow Yellow, Jonak** and **Clarks** that could be direct competitors as well. Within all those players, André, Minelli and Bocage appear to be not only within the most recalled, but also the most sold as they belong to large French footwear chains (Euromonitor Int., 2011). The other brands are also French, among other origins. Moreover, within the most valued footwear attributes, whilst Minelli, Repetto and Massimo Dutti are mostly associated with **quality and design**, André, Côté Femme and Bocage are mostly associated with **comfort and design** (See Appendix XV). As a whole, the potential direct competitors are strong as most of them have brand awareness and are spread all over France through owned-stores.

### 5.3.1. VRIO ANALYSIS

Since SC is not known in France yet, it is not possible to draw clear conclusions from the research. However, according to Silva (2002), the Portuguese footwear is perceived in countries such as France as more comfortable than that of its competitors, therefore, SC could have a temporary advantage. This is also based on the fact that SC has indeed made an effort to create comfortable footwear, one of its key strengths, and that not all the potential competitors were significantly associated with it. Regarding quality, it is not clear whether SC has Points of Parity or a temporary advantage. Even though quality is assumed to be more of a requirement within the medium-high segment, not all the potential competitors were very associated with it. Possibly, this could be related to the fact that several French brands have relocated the production and that those that still produce at home maintain a quality reputation (Euromonitor Int., 2011). Even though the competitors may or not be relocating the production, it is still not clear whether SC could have a temporary advantage. Actually, according to Silva (2002), 65% of French professional buyers did not perceive the Portuguese footwear as high-quality. Balancing both perspectives, SC is assumed to have parity. Regarding design, most of the competitors were significantly associated with it and, according to Silva (2002), 53% of French buyers did perceive the Portuguese footwear as well-designed, therefore SC is assumed to have parity – and it has undoubtedly a concern for design. Thus, SC **has possibly a temporary comfort advantage against its potential direct competitors**.

| Resource | Valuable | Rare | Costly to Imitate | Organized | Competitive Implications |
|---|---|---|---|---|---|
| **Design** | Yes | No | No | Yes | Parity |
| **Quality** | Yes | No | No | Yes | Parity |
| **Comfort** | Yes | Yes | No | Yes | Temporary Advantage |

**Table IV - VRIO Analysis (Foreign Market)**

# PART 6 – PROPOSAL OF ENTRY STRATEGIES

## 6.1. TARGETING AND POSITIONING WITHIN THE FRENCH MARKET

**Targeting:** The age bracket within which a significant population percentage belonged to the medium-upper class in 2010 was [30-49] years of age (Euromonitor Int., 2011). Targeting the [45-49] age bracket is actually crucial as those women have higher wages (Euromonitor Int., 2011) and are expected to seek goods that enhance their appearance (Euromonitor Int., 2010). Those in their "thirties" are a key segment as well, as they have a style which is not too youthful and not too formal (Euromonitor Int., 2010), which conforms with the SC's. Since the [25-35] age bracket is an important segment for footwear and that those below 25 years of age, despite unemployment (Euromonitor Int., 2011), could have spending power for living with their parents (Euromonitor Int., 2010), SC should target the women within the **[20-49]** age bracket. Within those women it should target the ones that purchase at least [1-2] pairs within [80-180€] per year.

**Positioning:** Given the VRIO Analysis, SC is possibly positioned within the design-with-quality Frame of Reference. The proposed target market, in turn, values design, quality and comfort in descending order (See Appendix XVI). As SC more easily differentiates itself through comfort, and eventually quality, which are key strengths, rather than through design, it should indeed extend its positioning in the **design-with-quality Frame** to France as well. Its **Point of Difference would be comfort** – and there is an increasing trend towards comfort (Euromonitor Int., 2010). To turn it into a sustainable advantage, in Portugal and France, SC should keep focusing on R&D, partnering with CTCP and Universities, and Biocalce certifications which, even though Portuguese, according to the CEO, could be promoted abroad. Ultimately, SC could achieve its own ergonomic recognition to limit imitation. Regarding quality, as some competitors sell at large scales and, besides the fact that it may have been relocated, its production may be serial, SC could have a temporary advantage due to its handmade footwear. But since this is relatively unclear, it is assumed that the “handmade” attribute should not necessarily be seen as a superiority point. This would be rather important to clearly position in the proposed Frame. As well, SC should keep focusing on ISO9001 as, even though it relates to the process, an improvement on the production process would positively impact the shoes’ quality. Most of all, the aim would be to offer a shoe providing quality, design and daily comfort, as in Portugal. Even though competitors may be already betting on that mix or not, SC would differentiate through comfort. To appeal to those concerned with environmental issues, SC should achieve ISO14000.

### 6.2. MODE OF ENTRY

**Export:** Given the benefits that SC is seeking, it should go abroad through **export**. Joint venture or opening an owned store is not suitable as the firm does not have enough financial resources to carry out such investments. The production, in turn, is supposed to remain at home to preserve the key strengths, while the shoes should be stocked in the warehouse in Lisbon and transported to France by truck.

**Regions:** The French Regions which are expected to have the highest consumer expenditure on clothing and footwear from 2013 to 2015 are *Region Parisienne*, *Bassin Parisien*, *Mediterranee* and *Centre-Est* (Euromonitor Int., 2011). Since women tend sometimes to go shopping in large cities, in this case in **Paris**, which is one of the main affluent cities of France (Euromonitor Int., 2011), one priority is to be there as it has a radius that would include both *Region Parisienne* and *Bassin Parisien*. As well, being in **Marseille or Montpellier** is a priority as its radius would include *Mediterranee*. The other priority is **Lyon**, the radius of which includes *Centre-Est* (See Appendix XVIII).

### 6.2.1. MARKETING MIX FOR THE FRENCH MARKET

**Product:** In accordance with the results of research, the most preferred shoe types of the proposed target market are boots, pumps and ballerinas, therefore SC could develop a wider range of **boots and ballerinas** than what it is used to. Also, as the firm already creates shoes with **rubber soles**, its shoes seem to be adapted to the French weather[14].

The other major import origins of France, within the medium-high segment, are Italy and Spain (APICCAPS, 2011). Since, according to research, these brands are preferred over the Portuguese, at least at the early stages, "Made in Portugal" labels should not be very visible as in Portugal. Even though APICCAPS is strongly placing its bets on the promotion of Portuguese footwear abroad[15], the impact on the French is not yet clear.

Regarding the brand name, the firm could follow a rebranding strategy. The name could be as mysterious as "Guava", for instance, which name, instead of inducing an image at first, let consumers to make an association at a later stage, after knowing the product. Even though SC aims to sell everyday usable shoes, the immediate "closet" image might not be related to it. One possibility is to test a new brand name directly in France. If the brand is to change its name, it should enter there with its new name. If successful, it could also then be launched at home, although it should not be tested in Portugal as some consumers already know the "ShoesCloset" brand. There are, however, drawbacks associated with this test as the new name may turn out not to be well accepted in France and everything that states the current brand name would need to be adapted.

Given the increasing customization through the Internet (Euromonitor Int., 2010) and since SC is targeting a niche and has flexibility in scheduling the production, it could introduce **customization** through its Website. This is also a way to enhance its

[14] http://gofrance.about.com/od/travelplanning/ss/weatherinfrance_3.htm (12 Dec, 2011)
[15] In 2011, APICCAPS spent around 10 million Euros to promote the Portuguese footwear brands in foreign markets. http://www.portugueseshoes.pt/info.asp?op=10&idp=OA== (12 Dec, 2011)

positioning in the design (with quality) Frame of Reference not only in Portugal, but also in France. Nevertheless, online sales and customization should be only available in France as soon as the B2C prices are known in order to avoid sales' cannibalization; still, time-to-market is key as, according to market research, 37% of the proposed target market appreciates e-commerce. Furthermore, customization should be introduced in France only after a trial in Portugal has been carried out in order to test its feasibility in terms of acceptance and responsiveness[16].

**Price:** Since the average B2C price in Portugal is 99€ and, comparing the Big Mac Hamburgers price[17], the French price is 45% more expensive than the Portuguese, an average B2C price in France could be **143.65€**. Comparing with the competitors' online stores and given that, based on research, 17% of the proposed target market purchases [3-4] pairs of shoes per year within [80-180€], the average price appears to be reasonable. Most of all, the aim of SC is to set appropriate prices and this makes sense in the French market due to the increased price-sensitivity (Euromonitor Int., 2010) – an "appropriate price" refers to the price-relation with the most valuable attributes. As according to the CEO the average price in **B2B** is expected to be **54.75€**, retailers would have to increase it 2.6 times to achieve the B2C price, which already includes 19.6% VAT (Euromonitor Int., 2010). In fact, according to the CEO, retailers would increase 2.6 times the B2B price. Also, SC would have to either pay transportation costs on its own or negotiate it with retailers. Early payment discounts may be considered as well.

**Place:** SC has already established contact with Galeries Lafayette. Based on market research, the proposed target market has pointed it out as a shopping destination,

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[16] **Customization:** Consumers would be able to choose the colors and type of leather for a given shoe model. A first trial could be carried out at the mono-brand store in Portugal and, if women appeared to be willing to pay more for a customized shoe and this was feasible in terms of production, customization could be extended to the online store on an international basis.

[17] **Big Mac Index:** The Big Mac prices can be compared between countries with different currencies in order to come up with conclusions related to the purchasing power parity. This is not the case, as both countries have the Euro; still, it is helpful to compare the purchasing power (The Economist Online, 2011).

however, this retailer's target is relatively above that of SC's (Euromonitor Int., 2011). The firm's goal, in fact, is to be a medium-high range brand and set fair prices. Galeries Lafayette, being powerful and aiming at a luxury image (Euromonitor Int., 2011), may decide to increase the prices too much, which could end up being different from those set at other stores. Hence, SC should not enter Galeries Lafayette at least at this early stage. Regarding other department stores such as **Printemps**, since its target is aligned with that of SC's, it makes more sense to enter there, in those located in Lyon and/or Paris[18], whilst entering **smaller multi-brand footwear stores**, in shopping centers and/or in the city center, and targeted at the medium-upper class. It is important to be in several channels to spread the risk and avoid being too dependent on large retailers. But firstly, SC should better prepare itself at home, spreading to stores owned by others, to acquire negotiation skills and responsiveness in delivering the right quantity on time.

**Promotion:** In a B2C context, as French women usually read fashion magazines (Euromonitor Int., 2010) and, based on research, those that are mostly read by the proposed target market are Elle, Marie Claire and Vogue, SC should try to be present in the "shopping" sections of some of them (according to the CEO, it is free). Also, it should consider social media (Facebook, Blog) and improve its Website, including a translation into French. According to Prof. Miaskiewic (personal communication, Nov. 2011), the homepage should be more simple and enhance key characteristics, whilst not showing the products. This should occur in the following pages instead.

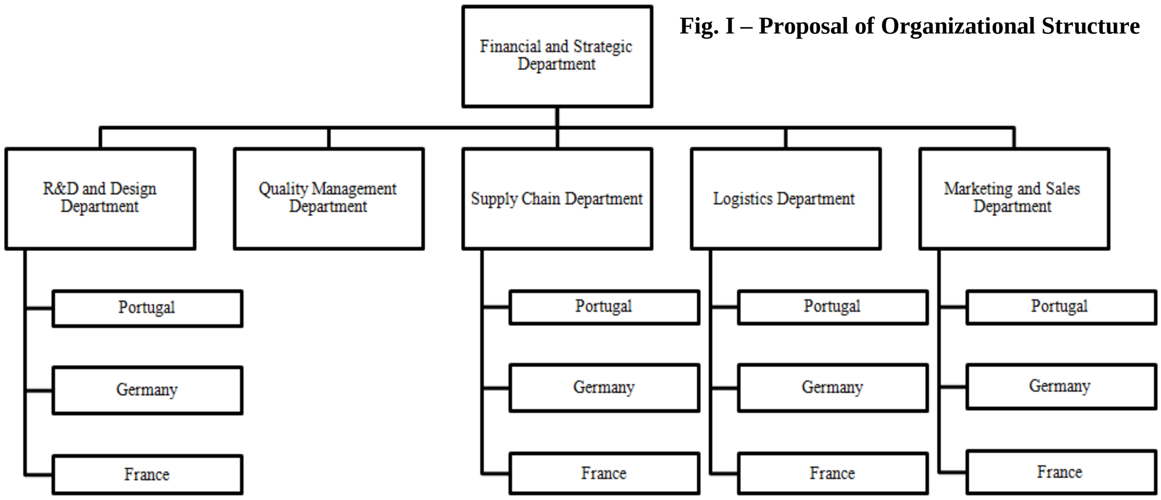
In a B2B context, SC should participate in French footwear fairs, such as Première Class and/or Who's Next (APICCAPS, 2011), and carry out direct mailing, show rooms and free trials. The catalogues should be also distributed to retailers, but it is important to firstly improve them at the domestic market.

[18] http://www.printemps.com/magasins/m/HAUSSMANN/index.aspx?MagID=1 (23 Dec, 2011)

# PART 7 – PROPOSAL OF IMPLEMENTATION PLAN

Since SC is after learning opportunities, it is advisable that the organizational structure really allows the firm to retain and disseminate fashion knowledge (Verdin & Heck, 2011). To benefit from cost advantages, the domestic division should not be separated from the international one and, as a whole, the organizational culture should neither be too informal nor too formal (Verdin & Heck, 2001). Thus, SC should slightly formalize its culture and reorganize the structure, whilst decentralizing the power. One additional employee should be hired for each of the Logistics and Marketing & Sales Departments.

**Fig. I – Proposal of Organizational Structure**




Moreover, before entering France, SC should better acknowledge and study the French market, by asking information to AICEP[19] and CCILF[20] and going to a French footwear fair during 2012. Contacting AICEP and visiting a Fair is useful to acknowledge the market's characteristics and trends, potential competitors, prices, and elaborate a clearer Marketing Plan; while contacting CCILF is helpful to collect data on intermediaries, retailers and legal requirements. Considering the learning opportunities, it would make the most sense to enter France through a brand representative in order to bring knowledge back. Nevertheless, if SC was to enter France by 2013, from a financial

[19] *Agência para o Investimento e Comércio Externo de Portugal*, which contributes for the globalization of the Portuguese economy. http://www.portugalglobal.pt/PT/SobreNos/Paginas/SobreNos1.aspx (6 Nov, 2011)
[20] *Câmara de Comércio e Indústria Luso-Francesa*, which guides Portuguese and French companies in bilateral trade. http://www.portugalglobal.pt/PT/Contactosuteis/Paginas/ContactosUteis01.aspx (6 Dec, 2011)

perspective, it should assign an **agent for the first three years**, assuming a commission of 8%[21], and a **brand representative from 2016 onwards**, assuming a base-salary, commission of 5% and other paid expenses. Actually, since it is proposed to enter three cities from different regions at the first stage, SC would need to contract an agent from each region; thus, three agents. Still, the conclusion remains the same as their payment is in commission/percentage (S. Silva, personal communication, Dec. 2011). Most of all, on a short-term perspective, it is important to assign an agent as it is less risky. If anything goes wrong during the first three years, it is easier for SC to leave France as there are no fixed costs. Also, since it is proposed to enter several multi-brand footwear stores, an agent more easily spreads the brand and expands sales as this intermediary already knows the market. On a medium-term perspective, it is important to assign a brand representative to learn with the foreign environment, which is, indeed, that of fashion. Actually, to boost design at the headquarters, the brand representative could then establish connections with "design committees, fashion and trend offices" (Vale & Caldeira, 2007:542) in France. Once operating, the agent and the brand representative should be in charge of carrying out direct mailing, free trials and show rooms.

During the first three years, in turn, the headquarters could be in charge of contacting the fashion magazines and negotiating with department stores such as Printemps, while giving the agent the responsibility for prospecting and negotiating with smaller stores. Besides the contract with agents, the negotiation with transportation companies, materials' suppliers and factories should be also carried out. Actually, due to the constant price fluctuations of raw materials, SC should strive to establish longer-term contracts with suppliers; most of all, materials' orders will eventually increase with the exports. Regarding production, from a financial perspective, SC should **continue**

[21] According to the CEO, the percentage commission of agents range from 7-10%. Therefore, it is assumed a commission of 8%.

**outsourcing**. **It does not make sense to rent a larger factory**, purchase machinery, through funding, and hire workers, at least considering the expected volume sales for the French market. In the long-term, taking into account the eventual expansion within the domestic market and internationalization, renting a factory could nevertheless be an option as it could achieve economies of scale. What is also **critical** is the eventual difficulty to gradually find additional factories for outsourcing with the appropriated skills, or even negotiate with current ones to increase the allocation percentage.

As soon as the mentioned tasks are carried out, by the third quarter of 2012, a safety stock should be produced to make sure the agent will be provided with sufficient shoes for show rooms. As a whole, it will take expectedly 11 months to finish all the proposed tasks (See Appendix XXII). Indeed, even though the CEO is expecting to enter France by 2012, it is advisable to enter there only in 2013, for the spring-summer season. During 2012, besides the core tasks, SC should also consider the hypothesis of launching a new brand name, in order to decide whether it should be tested in France, enter in additional stores in Portugal to acquire negotiation and contract skills, achieve Biocalce certifications and ISO9001, test the customization service and improve the Website design as well as the catalogues. The SC's improvement at home is essential to potentiate the likelihood of success abroad. Given the proposal in Parts 6 and 7, the revenues from France are expected to be 233,598€ by 2013, with an **EBITDA of 10,737€**, which corresponds to **4,267 pairs**. The breakeven's quantity, in turn, is 3,388 pairs (See Appendix XXIII). The revenues' forecast differs from the firm's because, since the CEO has rather expected to assign a brand representative for year 0, the expansion of sales would be slower than with an agent. As a whole, the main objectives should be measured and evaluated along the time (See Appendix XXIV).

## PART 8 – CHALLENGES AND POTENTIAL RISKS

The current economic crisis appears to represent one of the major issues, as it negatively impacts the ease with which SC will eventually borrow money which is vital not to jeopardize responsiveness, and thus embark on an internationalization plan. Moreover, the French footwear retailing industry is expected to concentrate even more with the crisis (Euromonitor Int., 2010) which means that, in the medium/long-term, SC would have to rather establish more contracts with powerful players, such as department stores, whilst gradually decreasing sales to smaller stores and thus not spreading the risk.

## PART 9 – FINAL CONCLUSION

As France is the centre of fashion and luxury, it is interesting for a firm within the fashion industry to enter there to learn from luxury brands and French designers. Hence, it is an attractive market; still, it could be demanding for new comers. As France has already experienced many brands, designers, and ideas, it is a big challenge to differentiate while creating novelty and curiosity. SC, in turn, should enter France to learn and expand sales, and in fact there is a fit between the SC's product and the French market; but at the same time it should recognize that at anytime it may turn out not to be feasible to continue there. On one side, there is a segment within the female population that appears to firstly value the three attributes which SC already focuses on and there is actually an opportunity to standout through comfort. It makes sense to combine "utilitarian and aesthetic concerns" (Vale & Caldeira, 2007:535) as in the case of the home market. However, on the other side, the potential competitors are strong as many of them are well-established and well-known. That is the reason why SC should firstly better prepare itself, by following the proposed procedure, before going abroad. This improvement at home is a mean to potentiate the internationalization's success.

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A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.

**SME COMPETITIVENESS – INTERNATIONALIZATION STRATEGY FIELD LAB**

**SHOESCLOSET – AN INTERNATIONALIZATION PLAN TO ENTER IN THE FRENCH MARKET**

**ANASTÁCIA CORREIA VALA | 685**

# APPENDIXES

A project carried out in the Management course, under the supervision of:

Professor Sonia Dahab and Professor Filipe Castro Soeiro

**LISBON, JANUARY 2012**

# INDEX

**Company**



**Portugal**



**France**

## Appendix I – Value Chain

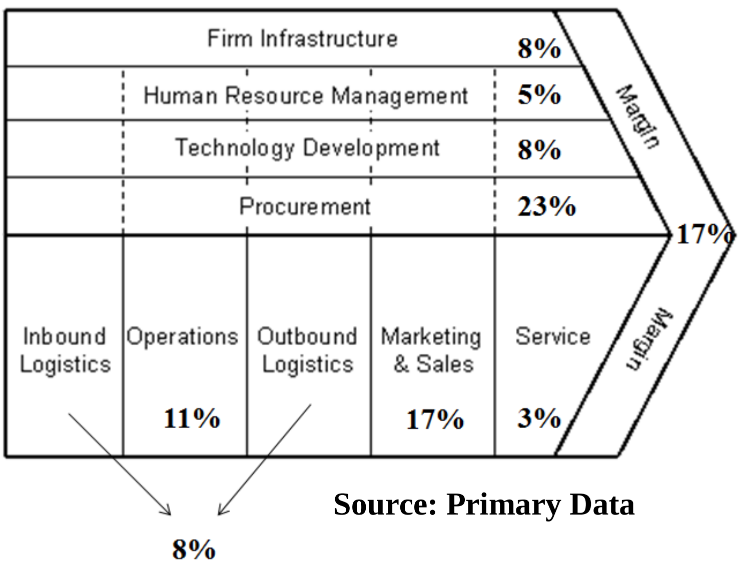
According to the CEO, the percentage of Total Costs allocated to each activity is as follows in the table below, whilst the profit margin ranges from 15 to 20% and the percentage of Total Costs, within the Total Revenues, thus ranges from 80 to 85%. For calculus purposes, it is assumed an average profit margin of 17% and an average percentage of Total Costs of 83%. To achieve the percentage of Total Revenues allocated to each activity, in order to clearly describe the SC's value chain, the percentage of Total Costs allocated to each activity was multiplied by 83%.

| | % of Total Costs | % of Total Revenues |
|---|---|---|
| R&D | 10% | 8,3% |
| Marketing & Sales | 20% | 16,6% |
| Service | 4% | 3,3% |
| Procurement (outsourcing of materials) | 28% | 23,2% |
| Operations (outsourcing of production) | 13% | 10,8% |
| Logistics | 9% | 7,5% |
| Firm Infrastructure | 10% | 8,3% |
| Human Resources | 6% | 5,0% |
| Total Costs | 100% | 83,0% |

| | |
|---|---|
| % Profit Margin | 17% |
| % Total Costs | 83% |
| Total Revenues | 100% |

**Source: Primary Data**

Therefore, the SC's value chain is represented as follows.

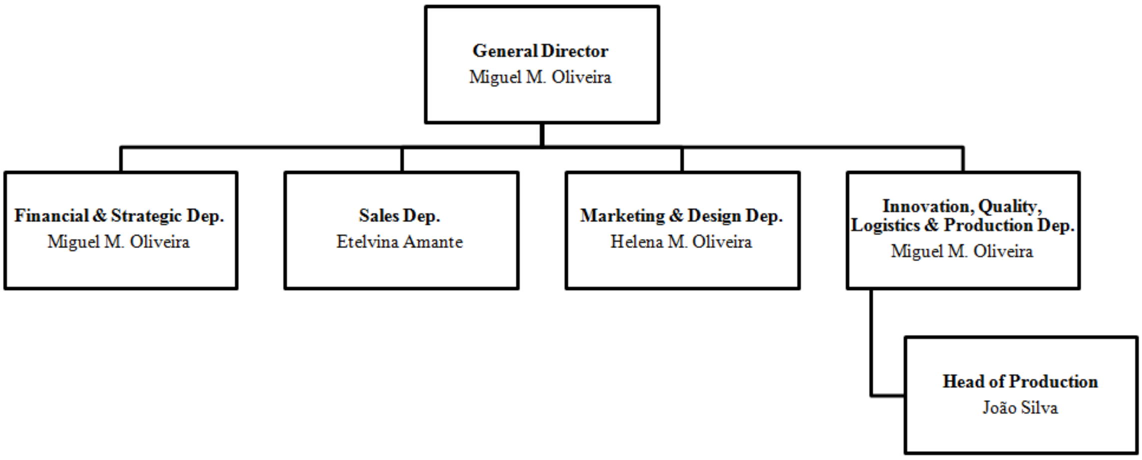



**Source: Primary Data**

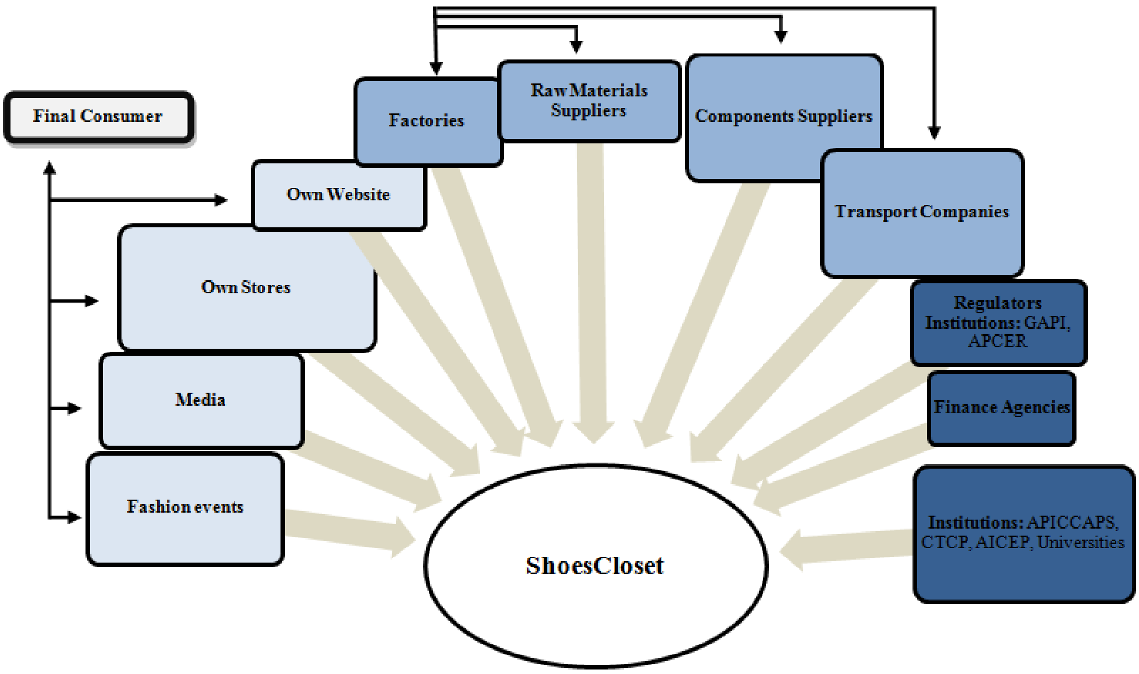
## Appendix II – Current Organizational Structure

In total, besides the founder, SC employs 8 staff. According to the CEO, there are 5 employees who belong to the Marketing & Design Department; 1 employee who belongs to the Sales Department; 1 employee who is responsible for going around the factories to control and train the workers and report to the CEO – the "Head of Production". There is also 1 brand representative in Germany that reports to the CEO.

**Source: Primary Data**



## Appendix III – Industry Mapping




**Source: Primary Data**

- **Associação Portuguesa dos Industriais de Calçado, Componentes e Artigos de Pele e Seus Sucedâneos (APICCAPS):** Represents the Portuguese footwear industry and has an important role at providing statistical data to the firms, while promoting their presence in international footwear fairs[22];
- **Centro Tecnológico do Calçado de Portugal (CTCP):** Promotes the technical training and the products' quality improvement within the footwear industry[23];
- **Agência para o Investimento e Comércio Externo de Portugal (AICEP):** Contributes for the internationalization of Portuguese SMEs[24];
- **Universities of Aveiro and Minho:** According to the CEO, these Universities collaborate with firms to boost investigation;

[22] http://www.apiccaps.pt/web/guest/quemsomos (5 Sep, 2011)
[23] http://www.ctcp.pt/ctcp.asp?idmp=MQ==&idms=MQ==&idmt=MQ== (5 Sep, 2011)
[24] http://www.portugalglobal.pt/PT/SobreNos/Paginas/SobreNos1.aspx (6 Nov, 2011)

- **Gabinete de Apoio à Propriedade Industrial (GAPI):** Belongs to CTCP and promotes the footwear firms' industrial property[25]. According to the CEO, it is also responsible for registering shoe models so that they cannot be copied and for certificating those models that fully comply with the most demanding criteria in terms of sustainability (Biocalce certifications).
- **Associação Portuguesa de Certificação (APCER):** Is a private organization that certificates other firms in terms of quality[26].

[25] http://www.ctcp.pt/ctcp.asp?idmp=MTA=&idms=ODE= (10 Nov, 2011)
[26] http://www.apcer.pt/index.php?option=com_content&view=article&id=76&Itemid=164&lang=pt (12 Nov, 2011)

## Appendix IV – Sample of SC's Shoes

**Source: http://www.shoes-closet.com/ (15 November, 2011)**

## Appendix V – Market Research – Brand's Name

This market research was carried out in order to find out what people associated the brand name "ShoesCloset" with, without any other information. It was not defined any filtration criterion, which means that the responses could have been written either by men or women, within any age and country-of-origin.

The total sample corresponds to **100 people**.

| |
|---|
| furniture |
| Footwear |
| shoes |
| Something to store shoes |
| shoes |
| shoes |
| A closet to put your shoes in |
| closet for shoes |
| With a closet for shoes |
| Shoes |
| A closet for shoes |
| furniture |
| A Closet for keeping your Shoes... |
| closet |
| Girl dream closet |
| N |
| A closet only for shoes |
| fashion shoes |
| store that sell shoes; sex & the city; premium price |
| shoes |
| Prada |
| for women who are fanatic for shoes |
| shoes |

| |
|---|
| closet for shoes |
| A wide range of shoes |
| Either a closet or a Store that sells shoes |
| boots |
| shoes, fashion, young |
| new |
| a closet for shoes |
| furniture |
| a sapatos |
| Footwear |
| Shoes |
| sapateira |
| to a closet for shoes, as a product - or a shoe store brand |
| Loja de sapatos |
| shoes |
| a lot of shoes |
| organization |
| money |
| shoes+ a closet!!! Instead of closet of clothes, is a closet FULL of pair of shoes....every girl´s dream! |
| With Shoes |
| shoes |
| a great diversity |
| A shop for shoes |
| women |
| Shoes second hand shop |
| shoes' store |
| A shoes store |
| shoes store |
| Empresa que vende prateleiras para sapatos! |
| private shoe collection |
| things to storage shoes |
| furniture to keep shoes... |
| shoes |
| shoes |
| marca de sapatos |
| Shoe store |
| A place where you can organize your shoes. |
| shoes |
| Closet |
| similar to a regular closet but only for shoes |
| capa para sapatos |
| A big closet full of shoes, like Sexy and City. |
| a place where we can buy shoes |
| a closet just for shoes |
| shoes |
| sapatos |
| With a room to organize shoes |
| a shoe brand |

| |
|---|
| i don't know the brand |
| Shoe Store |
| a huge closet for shoes only |
| A shoes web shop |
| With an elegant and fancy woman closet. |
| A place to store shoes |
| Something where people can keep their shoes |
| A closet of shoes... |
| shoes |
| fashion |
| Closet for shoes |
| a closet just for shoes |
| shoes that I put in a closet |
| A closet for shoes |
| a closet to keep shoes.. |
| shoe store |
| a closet to store your shoes... duh =P |
| Wardrobe full of shoes |
| shoes |
| fancy shoes that are kept in home in a closet |
| shoes |
| Shoes |
| shoes |
| SHOES |
| sapatos |
| a closet for shoes |
| A big stand to keep your shoes organized |
| A shoe store. |
| Shoes Store |

**Source: Primary Data**

## Appendix VI – Illustrations, Logo, Catalogues

**Illustrations**

**Logo**

**Catalogues**


**Source: Primary Data (Catalogues and illustrations provided by the CEO)**

## Appendix VII – Market Research – Filter

This market research was carried out in order to find out the preferences and consumption patterns of women living in Portugal regarding footwear and also their opinions regarding the SC's catalogues and illustrations. Therefore, only women living in Portugal answered this questionnaire which was written in Portuguese and afterwards translated into English to be included in the Work Project. The total sample includes **250 women**. As, according to the CEO, the SC's target market includes women between [20-45] years of age and that belong to the medium-high segment, it was necessary to filter the responses in order to come up with conclusions exclusively related to the SC's target. **Thus, only the responses from women between [18-45] years of age AND that use to purchase at least [1-2] pairs of shoes within [60-160€] per year were considered**. Even though the criteria for belonging to the medium-high segment could be based on income levels, it is more accurate to refer to lifestyles. It is a fact that students and women in their "twenties" that live with their parents still have purchasing power, despite potential low incomes. Thus, since they may purchase more expensive shoes, the criteria for belonging to the medium-high segment was rather based on the frequency with which women purchase more expensive shoes. Given the filter, the sub-group's sample includes **111 women**.

### 1. Age:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 18 | | 0 | 0% |
| 2 | 18 to 25 | | 70 | 63% |
| 3 | 26 to 35 | | 20 | 18% |
| 4 | 36 to 45 | | 21 | 19% |
| 5 | Above 45 | | 0 | 0% |
| | Total | | 111 | 100% |

### 2. Place of Residence:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Portugal | | 111 | 100% |
| 2 | Click to write Choice 2 | | 0 | 0% |
| | Total | | 111 | 100% |

## 3. Professional Situation:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Student | | 56 | 50% |
| 2 | Self-employed | | 1 | 1% |
| 3 | Employed by others | | 49 | 44% |
| 5 | Unemployed | | 5 | 5% |
| | Total | | 111 | 100% |

## 4. Monthly Net Income:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 500€ | | 23 | 21% |
| 2 | 500€ to 1000€ | | 25 | 23% |
| 3 | 1000€ to 2000€ | | 25 | 23% |
| 4 | Above 2000€ | | 6 | 5% |
| 5 | None | | 31 | 28% |
| | Total | | 110 | 100% |

## 5. How often do you buy footwear?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Rarely | | 0 | 0% |
| 2 | 1 to 2 pairs per year | | 32 | 30% |
| 3 | 3 to 4 pairs per year | | 46 | 43% |
| 4 | 5 to 6 pairs per year | | 22 | 20% |
| 5 | More than 6 pairs per year | | 8 | 7% |
| | Total | | 108 | 100% |

## 6. From those, how often it costs between 60 and 160€?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Rarely | | 0 | 0% |
| 2 | 1 to 2 pairs per year | | 78 | 72% |
| 3 | 3 to 4 pairs per year | | 24 | 22% |
| 4 | 5 to 6 pairs per year | | 4 | 4% |
| 5 | More than 6 pairs per year | | 3 | 3% |
| | Total | | 109 | 100% |

**7. When buying, do you always choose the same brands?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Yes | | 16 | 15% |
| 2 | No | | 93 | 85% |
| | Total | | 109 | 100% |

## 8. If yes, which are your preferred brands?

| Text Response |
|---|
| nike, asics, timberland, allstars |
| Fly London, Hera, Foreva |
| fly london |
| ALDO |
| camper, gola, birkenstock |
| Zilian, Aldo, Made in |
| Fly e Cubanas |
| Parfois, "Haiti", Zillian |
| aldo, zillian, via uno, arezzo |
| Adidas, Nike, Merrell |
| Aldo, Nike, Primark |
| Foreva |
| zillian |
| Aldo, Zara |
| FLY LONDON |
| Hush Puppies, LK Bennet |

| Statistic | Value |
|---|---:|
| Total Responses | 16 |

**9. When buying footwear what importance do you give to different themes within the collection? Example: “casual”, “night”, “dress”, “to work”, “weekend”,…**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Lot of importance – it helps me choosing | | 16 | 15% |
| 2 | Some importance | | 59 | 54% |
| 3 | No importance – I don’t care about the themes | | 34 | 31% |
| | Total | | 109 | 100% |

**10. Would you be interested in purchasing footwear from a brand that offers quality and design at prices below the average of other brands, but that is not known in the market?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Yes | | 107 | 98% |
| 2 | No | | 2 | 2% |
| | Total | | 109 | 100% |

## 11. Why?

| Text Response |
|---|
| porque valorizo muito mais o sapato em si do que propriamente a marca |
| A Marca não é um dos factores mais importantes na minha decisão de compra, muito frequentemente o preço tem maior peso. |
| O factor qualidade/preço é bastante importante. |
| Porque não dou importância às marcas mas sim à relação preço/ qualidade. |
| Para mim o importante é que goste do calçado e que me sinta bem com o mesmo acima de tudo, independentemente do preço ou marca. |
| Porque não é por ser uma marca conhecida ou desconhecida que o calçado é melhor. O que importa realmente é se o calçado é bom... e se for a um preço mais acessível muito melhor!! |
| porque ainda nao trabalho e estamos em crise!quanto mais barato e cómodo melhor!!(o ser giro nem se poe em questão, de outra maneira fica na loja!!) |
| A marca não é importante para mim. O que importa é a qualidade. |
| Estou mais interessada num calçado que seja mais confortável e que vá de encontro aos meus gostos e necessidades, do que na ostentação da marca. |
| Poupar dinheiro |
| Por ter uma melhor relação qualidade/preço |
| Estaria interessada uma vez que nas marcas mais conhecidas pagamos essencialmente pelo nome da marca, e a qualidade do calçado pode ser a mesma que noutra marca menos conhecida. |
| Embora haja ocasiões em que mostrar que se usa uma mara xpto possa ser importante, na verda o que mais me interesssa é poder ter sapatos confortaveis, elegantes, ao menor preço possivel.  Tenham em conta por exemplo a Zara...compramos la sapatos...mas nao queremos que vejam que sao Zara :p |
| Teremos sempre mais escolha no momento de compra. |

| |
|---|
| Não é a marca que interessa, é o design, conforto a um preço razoável. |
| Porque neste momento de crise temos de poupar em tudo. Se houver qualidade a um preço mais baixo, sem dúvida, que adquiria. Para mim a marca não interessa minimamente. |
| Porque estamos a precisar de novo calçado Nacional com qualidade bom design e subretudo com preços acessivéis a todos! |
| Não escolho marcas. Escolho qualidade, conforto e design. |
| Porque a marca não é importante, é mais importante o conforto e o design. |
| Porque a qualidade / preço é uma mais valia! A minha prioridade não é a marca. |
| Por oferecer o que é importante: qualidade, design e bom preço. |
| Não compro propriamente por ser da marca x ou y mas sim porque o calçado é confortável e  de qualidade. |
| Porque o mais importante para mim é gostar do modelo do calçado, independentemente da marca. |
| Se o calçado tem qualidade e é mais económico, fica-se a ganhar . |
| Se tem qualidade e o design me agradar porque não |
| Não ligo muito às marcas |
| ...desde que goste do calçado, interesso-me em adquirir ..independetemente da marca |
| Porque valorizo mais a qualidade,o conforto, o design e o preço do que a marca. |
| O que interessa é o design e o conforto. |
| Porque tem muito mais vantagem um calçado barato mas com design e qualidade do que um calçado caro com as mesma caracteristicas. Para mim a marca não é assim tao importante ao ponto de optar pelos sapatos caros. |
| A qualidade aliada ao preço são dois factores que costumo ter em conta.   o que interessa é o conforto e se for possível ter um preço acessível aliado ao conforto, melhor ainda. |

| |
|---|
| o mais importante é que sejam confortáveis, não a marca dos sapatos |
| Para mim a marca não é tão relevante, é mais importante ter uma boa relação qualidade/ preço. |
| Não dou importância a marcas |
| Porque o que aprecio mais é a qualidade, acima de tudo. |
| Qualidade e design é mais importante do que a fama no mercado. |
| Quero sapatos/botas de boa qualidade, que durem e não se estraguem facilmente |
| Porque sou essencialmente sensível ao preço, à qualidade e se estivermos a falar de calçado que não seja sapatilhas sou muito sensível ao local de fabrico, preferindo sempre a produção nacional. |
| Não ligo a marcas mas sim à qualidade e conforto |
| porque o que mais me interessa no calçado é sentir-me confortável e porque normalmente o uso até ao fim e não compro apena para usar 1 ou 2 vezes |
| Porque não são as marcas que fazem as pessoas, são as pessoas que fazem as marcas:) |
| Para mim no calçado o importante é a qualidade e o conforto que o sapato me proporciona. se a marca é ou não conhecida no mercado não é um factor de decisão. |
| Desde que tenha número 34 |
| Porque o que interessa é precisamente a combinação qualidade/preço. |
| simplesmente, não ligo a marcas, gosto de calçado confortável. |
| Se há qualidade e design, sem ser imitação, o conhecimento da marca no mercado será uma questão de tempo. |
| o que me interessa é a qualidade e o design, nao a marca |
| O objectivo do consumidor é maximizar o rácio qualidade-preço... |
| Porque a marca não é o que mais valorizo, relativamente a preço, design e qualidade. |
| Porque dou mais valor à qualidade |

| |
|---|
| Porque a marca não me interessa minimamente. Interessa-me um bom calçado, em pele, com uma boa relação qualidade/preço. |
| Porque sim |
| Porque interessa-me que mais niguém a tenha para além do conforto e trendy |
| Porque a meu ver interessa a qualidade e nao tanto o nome da marca, portanto desde que me assegurem a qualidade estaria interessada |
| Porque poderia adquirir dois sapatos pelo preço de um. |
| SE MANTIVER A QUALIDADE E O BOM GOSTO |
| pelo preço |
| Porque no momento de comprar um par de sapatos valorizo mais a qualidade, o design e o preço do que a marca (não relevante). |
| Porque o que se procura numa marca é o conforto |

| Statistic | Value |
|---|---:|
| Total Responses | 59 |

**12. When purchasing footwear, which attributes are more important? (1: Most important to 6: Less important)**

| # | Answer | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Responses |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Comfort/Ergonomics | 51 | 33 | 15 | 3 | 2 | 0 | 0 | 104 |
| 2 | Design/Style | 28 | 23 | 41 | 9 | 1 | 2 | 0 | 104 |
| 3 | Brand | 0 | 3 | 5 | 23 | 46 | 24 | 1 | 102 |
| 4 | Quality | 23 | 41 | 27 | 9 | 2 | 2 | 0 | 104 |
| 5 | Store Service | 1 | 2 | 2 | 8 | 29 | 59 | 0 | 102 |
| 6 | Versatility | 3 | 4 | 14 | 48 | 22 | 12 | 0 | 103 |
| 7 | Other: | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| | Total | 106 | 106 | 104 | 101 | 102 | 99 | 1 | - |

| Other: |
|---|
| Preço |

Note: From the table above, it is possible to conclude that the 3 most valued attributes by the target market are, in descending order, comfort, quality and design.

**13. Do you know the following brands?**

| # | Question | Yes | No | Responses | Mean |
|---|---|---|---|---|---|
| 1 | Aldo | 92 | 10 | 102 | 1 |
| 2 | Atelier do Sapato | 0 | 95 | 95 | 2 |
| 3 | Bibi Lou | 4 | 91 | 95 | 2 |
| 4 | Camport | 56 | 40 | 96 | 1 |
| 5 | Cubanas | 60 | 38 | 98 | 1 |
| 6 | Donni | 2 | 92 | 94 | 2 |
| 7 | Fly London | 81 | 20 | 101 | 1 |
| 8 | Foreva | 84 | 15 | 99 | 1 |
| 9 | Globe | 48 | 49 | 97 | 2 |
| 10 | Helsar | 4 | 90 | 94 | 2 |
| 11 | Hera | 77 | 22 | 99 | 1 |
| 12 | Lanidor | 89 | 9 | 98 | 1 |
| 13 | Massimo Dutti | 84 | 11 | 95 | 1 |
| 14 | Shoes Closet | 9 | 84 | 93 | 2 |
| 15 | Stiletto | 13 | 79 | 92 | 2 |
| 16 | Uterqüe | 27 | 66 | 93 | 2 |

Note: The brands mentioned above are within the medium-high segment of the footwear market and some of them were pointed by the CEO as being direct competitors of SC. The group also searched “Brand Shares” from Euromonitor International, 2011, brands’

Websites, http://portugalshoes.com/index.php (October, 2011) and went to multi-brand footwear stores to better acknowledge brands, prices and characteristics.

**14. If yes, which attributes do you associate to each of them?**

| # | Question | Comfort/Ergonomics | Design/Style | Brand | Quality | Store Service | Versatility |
|---|---|---|---|---|---|---|---|
| 1 | Aldo | 22 | 58 | 30 | 30 | 9 | 11 |
| 2 | Atelier do Sapato | 0 | 0 | 1 | 0 | 0 | 0 |
| 3 | Bibi Lou | 0 | 2 | 1 | 1 | 0 | 0 |
| 4 | Camport | 49 | 5 | 15 | 25 | 3 | 4 |
| 5 | Cubanas | 28 | 45 | 19 | 20 | 3 | 11 |
| 6 | Donni | 0 | 1 | 1 | 0 | 0 | 0 |
| 7 | Fly London | 52 | 57 | 53 | 46 | 3 | 21 |
| 8 | Foreva | 27 | 41 | 20 | 22 | 18 | 21 |
| 9 | Globe | 13 | 18 | 24 | 10 | 6 | 4 |
| 10 | Helsar | 1 | 3 | 3 | 2 | 0 | 1 |
| 11 | Hera | 41 | 21 | 28 | 25 | 13 | 15 |
| 12 | Lanidor | 16 | 37 | 43 | 28 | 15 | 13 |
| 13 | Massimo Dutti | 13 | 40 | 55 | 30 | 17 | 12 |
| 14 | Shoes Closet | 2 | 6 | 3 | 3 | 0 | 3 |
| 15 | Stiletto | 2 | 7 | 10 | 4 | 1 | 1 |
| 16 | Uterqüe | 4 | 15 | 16 | 11 | 4 | 4 |

Given the number of women that know each brand, and the number of times that each of them were associated with the most valued attributes (comfort, quality, design), it is possible to calculate percentages in order to compare the brands (more concretely, the direct competitors of SC). Note: As each woman could associate the brand with more than one attribute, the total percentage does not sum 100%.

| | comfort | quality | design |
|---|---|---|---|
| Aldo | 24% | 33% | 63% |
| Massimo Dutti | 18% | 36% | 48% |
| Lanidor | 18% | 31% | 42% |
| Uterqüe | 15% | 41% | 56% |
| Foreva | 32% | 26% | 49% |
| Helsar | 25% | 50% | 75% |
| ShoesCloset | 22% | 33% | 67% |

## 15. Which of the following campaigns best capture your attention?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 |  | | 13 | 13% |
| 2 |  | | 9 | 9% |
| 3 |  | | 31 | 30% |
| 4 |  | | 49 | 48% |
| | Total | | 102 | 100% |

## 16. Comments:

| Text Response |
|---|
| A meu ver só o sapato num fundo de cor clara, mas de preferência branco é o ideal. Cativa mais a visão e consegue-se ter um maior angulo do produto. |
| o exemplo um e dois estao muito pouco apelativos. Confunde um pouco o conceito de marca, não dá para perceber. Deviam optar pela simplicidade, pois ao olhar para aquelas fotos não se percebe realmente o que está a ser vendido. |
| Os primeiros dois exemplos mostram muita confusão e não evidenciam o calçado. O terceiro exemplo, na minha opinião, é o que tem mais impacto, uma vez que as mulheres olham para a imagem da modelo e querem ser como ela, vestir e calçar o mesmo. |
| Se associarem momentos acredito que terão mais sucesso    Se me permitem ir mais longe, a marca TODDs - Italiana (CARISSIMA!!!) tem os melhores anuncios de SEMPRE!!  A Fly London tambem costuma ter uns muito bons a jogar com o nome Fly Tenham em atenção que...dependendo dos valores da marca, muda muito a percepção! :) |
| Se existir Site meter sempre os Sapatos em  pelo menos dois planos! |
| Gosto mais quando consigo perceber qual o estilo de roupa que se deve usar com os sapatos |
| É nesta última que consigo ver melhor as características dos sapatos em causa. |
| acho que uma pessoa quer sempre saber como fica no contexto geral do corpo da mulher |
| Num anúncio aprecio que os sapatos estejam calçados, ficam mais elegantes, mas o destaque na fotografia devem ser os pés. |
| Realmente a última escolha possível (os 4 pares sem qualquer "ambiente envolvente) é melhor para perceber o tipo de sapato e o seu design, objectivamente... |
| quero ver o sapato em si! |

| Statistic | Value |
|---|---:|
| Total Responses | 11 |

**Source: Primary Data**

## Appendix VIII – Questionnaire to Guava

**Brand's Name:** GUAVA

**Foundation:** January 2011

**Founder:** Inês Caleiro

Dear Inês Caleiro, we would like to thank you for your time and collaboration. We also would like to tell you that, if you cannot tell us some data due to confidentiality purposes, there is no problem. Yet, the data will be only analyzed by us and it will be mentioned only on our written thesis and eventually in the thesis' defense.

Thank you,

Anastácia Vala, Maria Leonor Capoulas, Ana Ferreira

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1. **Inês, how did you come up with the idea of creating Guava?**

   "Guava arose when I was in the USA in 2010 working in a Product Design company. I'm used to draw shoes as hobby, and suddenly I found myself in the US with a whole and innovative collection. From then to the actual projection of Guava was a question of days."

2. **Which is the target market of Guava? Please mention the age bracket and segment.**

   "The target market includes women within 20 and 55 years old that appreciate new trends, are interested in design and look for products from the new eco-generation's designers."

3. **Which are your professional competencies as well as responsibilities within the firm?**

   "Partner-Manager: design, commercial and public relations functions."

4. **Which is your past experience within the footwear sector?**

   "I worked at Jimmy Choo, in London."

5. **How many people, besides you, work at Guava? Which are their respective professional competencies as well as responsibilities within the firm?**

   "Guava is composed by 1 employee, the Partner-Manager. The remaining collaborators are external to the company, which is the case of the factory and the public relations' agency."

6. **Where (local, number of factories) are the Guava's shoes produced?**

   "The only factory that produces the Guava's shoes is located in São João da Madeira."

7. **Do you outsource the production? If yes, how do you control the product's quality?**

   "Yes, I do outsource the production and the quality control is carried out during the production process at the factory. After being packed, the shoes' quality is also controlled at the warehouse in Lisbon, by myself."

8. **Where (local, country) do the raw materials and components come from?**

   "All the raw materials originate from Portugal, with the exception of the high heel frames which are manufactured in Spain."

9. **In how many stores is Guava present within the Portuguese market? What kind of stores are they? Mono-brand, multi-brand, clothing?**

   "Guava is represented in four stores within the Portuguese market. All stores are multi-branded establishments."

10. **Are those stores targeted to the same segment of Guava?**

    "Yes, they all are."

**11. Do you sell online? Please justify.**

"Yes we do sell online, with the intention of giving every customer who doesn't live near any of our stores the opportunity to purchase our items directly from the brand."

**12. Which is the average production price of a pair of Guava's shoes?**

"The exact costs of production as you might know are not to be disclosed. However, I can reveal that a figure of 100€ can be reached."

**13. Which is the average selling price of a pair of Guava's shoes?**

"Between 120 and 240€."

**14. How many pairs have you already sold in the Portuguese market?**

"250 pairs of shoes."

**15. Which are, in your perspective, the key factors of Guava within the Portuguese market? Example: design, style, innovation, quality, store service, versatility, comfort,...**

"Design, innovation, comfort, new in the market."

**16. Are the design and innovation developed in-house? Do you try to understand what is being done by the competition, what already exists and what does not?**

"I try to pay attention to what already exists and to what may be created. Nonetheless, the ideas emerge from the roof until that they get shape and are transformed in Guava's footwear. Design and innovation are therefore exclusive and unique characteristics of the company."

17. **Regarding marketing & communication, which are your main bets? Example: participate in fashion events such as Portugal Fashion or Moda Lisboa, advertising in fashion magazines such as Vogue or Elle.**

    "In terms of marketing and communications until the present it was only based on media such as magazines, interviews on TV and blogs. Guava's participation in events are options to consider for the future. Concerning paid advertising in magazines, it is not carried out by Guava."

18. **In which other countries is Guava present, besides Portugal? If possible, please mention the respective cities.**

    Spain (Madrid and Barcelona) and the Netherlands (Rotterdam)."

19. **Did you start by visiting those countries and participating in international footwear fairs before deciding to internationalize or not?**

    "These stores directly contacted me. I only visited the Spanish buyers to their offices in Madrid at the moment of the sales order. Those were exceptional cases because it is usually conducted by contacts of Guava to distributers or sales agents in the respective countries or by direct contacts with stores."

20. **Which was the chosen entry mode? Example: exports to multi-brand stores, owned-stores, … Which is the selection criteria?**

    "The mode of entry was exporting to multi-brand stores. The choice is made by understanding the niche markets and target segments of those stores and if that is aligned with Guava."

21. **Do you have any brand representative living in those countries?**

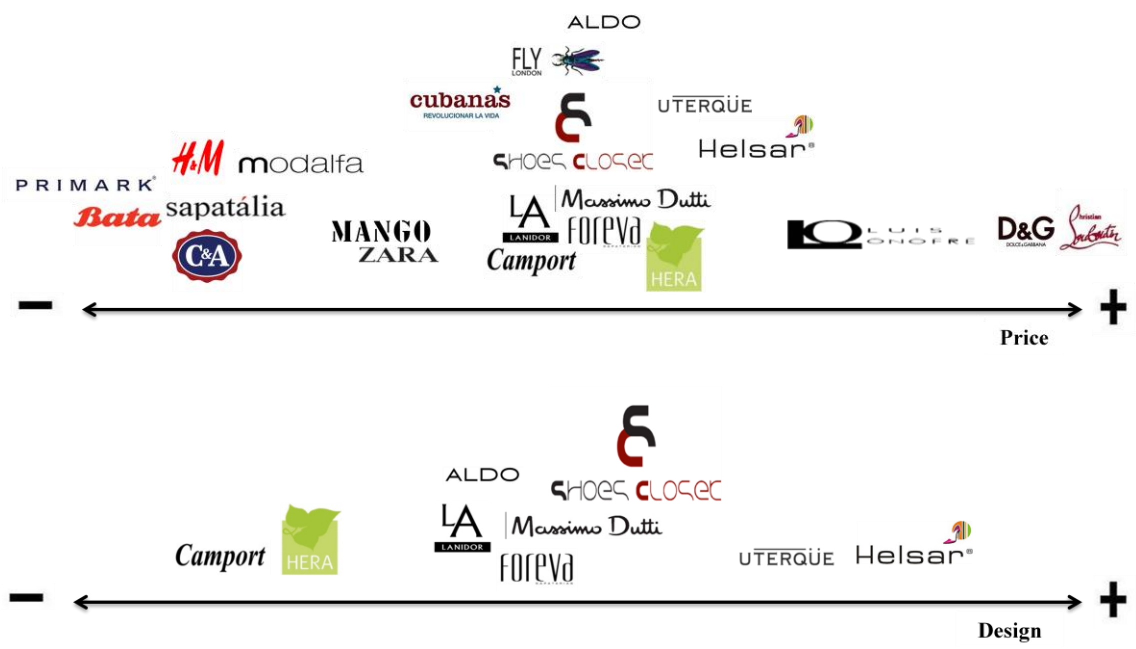
    "No."

**22. Would you say that Guava has been successful in those countries?**

"Yes, a lot. Sales from the first and from the second months were higher than the expected. Overall, the balance is positive."

**Source: Primary Data**

## Appendix IX – Positioning Matrix




**Source: Primary Data**

Note: The brands mentioned above resulted from the group's search on the brand's Websites and visits to mono and multi-brand footwear stores to acknowledge brands, prices and characteristics.

## Appendix X – Opportunities and Threats

| Opportunities | Threats |
|---|---|
| -The 3 most valued attributes in footwear are comfort, quality and design<br>-The price is a critical factor<br>-Portuguese are becoming more willing to buy Made in Portugal goods | -Portuguese's limited purchasing power<br>-Portuguese's limited impulse buying<br>-Difficulties at obtaining credit to invest<br>-Price fluctuations of raw materials<br>-Bargaining power of comp.'s suppliers<br>-Possible imitation of the SC's products<br>-Several alternatives in the market |

**Source: Primary Data**

## Appendix XI – Brand's Market Shares

**Table 6** **Footwear Brand Shares 2007-2010**

% retail value rsp

| Brand | Company | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Nike | Nike Inc | 22.7 | 21.7 | 22.2 | 23.5 |
| Modalfa | Sonae SGPS SA | 2.1 | 2.3 | 2.4 | 2.4 |
| adidas | adidas AG | 2.0 | 2.2 | 2.4 | 2.3 |
| Foreva | Kyaia de Fortunato O Frederico & Ca Lda | 1.6 | 1.5 | 1.8 | 1.9 |
| Chicco | Artsana, Gruppo | 1.9 | 1.9 | 1.9 | 1.9 |
| Hera | Grupo Hera | 1.1 | 1.4 | 1.5 | 1.6 |
| Zara | Inditex, Industria de Diseño Textil SA | 1.1 | 1.2 | 1.2 | 1.4 |
| C&A | Cofra Holding AG | 0.7 | 0.8 | 0.9 | 1.0 |
| Converse | Nike Inc | 0.4 | 0.5 | 0.7 | 0.8 |
| Reebok | adidas AG | 0.9 | 0.9 | 0.7 | 0.8 |
| Vêtimarché | ITM Entreprises SA | 0.6 | 0.7 | 0.7 | 0.7 |
| Sapatália | Kyaia de Fortunato O Frederico & Ca Lda | 0.7 | 0.7 | 0.7 | 0.7 |
| Nike Golf | Nike Inc | 0.8 | 0.7 | 0.7 | 0.7 |
| Godiva | Mário Silva & Silva Lda | 0.5 | 0.5 | 0.6 | 0.6 |
| Massimo Dutti | Inditex, Industria de Diseño Textil SA | 0.4 | 0.4 | 0.5 | 0.5 |
| Zippy | Sonae SGPS SA | 0.4 | 0.5 | 0.5 | 0.5 |
| Umbro | Nike Inc | 0.1 | 0.1 | 0.2 | 0.3 |
| Zara kids | Inditex, Industria de Diseño Textil SA | 0.3 | 0.3 | 0.3 | 0.3 |
| LOOP footwear | Sonae SGPS SA | - | 0.1 | 0.1 | 0.2 |
| Lanidor Woman | Lanidor SA | 0.2 | 0.2 | 0.2 | 0.2 |
| Uterqüe | Inditex, Industria de Diseño Textil SA | - | 0.1 | 0.1 | 0.2 |
| Docker's | Levi Strauss & Co | 0.1 | 0.2 | 0.1 | 0.2 |
| Levi's | Levi Strauss & Co | 0.1 | 0.2 | 0.1 | 0.2 |
| Charles | Christian Sapatarias SA | 1.7 | 1.1 | - | - |
| adidas | adidas-Salomon AG | - | - | - | - |
| Reebok | adidas-Salomon AG | - | - | - | - |
| Private label | Private Label | 4.1 | 4.3 | 4.5 | 4.7 |
| Others | | 55.3 | 55.6 | 55.1 | 52.6 |
| Total | | 100.0 | 100.0 | 100.0 | 100.0 |

*Source:* *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

**Source:** Footwear Brand Shares 2007-2010, from Euromonitor International, May 2011, *Footwear – Portugal* (page 4). Retrieved from Academic Research Library Database.

# Appendix XII – Forecast Sales of Footwear

**Table 9 Forecast Sales of Footwear by Category: Value 2010-2015**

| EUR million | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Childrens' Footwear | 134.5 | 133.6 | 135.0 | 135.5 | 136.7 | 137.7 |
| Men's Footwear | 318.4 | 308.4 | 311.0 | 312.5 | 313.9 | 315.2 |
| - Men's Non-Sports Footwear | 297.5 | 288.1 | 290.5 | 292.0 | 293.2 | 294.5 |
| - Men's Sports Footwear | 20.9 | 20.3 | 20.4 | 20.5 | 20.6 | 20.8 |
| Women's Footwear | 554.7 | 552.3 | 558.1 | 560.9 | 563.8 | 566.1 |
| - Women's Non-Sports Footwear | 514.9 | 512.5 | 517.9 | 520.2 | 522.6 | 524.4 |
| - Women's Sports Footwear | 39.7 | 39.8 | 40.2 | 40.7 | 41.2 | 41.7 |
| Footwear | 1,007.6 | 994.3 | 1,004.1 | 1,008.9 | 1,014.3 | 1,019.0 |

*Source:* *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

**Source:** Forecast Sales of Footwear by Category: Value 2010-2015, from Euromonitor International, May 2011, *Footwear – Portugal* (page 5). Retrieved from Academic Research Library Database.

**Table 8 Forecast Sales of Footwear by Category: Volume 2010-2015**

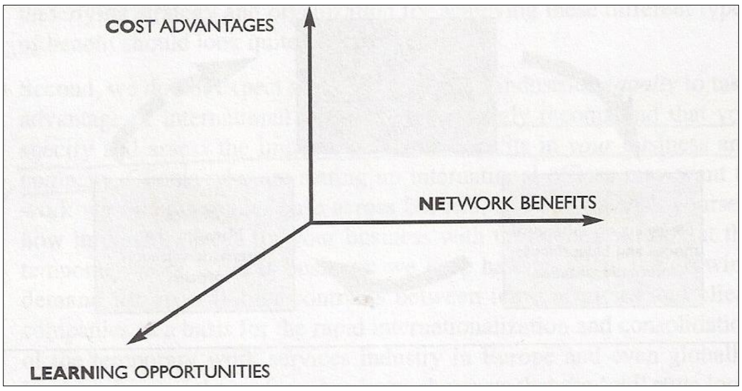
| '000 units | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Childrens' Footwear | 8,272.1 | 8,400.2 | 8,368.8 | 8,485.6 | 8,501.8 | 8,449.5 |
| Men's Footwear | 9,628.5 | 9,380.2 | 9,387.5 | 9,363.3 | 9,336.5 | 9,269.8 |
| - Men's Non-Sports Footwear | 8,791.9 | 8,556.0 | 8,565.4 | 8,549.3 | 8,522.9 | 8,461.9 |
| - Men's Sports Footwear | 836.6 | 824.1 | 822.1 | 814.0 | 813.6 | 807.9 |
| Women's Footwear | 15,628.2 | 15,723.5 | 15,795.3 | 15,768.0 | 15,665.9 | 15,622.4 |
| - Women's Non-Sports Footwear | 14,261.5 | 14,359.6 | 14,421.0 | 14,387.6 | 14,280.9 | 14,235.8 |
| - Women's Sports Footwear | 1,366.7 | 1,363.8 | 1,374.4 | 1,380.4 | 1,385.0 | 1,386.6 |
| Footwear | 33,528.8 | 33,503.8 | 33,551.7 | 33,617.0 | 33,504.2 | 33,341.8 |

*Source:* *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

**Source:** Forecast Sales of Footwear by Category: Volume 2010-2015, from Euromonitor International, May 2011, *Footwear – Portugal* (page 5). Retrieved from Academic Research Library Database.

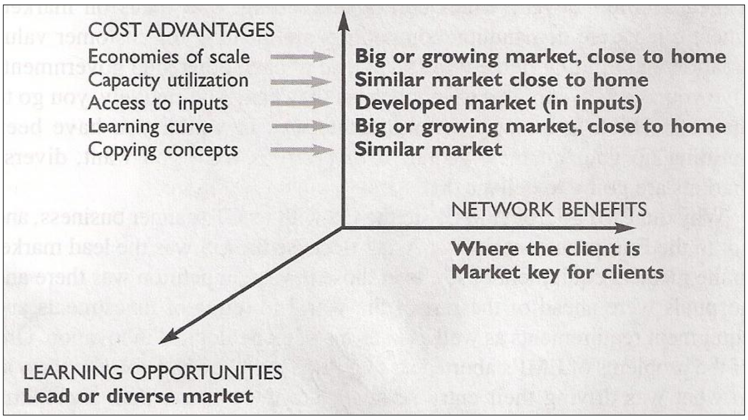
## Appendix XIII – Conelearn Framework

**The Conelearn Framework**



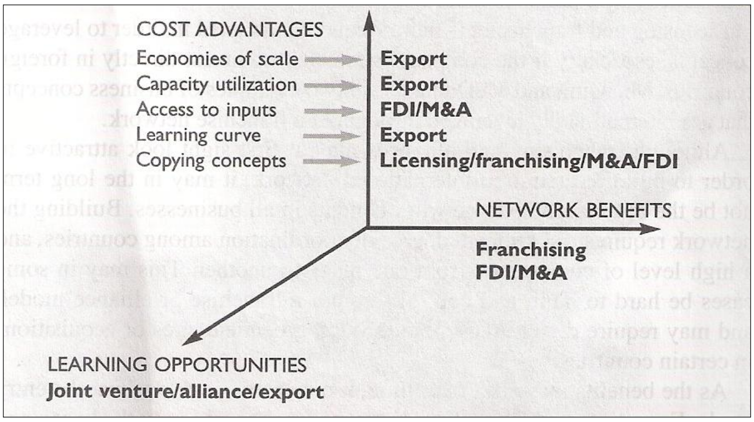

**Source:** The Conelearn Framework, from Verdin, Paul, and Nick Van Heck, *From Local Champions to Global Masters – A Strategic Perspective on Managing Internationalization* (page 60), 2001, Houndmills: Palgrave.

**The Conelearn Framework and selection of target market: which markets to enter first?**



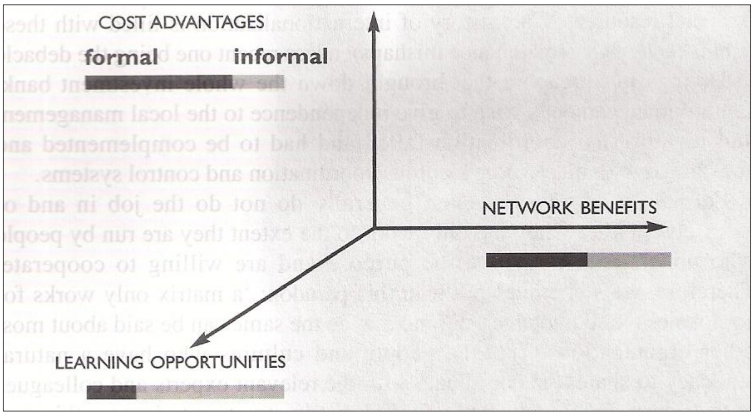

**Source:** The Conelearn Framework and selection of target market: which markets to enter first?, from Verdin, Paul, and Nick Van Heck, *From Local Champions to Global Masters – A Strategic Perspective on Managing Internationalization* (page 110), 2001, Houndmills: Palgrave.

**The Conelearn Framework and entry modes: which entry mode to use**




**Source:** The Conelearn Framework and entry modes: which entry mode to use, from Verdin, Paul, and Nick Van Heck, *From Local Champions to Global Masters – A Strategic Perspective on Managing Internationalization* (page 114), 2001, Houndmills: Palgrave.

**The Conelearn Framework: how to balance formal and informal coordination?**




**Source:** The Conelearn Framework: how to balance formal and informal coordination?, from Verdin, Paul, and Nick Van Heck, *From Local Champions to Global Masters – A Strategic Perspective on Managing Internationalization* (page 130), 2001, Houndmills: Palgrave.

## Appendix XIV – Market Research – Total Sample

This market research was carried out in order to understand the preferences and consumption patterns of women living in France regarding footwear. Therefore, only women living in France answered this questionnaire, which was written in French and afterwards translated into English to be included in the Work Project. The total sample includes **89 women**.

### 1. How old are you?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under18 | | 0 | 0% |
| 2 | 18 to 25 | | 25 | 28% |
| 3 | 26 to 35 | | 34 | 38% |
| 4 | 36 to 45 | | 12 | 13% |
| 5 | Above 45 | | 18 | 20% |
| | Total | | 89 | 100% |

## 2. Professional Situation:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Student | | 17 | 20% |
| 2 | Employed by others | | 45 | 54% |
| 3 | Self-employed | | 7 | 8% |
| 4 | Unemployed | | 14 | 17% |
| | Total | | 83 | 100% |

## 3. Monthly Net Income:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 500€ | | 12 | 15% |
| 2 | 500€ to 1000€ | | 18 | 22% |
| 3 | 1000€ to 2000€ | | 33 | 40% |
| 4 | 2000€ to 3000€ | | 9 | 11% |
| 5 | Above 3000€ | | 7 | 9% |
| 6 | Don't have – I'm a student | | 3 | 4% |
| | Total | | 82 | 100% |

**4. Do you have children younger than 12 years old? If "yes", would you be willing to buy shoes as yours to your daughters?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Yes | | 16 | 19% |
| 2 | No | | 67 | 81% |
| | Total | | 83 | 100% |

| Yes |
|---|
| 6 ANS |
| non |
| OUI |
| 2 |
| non |
| oui |
| 1 |
| Oui |

**5. How many pairs of shoes do you buy per year?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | 1 to 2 pairs | | 18 | 20% |
| 2 | 3 to 4 pairs | | 41 | 46% |
| 3 | 5 to 6 pairs | | 17 | 19% |
| 4 | 7 to 8 pairs | | 8 | 9% |
| 5 | More than 8 pairs | | 5 | 6% |
| | Total | | 89 | 100% |

**6. Which was the maximum of pairs that you have already bought at a time?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Only 1 pair | | 21 | 24% |
| 2 | 2 pairs | | 44 | 49% |
| 3 | 3 pairs | | 17 | 19% |
| 4 | More than 3 pairs | | 7 | 8% |
| | Total | | 89 | 100% |

**7. How many pairs of shoes do you buy per year within 80 and 180 Euros?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Very rarely | | 29 | 33% |
| 2 | 1 to 2 pairs | | 43 | 49% |
| 3 | 3 to 4 pairs | | 10 | 11% |
| 4 | 5 to 6 pairs | | 4 | 5% |
| 5 | More than 6 pairs | | 2 | 2% |
| | Total | | 88 | 100% |

**8. In which region of France do you live?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Alsace | | 0 | 0% |
| 2 | Lorraine | | 0 | 0% |
| 3 | Franche Compté | | 1 | 1% |
| 4 | Champagne Ardennes | | 1 | 1% |
| 5 | Bourgogne | | 1 | 1% |
| 6 | Rhône Alpes | | 3 | 3% |
| 7 | Provence - Alpes Côte d'Azur | | 13 | 15% |
| 8 | Nord-Pas-de-Calais | | 12 | 13% |
| 9 | Picardie | | 7 | 8% |
| 10 | Ile de France | | 6 | 7% |
| 11 | Centre | | 2 | 2% |
| 12 | Auvergne | | 0 | 0% |
| 13 | Languedoc Roussillon | | 1 | 1% |
| 14 | Haute Normandie | | 7 | 8% |
| 15 | Basse Normandie | | 6 | 7% |
| 16 | Bretagne | | 2 | 2% |

| | | | | |
|---|---|---|---|---|
| 17 | Pays de Loire | | 0 | 0% |
| 18 | Poitou-Charentes | | 18 | 20% |
| 19 | Limousin | | 0 | 0% |
| 20 | Bordeaux | | 8 | 9% |
| 21 | Midi-Pyrénées | | 1 | 1% |
| 22 | Corse | | 0 | 0% |
| | Total | | 89 | 100% |

**9. Which footwear brands do you know?**

| Text Response |
|---|
| AUCUNE |
| Dekood, Doc Martens, Eram, André |
| muratti, spiral, pataugas, coco abricot, |
| KIKERS ERAM |
| nao me apego a marca e sim ao conforto |
| ADIDAS NIKE PUMA COMPLICE REEBOOK CATERPILAR |
| André, |
| LAMBOUTIN/ MINELLI/ SAN MARINA/ PRADA/ KOKAI/ GUESS ETC |
| GEOX, SALAMANDER,MINELLI, PARABOOT, KICKERS, BATA,... |
| ELLE |
| Geox, Kickers, Noel, Mod8, BabyBotte, Palladium. |
| Nike adidas minelli louboutin laureta |
| JB martin, Dorking, clarks, couleur pourpre, kickers, parabout, |
| SPIRAL REQUINS BIRKESTOCK |
| adidas, minelli, bailly,decathlon,texto,san marina |
| Jonak, minelli ,parcours Paris , André , bensimon , zara, h &m |
| Beaucoup |
| Nike, Adidas, Sketchers, Kickers, Campers, Kappa, San Marina,... |
| Kickers, adidas, veja, feiyue, converse, mellow yellow, san marina, andré, minelli, bensimon, .............. Il y en a trop !!! |
| nike adidas reebok puma, coq sportif, clarks, converse, veja, andré, jonak, minelli, |

| |
|---|
| yellow mello |
| New Rock - Converse - Doc martens |
| minelli, kickers |
| camper, kickers, pare gabia, jonak, koah, valensi, minelli... |
| Kickers, Palladuim, Camper, André, Géox. |
| Jonak, Kickers, Converse, Bensimon, Mellow Yellow, San Marina |
| Nike, Reebok, |
| birkenstock, kikers ,andré ,no name, san marine, veromoda, bensimon, bisou confiture, alberto fermani |
| louboutin, ash, repetto, mellow yellow, janet et janet, |
| Kickers, Natura, Palladium, bensimon, ... etc |
| maloles barbara buy free lance k jacques repetto isabelle marant louboutin |
| converse, le coq sportif, meline, geox , minelli, zara |
| Beaucoup!! |
| diesel, louboutin, spiral, gola, kookai, anniel,.... |
| Bensimon, Jonak, Converse, Veja, repetto, Addidas, Puma, André, Milleni, |
| jonak, andrée, minelli mellow yellow, parcours paris, repetto, ... |
| campers, kickers neosens, clarks, nike.... |
| jonak, minelli, andré, louboutin, eden, |
| kickers, dc shoes, roxy, palladium, campers |
| bensimon , converse, repetto, impact, jonak, minelli,ikks, comptoir,cop copine |
| ANDRE, BESSON , ERAM |

| |
|---|
| VIVALDI, MINELLI, SAN MARINA, ERAM, BATA.... |
| Beaucoup ! |
| Minelli, San marina, texto |
| jonak, minelli, bensimon, patricia blanchet, repetto, mellow yellow, andré, sessun, comptoir des cotonniers |
| Jonak, andre , minelli |
| san marina, spiral |
| BATA |
| sweeet docking corinne jb martin clarck paraboot |
| un matin d’ete, JB MARTIN, san marina, converse, Pataugas, palladium.... |
| andre minelli san marina cosmo jonak bensimon texto zara jimmy choo |
| kickers, madisor, converse, dr. martens |
| karston, marco, kickers, geox, andré, kim remington, ricker, arcus, mephisto, metayer |
| Clarks, Karston, Kickers, Carper |
| Rieker, Kickers, Ara Paco Herrero, Geox |

| Statistic | Value |
|---|---|
| Total Responses | 54 |

## 10. From which brand(s) do you have more pairs of shoes?

| Text Response |
|---|
| Dekood |
| muratti, spiral |
| nao lembro |
| PUMA |
| pas de préférence |
| TOUTES DIFFERENTES SANS INTERET POUR UNE MARQUE PARTICULIERE |
| geox kickers |
| laureta nike |
| dorking, couleur pourpre |
| GUESS SAN MARINA TEXTO |
| Jonak |
| Jonak |
| Nike |
| baskets : veja , Feiyue, converse Autres : san marina, andré, autres |
| veja, jonak |
| New Rock - Doc Martens |
| kickers |
| camper |
| Palladium |
| Kickers, Converse, TBS, Tropézienne |

| |
|---|
| repetto, mellow yellow |
| Kickers |
| maloles |
| aucune de plus que l'autre |
| converse, eram, adidas, kickers, h&m... |
| diesel, anniel, kookai |
| repetto |
| campers, kickers neosens |
| jonak, minelli, |
| kickers, palladium |
| bensimon, converse |
| BESSON |
| Je ne sais pas |
| Camper, Couleur Pourpre, Mellow Yellow |
| texto |
| JONAK |
| Jonak, andre , minelli |
| docking |
| JB martin, pataugas... |
| jonak |
| converse, madisor |
| marco, remington, karston, ricker, arcus, mephisto, metayer |

| |
|---|
| Clarks |
| Rieker, Kickers, Geox |

| Statistic | Value |
|---|---|
| Total Responses | 44 |

**11. Put in order of preference the attributes regarding footwear. (1: the most important; 5: the least important)**

| # | Answer | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Responses |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Comfort/ Ergonomics | 19 | 16 | 14 | 3 | 8 | 1 | 1 | 62 |
| 2 | Store Service | 1 | 2 | 5 | 14 | 9 | 21 | 10 | 62 |
| 3 | Brand | 1 | 1 | 10 | 21 | 15 | 7 | 4 | 59 |
| 4 | Versatility | 2 | 4 | 6 | 14 | 18 | 11 | 3 | 58 |
| 5 | Design/ Style | 24 | 14 | 15 | 2 | 3 | 1 | 1 | 60 |
| 6 | Quality | 23 | 25 | 14 | 2 | 3 | 3 | 1 | 71 |
| 7 | Other | 0 | 2 | 1 | 3 | 0 | 2 | 6 | 14 |
| | Total | 70 | 64 | 65 | 59 | 56 | 46 | 26 | - |

Note: From the table above, it is possible to conclude that the 3 most valued attributes are, in descending order, design, quality and comfort.

| Other |
|---|
| preço |
| PRIX |
| prix |
| matières |
| mode |
| prix |
| Solidité |

**12. If you had to choose between different footwear brands from different countries of origin, which ones would you chose in order of preference? (1: the first choice; 4: the last choice)**

| # | Answer | 1 | 2 | 3 | 4 | Responses |
|---|---|---|---|---|---|---|
| 1 | Italian Brand | 36 | 28 | 4 | 2 | 70 |
| 2 | French Brand | 33 | 26 | 6 | 5 | 70 |
| 3 | Portuguese Brand | 1 | 7 | 17 | 38 | 63 |
| 4 | Spanish Brand | 2 | 8 | 37 | 20 | 67 |
| | Total | 72 | 69 | 64 | 65 | - |

<u>Note</u>: From the table above, it is possible to conclude that the footwear brands that are preferred, in descending order, are the Italian, French, Spanish and Portuguese.

## 13. Do you know the following brands?

| # | Question | Yes | Responses | Mean |
|---|---|---|---|---|
| 1 | Minelli | 57 | 57 | 1.00 |
| 2 | André | 62 | 62 | 1.00 |
| 3 | Bocage | 33 | 33 | 1.00 |
| 4 | Lollipops | 16 | 16 | 1.00 |
| 5 | Massimo Dutti | 19 | 19 | 1.00 |
| 6 | Uterqüe | 2 | 2 | 1.00 |
| 7 | JB Martin | 22 | 22 | 1.00 |
| 8 | Vanessa Bruno | 21 | 21 | 1.00 |
| 9 | Helsar | 0 | 0 | 0.00 |
| 10 | Repetto Paris | 33 | 33 | 1.00 |
| 11 | ShoesCloset | 2 | 2 | 1.00 |
| 12 | Aldo | 2 | 2 | 1.00 |
| 13 | Carel Paris | 3 | 3 | 1.00 |
| 14 | Côté Femme | 6 | 6 | 1.00 |
| 15 | Arche | 10 | 10 | 1.00 |
| 16 | Edeis | 10 | 10 | 1.00 |
| 17 | Taillissime | 10 | 10 | 1.00 |
| 18 | Besson | 23 | 23 | 1.00 |
| 19 | Texto | 37 | 37 | 1.00 |
| 20 | Marie Claire | 5 | 5 | 1.00 |

**14. If "yes", which attributes do you associate the brands with?**

| # | Question | Comfort/ Ergonomics | Store Service | Brand | Versatility | Design/ Style | Quality | Responses |
|---|---|---|---|---|---|---|---|---|
| 1 | Minelli | 13 | 10 | 21 | 6 | 24 | 18 | 92 |
| 2 | André | 21 | 12 | 13 | 11 | 17 | 9 | 83 |
| 3 | Bocage | 6 | 5 | 9 | 2 | 7 | 5 | 34 |
| 4 | Lollipops | 2 | 1 | 4 | 4 | 6 | 0 | 17 |
| 5 | Massimo Dutti | 5 | 5 | 9 | 3 | 9 | 5 | 36 |
| 6 | Uterqüe | 1 | 1 | 1 | 0 | 1 | 1 | 5 |
| 7 | JB Martin | 6 | 0 | 7 | 2 | 3 | 9 | 27 |
| 8 | Vanessa Bruno | 0 | 3 | 9 | 2 | 9 | 3 | 26 |
| 9 | Helsar | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| 10 | Repetto Paris | 12 | 4 | 20 | 2 | 18 | 13 | 69 |
| 11 | ShoesCloset | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Aldo | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Carel Paris | 2 | 1 | 2 | 0 | 1 | 1 | 7 |
| 14 | Côté Femme | 3 | 0 | 4 | 0 | 3 | 1 | 11 |
| 15 | Arche | 3 | 1 | 3 | 1 | 1 | 2 | 11 |
| 16 | Edeis | 6 | 1 | 2 | 3 | 1 | 2 | 15 |
| 17 | Taillissime | 5 | 0 | 1 | 1 | 1 | 1 | 9 |
| 18 | Besson | 6 | 2 | 4 | 4 | 7 | 3 | 26 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 19 | Texto | 8 | 5 | 5 | 5 | 5 | 3 | 31 |
| 20 | Marie Claire | 1 | 0 | 1 | 0 | 0 | 0 | 2 |

## 15. To which shopping centers do you use to go shopping?

| Text Response |
|---|
| leclerc carrefour |
| Je n'achète pas mes chaussures dans des centres commerciaux mais dans des petites boutiques |
| auchan |
| AUCHAN EURALILLE CITE DE L EUROPE A CALAIS |
| l usine a roubaix, |
| carrefout mondeville 2 (14 caen) |
| le clerc, auchan |
| leclerc super u carrefour auchan |
| CENTRE VILLE |
| la halle aux chaussures |
| LILLE/ BRUXELLES |
| centre ville, AUCHAN, LAFAYETTE |
| GEANT AUCHAN |
| auchan carrefour intermarché |
| grand littoral |
| carrefour |
| AUCUN |
| auchan le pontet, nouvelles galeries ou galeries lafayettes, decathlon |
| Galeries lafayettes ou printemps |
| Galeries Lafayette |

| |
|---|
| Leclerc, Carrefour, Beaulieu |
| Carrefour |
| parly 2, |
| Wap doo wap - Mesopotamia |
| galerie meriadeck à Bordeaux, rue sainte catherine à Bdx |
| les galeries lafayettes |
| Centre commercial Carrefour à Angoulin ou à Tours où je fais mes études |
| j'achète beaucoup sur internet, ou dans les petites boutiques. |
| beaulieu, centre vile |
| aucun ou de temps en temps zone carrefour anglet ou meridack bordeaux |
| centre ville |
| je ne vais pas dans les centres commerciaux mais plutôt dans les centres villes à La Rochelle, Bordeaux (rue Sainte Catherine), Nantes et Paris |
| Parly 2, Dock 76 |
| printemps, galeries lafayette, le bon marché |
| printemps, |
| beaulieu |
| Auchan |
| les galeries Lafayette |
| AUCHAN, MISTRAL 7, |
| Mériadeck (Bordeaux), Angoulin (La Rochelle) |
| auchan |

| |
|---|
| galeries lafayettes, printemps |
| auchan, cora, |
| auchan |
| printemps |
| auchan, carrefour |
| Auchan, Boutiques de Cherbourg |
| Auchan |
| Magasins en Lille, Centre Commerciaux |

| Statistic | Value |
|---|---:|
| Total Responses | 49 |

<u>Note</u>: From the responses above, it is possible to conclude that many women mentioned the city center, department stores such as Galeries Lafayette and Printemps, and other shopping centers.

## 16. Which footwear stores, multi or mono-brand, do you know?

| Text Response |
|---|
| chaussea     la halle aux chaussure |
| GEMO |
| gemo, etc |
| La halle aux chaussures  Chauss'expo |
| minelli, andre, la halle aux chaussures, distri center |
| boutique centre ville sans marques particulières |
| CHAUSSEA     LA HALLE AUX CHAUSSURES |
| SALAMANDER, BATA, ANDRE, MARINA |
| ANDRE ERAM |
| paz à part andré la hall |
| andre bata miinelli la halle |
| AUCUN |
| galeries la fayette, san marina, texto |
| NON |
| Beaucoup |
| La halle aux chaussures, Tati chaussures, San Marina, André, Eram |
| André, san marina, bocage, texto, |
| No name, andré,ben simon,kickers,camper,birkenstock, |
| andré, eram, la halles aux chaussures |
| Michel Ardillier |

| |
|---|
| Minelli, Andre, |
| André, Texto, San Marina |
| André, Shop'n groll, San Marina, Bocage, ... |
| Texto, Besson, La Redoute |
| André, Eram, Besson |
| andré minelli, san marine |
| galeries lafayette, printemps, repetto, louboutin |
| Pieton, cosmopolite, natura... |
| texto, minelli, geox, skill |
| andre, eram, kickers, mellow yellow, camper... |
| Minelli, et d'autres magasins mais qui sont indépendants |
| Pringtemps, Gallerie Lafayette, Jonak,  Zara, |
| printemps, galeries lafayette, le bon marché |
| jonak, minelli, andré |
| eram, bata, andre, france arno |
| kickers, roxy, andré, eram, minelli, |
| outre mesure, scott premieum |
| HALLE AUX CHAUSSURES |
| ANDRE, BATA, GEMO, LA HALLE AUX CHAUSSURES, BESSON, TEXTO |
| texto, san marina, besson, la halle aux chaussure, gemo, andre |
| eram /jeff/san maina/beryl |
| HALLE AUX CHAUSSURES  BATA  ERAM |

| |
|---|
| texto france arno minelleli |
| gemo, la halle aux chaussures, eram |
| André, Geox, Eram, La Halle aux Chaussures |
| Eram, André, Clarks, La Halle aux Chaussures |

| Statistic | Value |
|---|---|
| Total Responses | 46 |

**17. Where do you prefer to go shopping? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Traditional Commerce | | 51 | 72% |
| 2 | Shopping Centers | | 35 | 49% |
| 3 | Online shops | | 23 | 32% |
| 4 | Other: | | 2 | 3% |

**18. Which types of footwear do you prefer? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Ballerinas | | 35 | 49% |
| 2 | Boots | | 55 | 77% |
| 3 | Short Boots | | 39 | 55% |
| 4 | Pumps | | 24 | 34% |
| 5 | Mocassins | | 6 | 8% |
| 6 | Other: | | 9 | 13% |

| Other: |
|---|
| chaussure de ville |
| derbies |
| Baskets |
| tennis |
| compensées |
| converse |
| decontracés |
| sandalles |

**19. Which fashion magazines do you use to read? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Vogue | | 12 | 25% |
| 2 | Marie Claire | | 13 | 27% |
| 3 | Elle | | 26 | 54% |
| 4 | Numéro | | 1 | 2% |
| 5 | Other: | | 14 | 29% |

| Other: |
| --- |
| Aucun |
| aucun |
| FEMME ACTUELLE |
| maxi et femme actuelle |
| Glamour |
| aucun |
| Web design |
| Paulette (nouveau magazine, dispo par internet, dans pas longtemps en kiosque) |
| Biba |
| Glamour |
| glamour grazia |
| aucun |
| Femme Actuelle |

**Source: Primary Data**

## Appendix XV – Market Research – Filter

Given that the potential direct competitors of SC belong to the medium-high segment, it was necessary to only consider the responses of the women who belong to that segment. Because those are probably the ones who are more aware of these brands and purchase them, results and conclusions would be more accurate. The criteria to filter the total sample was based on the frequency with which women buy more expensive shoes, rather than on income levels as students and women in their "twenties" could still have spending power for living with their parents. Therefore, only women who purchase at least [1-2] pairs of shoes within [80-180€] per year were considered, **regardless of their age**. The [80-180€] range is different from that considered for the domestic market as a same product may be more expensive in France than in Portugal (e.g.: the footwear prices set by Mango for France are higher than those set for Portugal, in the online shop (http://shop.mango.com, 3 January, 2012).

Given the filter, the sub-group's sample includes **60 women**.

Note: Only key questions are shown as the full results of this sub-group coincide with those in the following appendix.

## 1. How old are you?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 18 | | 0 | 0% |
| 2 | 18 to 25 | | 19 | 32% |
| 3 | 26 to 35 | | 25 | 42% |
| 4 | 36 to 45 | | 7 | 12% |
| 5 | Above 45 | | 9 | 15% |
| | Total | | 60 | 100% |

## 7. How many pairs of shoes do you buy per year within 80 and 180 Euros?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Very rarely | | 0 | 0% |
| 2 | 1 to 2 pairs | | 43 | 73% |
| 3 | 3 to 4 pairs | | 10 | 17% |
| 4 | 5 to 6 pairs | | 4 | 7% |
| 5 | More than 6 pairs | | 2 | 3% |
| | Total | | 59 | 100% |

**11. Put in order of preference the attributes regarding footwear. (1: the most important; 5: the least important)**

| # | Answer | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Responses |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Comfort/ Ergonomics | 9 | 14 | 11 | 3 | 6 | 0 | 1 | 44 |
| 2 | Store Service | 1 | 1 | 3 | 6 | 8 | 17 | 8 | 44 |
| 3 | Brand | 0 | 1 | 9 | 17 | 12 | 3 | 3 | 45 |
| 4 | Versatility | 1 | 1 | 4 | 12 | 12 | 7 | 3 | 40 |
| 5 | Design/ Style | 20 | 9 | 9 | 0 | 2 | 1 | 1 | 42 |
| 6 | Quality | 17 | 17 | 9 | 1 | 1 | 2 | 0 | 47 |
| 7 | Other | 0 | 1 | 0 | 2 | 0 | 2 | 3 | 8 |
| | Total | 48 | 44 | 45 | 41 | 41 | 32 | 19 | - |

Note: The sub-group's results show that women within the medium-high segment value firstly the design, quality and comfort, as in the case of the total sample's results.

## 13. Do you know the following brands?

| # | Question | Yes | Responses | Mean |
|---|---|---|---|---|
| 1 | Minelli | 46 | 46 | 1.00 |
| 2 | André | 48 | 48 | 1.00 |
| 3 | Bocage | 28 | 28 | 1.00 |
| 4 | Lollipops | 14 | 14 | 1.00 |
| 5 | Massimo Dutti | 16 | 16 | 1.00 |
| 6 | Uterqüe | 2 | 2 | 1.00 |
| 7 | JB Martin | 19 | 19 | 1.00 |
| 8 | Vanessa Bruno | 21 | 21 | 1.00 |
| 9 | Helsar | 0 | 0 | 0.00 |
| 10 | Repetto Paris | 30 | 30 | 1.00 |
| 11 | ShoesCloset | 2 | 2 | 1.00 |
| 12 | Aldo | 2 | 2 | 1.00 |
| 13 | Carel Paris | 3 | 3 | 1.00 |
| 14 | Côté Femme | 5 | 5 | 1.00 |
| 15 | Arche | 10 | 10 | 1.00 |
| 16 | Edeis | 9 | 9 | 1.00 |
| 17 | Taillissime | 8 | 8 | 1.00 |
| 18 | Besson | 14 | 14 | 1.00 |
| 19 | Texto | 30 | 30 | 1.00 |
| 20 | Marie Claire | 4 | 4 | 1.00 |

Note: The brands mentioned above are within the medium-high segment of the footwear market. This is based on "Brand Shares" from Euromonitor International, 2011, and search on the brands' Websites and others such as http://www.shoestyle.fr/ (15 October, 2011) and http://www.laredoute.fr/ (15 October, 2011). Moreover, Paula Horta, who lives in Belgium, went on November 2011 to several multi-brand footwear stores and department stores in Lille, France to acknowledge brands, price level and characteristics and then reported the data.

**14. If “yes”, which attributes do you associate the brands with?**

| # | Question | Comfort/ Ergonomics | Store Service | Brand | Versatility | Design/ Style | Quality | Responses |
|---|---|---|---|---|---|---|---|---|
| 1 | Minelli | 9 | 6 | 16 | 5 | 20 | 13 | 69 |
| 2 | André | 13 | 8 | 8 | 10 | 13 | 8 | 60 |
| 3 | Bocage | 4 | 3 | 7 | 2 | 7 | 3 | 26 |
| 4 | Lollipops | 1 | 0 | 3 | 4 | 6 | 0 | 14 |
| 5 | Massimo Dutti | 2 | 4 | 8 | 2 | 9 | 5 | 30 |
| 6 | Uterqüe | 1 | 1 | 1 | 0 | 1 | 1 | 5 |
| 7 | JB Martin | 5 | 0 | 7 | 2 | 3 | 7 | 24 |
| 8 | Vanessa Bruno | 0 | 3 | 9 | 2 | 9 | 3 | 26 |
| 9 | Helsar | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| 10 | Repetto Paris | 11 | 4 | 19 | 2 | 17 | 12 | 65 |
| 11 | ShoesCloset | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Aldo | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Carel Paris | 2 | 1 | 2 | 0 | 1 | 1 | 7 |
| 14 | Côté Femme | 3 | 0 | 4 | 0 | 2 | 1 | 10 |
| 15 | Arche | 3 | 1 | 3 | 1 | 1 | 2 | 11 |
| 16 | Edeis | 5 | 1 | 1 | 2 | 1 | 2 | 12 |
| 17 | Taillissime | 4 | 0 | 1 | 1 | 0 | 1 | 7 |
| 18 | Besson | 1 | 1 | 2 | 3 | 4 | 0 | 11 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 19 | Texto | 5 | 5 | 4 | 4 | 4 | 3 | 25 |
| 20 | Marie Claire | 1 | 0 | 1 | 0 | 0 | 0 | 2 |

| | comfort | quality | design |
|---|---|---|---|
| André | 27% | 17% | 27% |
| Minelli | 20% | 28% | 43% |
| Repetto | 37% | 40% | 57% |
| Massimo Dutti | 13% | 31% | 56% |
| Côté Femme | 60% | 20% | 40% |
| Bocage | 14% | 11% | 25% |
| Uterqüe | 50% | 50% | 50% |
| Helsar | 0% | 0% | 0% |
| Aldo | 0% | 0% | 0% |

Given the number of women that know each brand, and the number of times that each of them were associated with the 3 most valued attributes, it is possible to calculate percentages in order to compare the potential direct competitors of SC. Note: As each woman could associate the brand with more than one attribute, the total percentage does not sum 100%. **Source: Primary Data**

## Appendix XVI – Market Research – Filter

As it is proposed to target women between [20-49] years of age and that purchase at least [1-2] pairs of shoes within [80-180€] per year, it was necessary to filter the responses from the total sample in order to focus exclusively on the proposed target market. The [80-180€] range is indeed different from that considered for the domestic market as a same product may be more expensive in France than in Portugal (e.g.: the footwear prices set by Mango for France are higher than those set for Portugal, in the online shop (http://shop.mango.com, 3 January, 2012). Given the filter, the sub-group's sample includes **60 women**.

### 1. How old are you?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 18 | | 0 | 0% |
| 2 | 18 to 25 | | 19 | 32% |
| 3 | 26 to 35 | | 25 | 42% |
| 4 | 36 to 45 | | 7 | 12% |
| 5 | Above 45 | | 9 | 15% |
| | Total | | 60 | 100% |

## 2. Professional Situation:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Student | | 15 | 26% |
| 2 | Employed by others | | 32 | 56% |
| 3 | Self-employed | | 4 | 7% |
| 4 | Unemployed | | 6 | 11% |
| | Total | | 57 | 100% |

## 3. Monthly Net Income:

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Under 500€ | | 9 | 17% |
| 2 | 500€ to 1000€ | | 13 | 24% |
| 3 | 1000€ to 2000€ | | 18 | 33% |
| 4 | 2000€ to 3000€ | | 6 | 11% |
| 5 | Above 3000€ | | 5 | 9% |
| 6 | Don't have – I'm a student | | 3 | 6% |
| | Total | | 54 | 100% |

**4. Do you have children younger than 12 years old? If "yes", would you be willing to buy shoes as yours to your daughters?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Yes | | 9 | 16% |
| 2 | No | | 49 | 84% |
| | Total | | 58 | 100% |

| Oui |
|---|
| 6 ANS |
| 2 |
| non |
| oui |
| Oui |

**5. How many pairs of shoes do you buy per year?**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | 1 to 2 pairs | | 8 | 13% |
| 2 | 3 to 4 pairs | | 31 | 52% |
| 3 | 5 to 6 pairs | | 11 | 18% |
| 4 | 7 to 8 pairs | | 6 | 10% |
| 5 | More than 8 pairs | | 4 | 7% |
| | Total | | 60 | 100% |

### 6. Which was the maximum of pairs that you have already bought at a time?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Only 1 pair | | 16 | 27% |
| 2 | 2 pairs | | 28 | 47% |
| 3 | 3 pairs | | 12 | 20% |
| 4 | More than 3 pairs | | 4 | 7% |
| | Total | | 60 | 100% |

### 7. How many pairs of shoes do you buy per year within 80 and 180 Euros?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Very rarely | | 0 | 0% |
| 2 | 1 to 2 pairs | | 43 | 73% |
| 3 | 3 to 4 pairs | | 10 | 17% |
| 4 | 5 to 6 pairs | | 4 | 7% |
| 5 | More than 6 pairs | | 2 | 3% |
| | Total | | 59 | 100% |

## 8. In which region of France do you live?

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Alsace | | 0 | 0% |
| 2 | Lorraine | | 0 | 0% |
| 3 | Franche Compté | | 0 | 0% |
| 4 | Champagne Ardennes | | 0 | 0% |
| 5 | Bourgogne | | 1 | 2% |
| 6 | Rhône Alpes | | 1 | 2% |
| 7 | Provence - Alpes Côte d'Azur | | 5 | 8% |
| 8 | Nord-Pas-de-Calais | | 10 | 17% |
| 9 | Picardie | | 4 | 7% |
| 10 | Ile de France | | 5 | 8% |
| 11 | Centre | | 1 | 2% |
| 12 | Auvergne | | 0 | 0% |
| 13 | Languedoc Roussillon | | 1 | 2% |
| 14 | Haute Normandie | | 6 | 10% |
| 15 | Basse Normandie | | 3 | 5% |
| 16 | Bretagne | | 1 | 2% |

| | | | | |
|---|---|---|---|---|
| 17 | Pays de Loire | | 0 | 0% |
| 18 | Poitou-Charentes | | 15 | 25% |
| 19 | Limousin | | 0 | 0% |
| 20 | Bordeaux | | 7 | 12% |
| 21 | Midi-Pyrénées | | 0 | 0% |
| 22 | Corse | | 0 | 0% |
| | Total | | 60 | 100% |

## 9. Which footwear brands do you know?

| Text Response |
|---|
| Dekood, Doc Martens, Eram, André |
| muratti, spiral, pataugas, coco abricot, |
| KIKERS  ERAM |
| LAMBOUTIN/ MINELLI/ SAN MARINA/ PRADA/ KOKAI/ GUESS ETC |
| GEOX, SALAMANDER,MINELLI, PARABOOT, KICKERS, BATA,... |
| JB martin, Dorking, clarks, couleur pourpre, kickers, parabout, |
| SPIRAL REQUINS BIRKESTOCK |
| adidas, minelli, bailly,decathlon,texto,san marina |
| Jonak, minelli ,parcours Paris , André , bensimon , zara, h &m |
| Beaucoup |
| Kickers, adidas, veja, feiyue, converse, mellow yellow, san marina, andré, minelli, bensimon, ............. Il y en a trop !!! |
| nike adidas reebok puma, coq sportif, clarks, converse, veja, andré, jonak, minelli, yellow mello |
| minelli, kickers |
| camper, kickers, pare gabia, jonak, koah, valensi, minelli... |
| Kickers, Palladuim, Camper, André, Géox. |
| Jonak, Kickers, Converse, Bensimon, Mellow Yellow, San Marina |
| birkenstock, kikers ,andré ,no name, san marine, veromoda, bensimon, bisou confiture, alberto fermani |
| louboutin, ash, repetto, mellow yellow, janet et janet, |
| Kickers, Natura, Palladium, bensimon, ... etc |

| |
|---|
| maloles barbara buy free lance k jacques repetto isabelle marant louboutin |
| converse, le coq sportif, meline, geox , minelli, zara |
| Beaucoup!! |
| diesel, louboutin, spiral, gola, kookai, anniel,.... |
| Bensimon, Jonak, Converse, Veja, repetto, Addidas, Puma, André, Milleni, |
| jonak, andrée, minelli mellow yellow, parcours paris, repetto, ... |
| campers, kickers neosens, clarks, nike.... |
| jonak, minelli, andré, louboutin, eden, |
| kickers, dc shoes, roxy, palladium, campers |
| bensimon , converse, repetto, impact, jonak, minelli,ikks, comptoir,cop copine |
| VIVALDI, MINELLI, SAN MARINA, ERAM, BATA.... |
| Beaucoup ! |
| Minelli, San marina, texto |
| jonak, minelli, bensimon, patricia blanchet, repetto, mellow yellow, andré, sessun, comptoir des cotonniers |
| Jonak, andre , minelli |
| san marina, spiral |
| BATA |
| sweeet docking corinne jb martin clarck paraboot |
| un matin d’ete, JB MARTIN, san marina, converse, Pataugas, palladium.... |
| andre minelli san marina cosmo jonak bensimon texto zara jimmy choo |
| karston, marco, kickers, geox, andré, kim remington, ricker, arcus, mephisto, metayer |

| |
|---|
| Clarks, Karston, Kickers, Carper |
| Rieker, Kickers, Ara Paco Herrero, Geox |

| Statistic | Value |
|---|---|
| Total Responses | 42 |

## 10. From which brand(s) do you have more pairs of shoes?

| Text Response |
|---|
| Dekood |
| muratti, spiral |
| pas de préférence |
| dorking, couleur pourpre |
| GUESS SAN MARINA TEXTO |
| Jonak |
| Jonak |
| baskets : veja , Feiyue, converse Autres : san marina, andré, autres |
| veja, jonak |
| kickers |
| camper |
| Palladium |
| Kickers, Converse, TBS, Tropézienne |
| repetto, mellow yellow |
| Kickers |
| maloles |
| aucune de plus que l'autre |
| converse, eram, adidas, kickers, h&m... |
| diesel, anniel, kookai |
| repetto |

| |
|---|
| campers, kickers neosens |
| jonak, minelli, |
| kickers, palladium |
| bensimon, converse |
| Je ne sais pas |
| Camper, Couleur Pourpre, Mellow Yellow |
| texto |
| JONAK |
| Jonak, andre , minelli |
| docking |
| JB martin, pataugas... |
| jonak |
| marco, remington, karston, ricker, arcus, mephisto, metayer |
| Clarks |
| Rieker, Kickers, Geox |

| Statistic | Value |
|---|---|
| Total Responses | 35 |

**11. Put in order of preference the attributes regarding footwear. (1: the most important; 5: the least important)**

| # | Answer | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Responses |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Comfort/ Ergonomics | 9 | 14 | 11 | 3 | 6 | 0 | 1 | 44 |
| 2 | Store Service | 1 | 1 | 3 | 6 | 8 | 17 | 8 | 44 |
| 3 | Brand | 0 | 1 | 9 | 17 | 12 | 3 | 3 | 45 |
| 4 | Versatility | 1 | 1 | 4 | 12 | 12 | 7 | 3 | 40 |
| 5 | Design/ Style | 20 | 9 | 9 | 0 | 2 | 1 | 1 | 42 |
| 6 | Quality | 17 | 17 | 9 | 1 | 1 | 2 | 0 | 47 |
| 7 | Other | 0 | 1 | 0 | 2 | 0 | 2 | 3 | 8 |
| | Total | 48 | 44 | 45 | 41 | 41 | 32 | 19 | - |

Note: From the table above, it is possible to conclude that the 3 most valued attributes by the proposed target market are, in descending order, design, quality and comfort.

| Other |
|---|
| prix |
| matières |
| mode |
| prix |
| Solidité |

**12. If you had to choose between different footwear brands from different countries of origin, which ones would you chose in order of preference? (1: the first choice; 4: the last choice)**

| # | Answer | 1 | 2 | 3 | 4 | Responses |
|---|---|---|---|---|---|---|
| 1 | Italian Brand | 26 | 19 | 3 | 1 | 49 |
| 2 | French Brand | 21 | 20 | 5 | 3 | 49 |
| 3 | Portuguese Brand | 1 | 5 | 9 | 30 | 45 |
| 4 | Spanish Brand | 2 | 4 | 29 | 13 | 48 |
| | Total | 50 | 48 | 46 | 47 | - |

Note: From the table above, it is possible to conclude that the footwear brands that are preferred by the proposed target market, in descending order, are the Italian, French, Spanish and Portuguese.

## 13. Do you know the following brands?

| # | Question | Yes | Responses | Mean |
|---|---|---|---|---|
| 1 | Minelli | 46 | 46 | 1.00 |
| 2 | André | 48 | 48 | 1.00 |
| 3 | Bocage | 28 | 28 | 1.00 |
| 4 | Lollipops | 14 | 14 | 1.00 |
| 5 | Massimo Dutti | 16 | 16 | 1.00 |
| 6 | Uterqüe | 2 | 2 | 1.00 |
| 7 | JB Martin | 19 | 19 | 1.00 |
| 8 | Vanessa Bruno | 21 | 21 | 1.00 |
| 9 | Helsar | 0 | 0 | 0.00 |
| 10 | Repetto Paris | 30 | 30 | 1.00 |
| 11 | ShoesCloset | 2 | 2 | 1.00 |
| 12 | Aldo | 2 | 2 | 1.00 |
| 13 | Carel Paris | 3 | 3 | 1.00 |
| 14 | Côté Femme | 5 | 5 | 1.00 |
| 15 | Arche | 10 | 10 | 1.00 |
| 16 | Edeis | 9 | 9 | 1.00 |
| 17 | Taillissime | 8 | 8 | 1.00 |
| 18 | Besson | 14 | 14 | 1.00 |
| 19 | Texto | 30 | 30 | 1.00 |
| 20 | Marie Claire | 4 | 4 | 1.00 |

**14. If "yes", which attributes do you associate the brands with?**

| # | Question | Comfort/ Ergonomics | Store Service | Brand | Versatility | Design/ Style | Quality | Responses |
|---|---|---|---|---|---|---|---|---|
| 1 | Minelli | 9 | 6 | 16 | 5 | 20 | 13 | 69 |
| 2 | André | 13 | 8 | 8 | 10 | 13 | 8 | 60 |
| 3 | Bocage | 4 | 3 | 7 | 2 | 7 | 3 | 26 |
| 4 | Lollipops | 1 | 0 | 3 | 4 | 6 | 0 | 14 |
| 5 | Massimo Dutti | 2 | 4 | 8 | 2 | 9 | 5 | 30 |
| 6 | Uterqüe | 1 | 1 | 1 | 0 | 1 | 1 | 5 |
| 7 | JB Martin | 5 | 0 | 7 | 2 | 3 | 7 | 24 |
| 8 | Vanessa Bruno | 0 | 3 | 9 | 2 | 9 | 3 | 26 |
| 9 | Helsar | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| 10 | Repetto Paris | 11 | 4 | 19 | 2 | 17 | 12 | 65 |
| 11 | ShoesCloset | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 | Aldo | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Carel Paris | 2 | 1 | 2 | 0 | 1 | 1 | 7 |
| 14 | Côté Femme | 3 | 0 | 4 | 0 | 2 | 1 | 10 |
| 15 | Arche | 3 | 1 | 3 | 1 | 1 | 2 | 11 |
| 16 | Edeis | 5 | 1 | 1 | 2 | 1 | 2 | 12 |
| 17 | Taillissime | 4 | 0 | 1 | 1 | 0 | 1 | 7 |
| 18 | Besson | 1 | 1 | 2 | 3 | 4 | 0 | 11 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 19 | Texto | 5 | 5 | 4 | 4 | 4 | 3 | 25 |
| 20 | Marie Claire | 1 | 0 | 1 | 0 | 0 | 0 | 2 |

## 15. To which shopping centers do you use to go shopping?

| Text Response |
|---|
| Je n'achète pas mes chaussures dans des centres commerciaux mais dans des petites boutiques |
| auchan |
| AUCHAN EURALILLE CITE DE L EUROPE A CALAIS |
| le clerc, auchan |
| LILLE/ BRUXELLES |
| centre ville, AUCHAN, LAFAYETTE |
| AUCUN |
| auchan le pontet, nouvelles galeries ou galeries lafayettes, decathlon |
| Galeries lafayettes ou printemps |
| Galeries Lafayette |
| Carrefour |
| parly 2, |
| galerie meriadeck à Bordeaux, rue sainte catherine à Bdx |
| les galeries lafayettes |
| Centre commercial Carrefour à Angoulin ou à Tours où je fais mes études |
| j'achète beaucoup sur internet, ou dans les petites boutiques. |
| beaulieu, centre vile |
| aucun ou de temps en temps zone carrefour anglet ou meridack bordeaux |
| centre ville |
| je ne vais pas dans les centres commerciaux mais plutôt dans les centres villes à La |

| |
|---|
| Rochelle, Bordeaux (rue Sainte Catherine), Nantes et Paris |
| Parly 2, Dock 76 |
| printemps, galeries lafayette, le bon marché |
| printemps, |
| beaulieu |
| Auchan |
| les galeries Lafayette |
| Mériadeck (Bordeaux), Angoulin (La Rochelle) |
| auchan |
| galeries lafayettes, printemps |
| auchan, cora, |
| auchan |
| printemps |
| Auchan, Boutiques de Cherbourg |
| Auchan |
| Magasins en Lille, Centre Commerciaux |

| Statistic | Value |
|---|---|
| Total Responses | 35 |

Note: From the responses above, it is possible to conclude that many women mentioned the city center, department stores such as Galeries Lafayette and Printemps, and other shopping centers.

## 16. Which footwear stores, multi or mono-brand, do you know?

| Text Response |
|---|
| GEMO |
| La halle aux chaussures  Chauss'expo |
| SALAMANDER, BATA, ANDRE, MARINA |
| AUCUN |
| galeries la fayette, san marina, texto |
| NON |
| Beaucoup |
| André, san marina, bocage, texto, |
| No name, andré,ben simon,kickers,camper,birkenstock, |
| andré, eram, la halles aux chaussures |
| Michel Ardillier |
| Minelli, Andre, |
| André, Texto, San Marina |
| André, Shop'n groll, San Marina, Bocage, ... |
| Texto, Besson, La Redoute |
| andré minelli, san marine |
| galeries lafayette, printemps, repetto, louboutin |
| Pieton, cosmopolite, natura... |
| texto, minelli, geox, skill |
| andre, eram, kickers, mellow yellow, camper... |

| |
|---|
| Minelli, et d'autres magasins mais qui sont indépendants |
| Pringtemps, Gallerie Lafayette, Jonak,  Zara, |
| printemps, galeries lafayette, le bon marché |
| jonak, minelli, andré |
| eram, bata, andre, france arno |
| kickers, roxy, andré, eram, minelli, |
| outre mesure, scott premieum |
| ANDRE, BATA, GEMO, LA HALLE AUX CHAUSSURES, BESSON, TEXTO |
| texto, san marina, besson, la halle aux chaussure, gemo, andre |
| eram /jeff/san maina/beryl |
| HALLE AUX CHAUSSURES  BATA  ERAM |
| texto france arno minelleli |
| André, Geox, Eram, La Halle aux Chaussures |
| Eram, André, Clarks, La Halle aux Chaussures |

| Statistic | Value |
|---|---|
| Total Responses | 34 |

**17. Where do you prefer to go shopping? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Traditional Commerce | | 41 | 80% |
| 2 | Shopping Centers | | 20 | 39% |
| 3 | Online shops | | 19 | 37% |
| 4 | Other: | | 1 | 2% |

**18. Which types of footwear do you prefer? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Ballerinas | | 27 | 54% |
| 2 | Boots | | 39 | 78% |
| 3 | Short Boots | | 32 | 64% |
| 4 | Pumps | | 15 | 30% |
| 5 | Mocassins | | 4 | 8% |
| 6 | Other: | | 6 | 12% |

| Other: |
|---|
| tennis |
| compensées |
| converse |
| decontracés |
| sandalles |

**19. Which fashion magazines do you use to read? You can choose more than 1 option.**

| # | Answer | | Response | % |
|---|---|---|---|---|
| 1 | Vogue | | 7 | 21% |
| 2 | Marie Claire | | 6 | 18% |
| 3 | Elle | | 21 | 62% |
| 4 | Numéro | | 1 | 3% |
| 5 | Other: | | 12 | 35% |

| Other: |
|---|
| Aucun |
| aucun |
| FEMME ACTUELLE |
| Glamour |
| aucun |
| Paulette (nouveau magazine, dispo par internet, dans pas longtemps en kiosque) |
| Biba |
| Glamour |
| glamour grazia |
| aucun |
| Femme Actuelle |

**Source: Primary Data**

## Appendix XVII – Opportunities and Threats

| Opportunities | Threats |
|---|---|
| - French have higher disposable incomes<br>- French purchase many shoes<br>- Internet retailing is growing<br>- Customized offerings through the internet are expected to increase<br>- French women value mostly the design, quality and comfort in footwear<br>- Increasing preference of comfortable items<br>- Increasing concern for environmental issues<br>- Middle-aged adults have higher incomes | - French are spending less compulsively<br>- French women prefer the Italian, French and Spanish footwear brands over the Portuguese's<br>- French are brand-conscious<br>- Potential direct competitors are strong and have brand awareness<br>- French footwear retailing industry is becoming concentrated |

**Source: Primary Data**

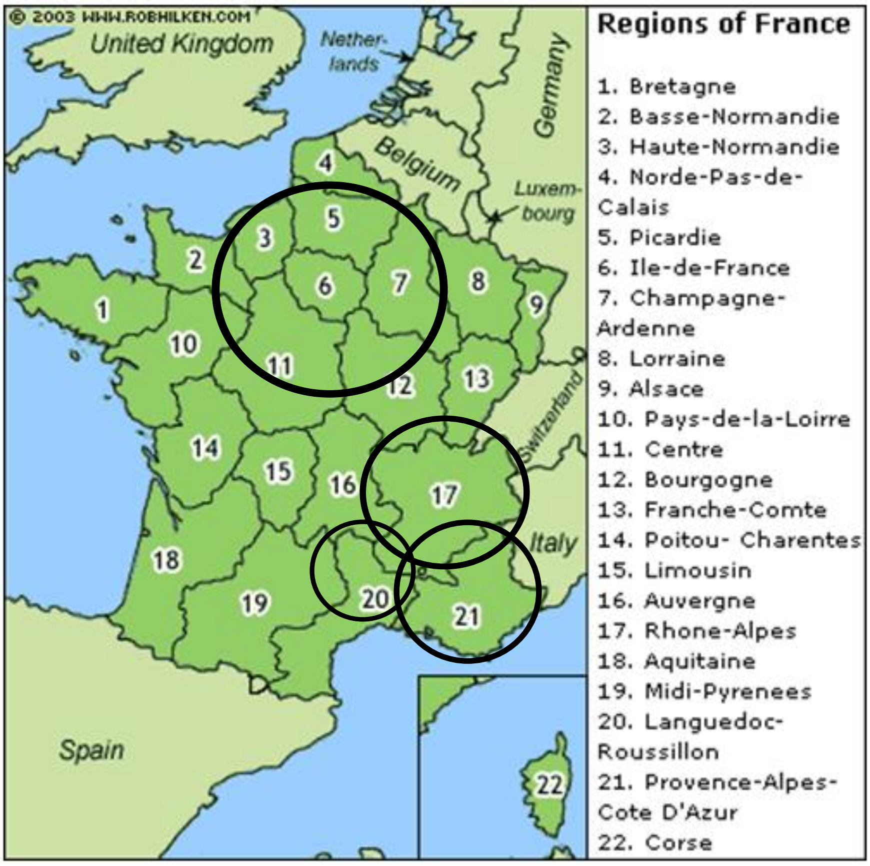
## Appendix XVIII – France's Regions

The regions where consumer expenditures on clothing and footwear are expected to be higher include the following sub-regions:

| | |
|---|---|
| Region Parisienne | Ile de France |
| Bassin Parisien | Bourgogne, Centre, Champagne-Ardenne, Basse and Haute Normandie, Picardie |
| Mediterranee | Languedoc-Roussillon, Provence-Alpes-Côte d'Azur, Corse |
| Centre-Est | Auvergne, Rhône Alpes |

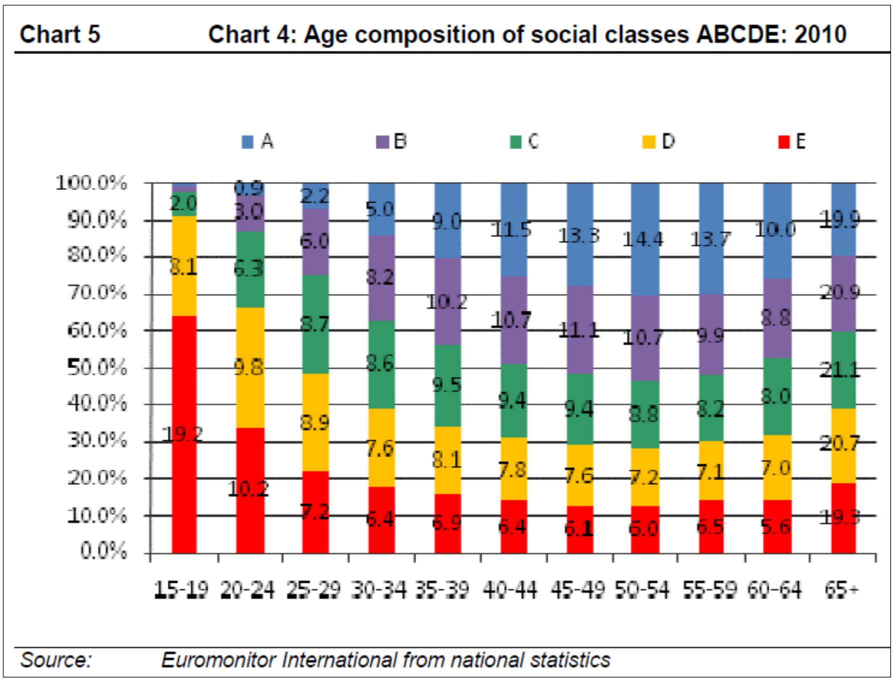
**Source:** http://www.insee.fr/fr/methodes/default.asp?page=definitions/zone-etude-amenagement-territ.htm (4 January, 2012)

The proposed cities, Paris, Marseille/Montpellier, and Lyon are located in the sub-regions of Ile-de-France, Provence-Alpes-Côte D'Azur/Languedoc Roussillon, and Rhône-Alpes, respectively, and could possibly have such radius as pointed in the figure below.




**Source:** Map of France from http://www.map-of-france.co.uk/ (4 January, 2012)

## Appendix XIX – Age Composition of Social Classes




<u>Note</u>: In comparison with the remaining social classes, the age brackets that include a significant percentage of people within the social class B (which is assumed to be the medium-high class) are [30-34], [35-39], [40-44], [45-49].

**Source:** Age Composition of Social Classes ABCDE: 2010, from Euromonitor International. February 2011. *Income and Expenditure: France* (in the 6th page). Retrieved from Academic Research Library Database.

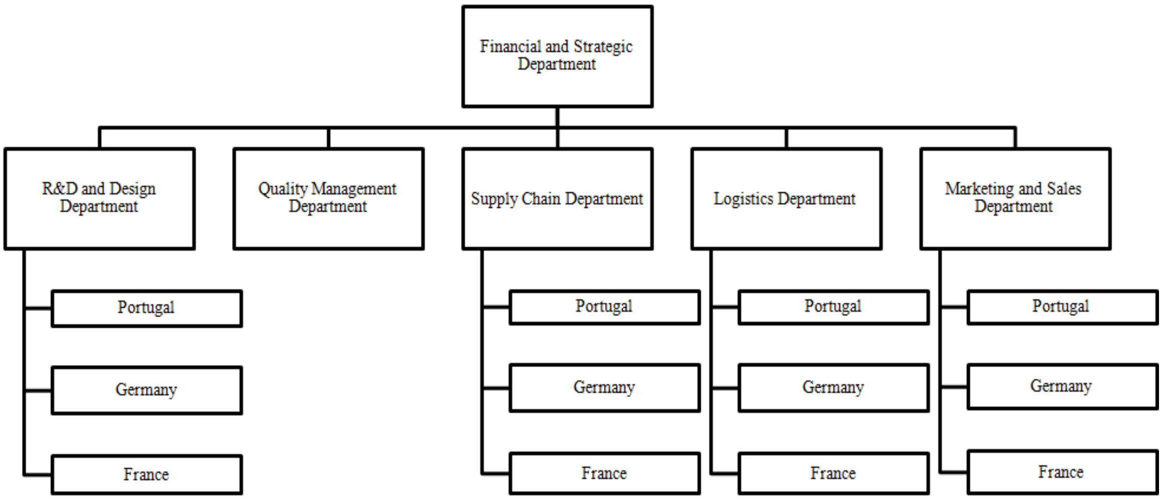
## Appendix XX – Import Origins of France

| Import Origins | Million USD | % Value | Million Pairs | % Quantity | Variation (USD Million) Last 5 years | | |
|---|---|---|---|---|---|---|---|
| China | 1 598 | 28% | 266 | 58% | China | +587 | +58% |
| Italy | 1 196 | 21% | 34 | 8% | Italy | +213 | +22% |
| Vietnam | 560 | 10% | 34 | 7% | India | +142 | +206% |
| Portugal | 464 | 8% | 16 | 3% | Netherlands | -105 | -59% |
| Spain | 310 | 5% | 17 | 4% | | | |

**Source:** Main Trading Partners 2010, from APICCAPS, September 2011, *World Footwear Yearbook* (page 39). Porto, Portugal: APICCAPS. <u>http://www.apiccaps.pt</u> (accessed 1 October, 2011)

## Appendix XXI – Implementation Plan – Organizational Structure (MEN)

Given the internationalization and the eventual firm's growth, it is important to restructure the organization, while slightly formalizing and decentralizing it. Two additional employees should be hired; one for Logistics and another for Marketing & Sales. The CEO would remain in the Financial and Strategic Department, the model maker and Design & Communication Team would be allocated to the R&D and Design Department, and the employee in charge or controlling and supporting the factories would be now in charge of the Quality Management and Supply Chain Departments. The other employee already in charge of the Sales Department would be allocated to the Marketing & Sales Department.

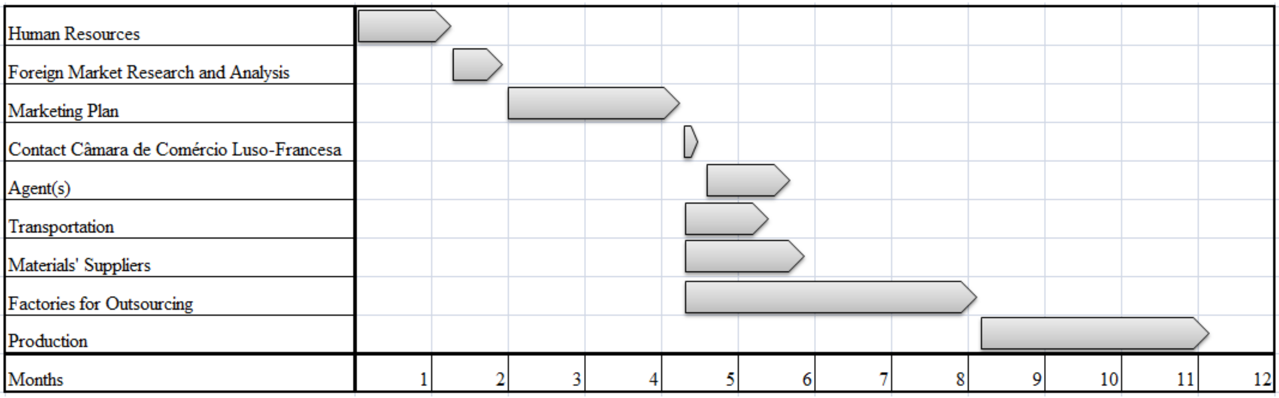



**Source: Primary Data**

# Appendix XXII – Implementation Plan – Timeline (MINUTE)

| | Activity | Dependence on previous activities | Duration (weeks) |
|---|---|---|---|
| 1.1 | **Human Resources** | | 5,6 |
| | Define Selection Criteria | | 0,6 |
| | Selection of 2 additional employees | | 3 |
| | Training | | 2 |
| 1.2 | **Foreign Market Research and Analysis** | 1.1 | 2,4 |
| | Contact AICEP to collect information | | 1 |
| | Study the foreign market | | 1 |
| | Country | | 0,2 |
| | Consumers | | 0,4 |
| | Competitors | | 0,4 |
| | Go to International Footwear Fair in France | | 0,4 |
| 1.3 | **Marketing Plan** | 1.2 | 9 |
| | Targeting and Positioning | | 2 |
| | Product Mix and Characteristics | | 2 |
| | Price | | 1 |
| | Promotion | | 2 |
| | Place | | 2 |
| 1.4 | **Contact *Câmara de Comércio Luso-Francesa*** | 1.3 | 0,6 |
| | Collect information on Legal Requirements to enter the Foreign Market | | 0,2 |
| | Collect information on Agents | | 0,2 |
| | Collect information on Retailers | | 0,2 |
| 1.5 | **Agent(s)** | 1.4 | 4,5 |
| | Define Potential Agent(s) | | 2 |
| | Select Main Agent(s) | | 0,5 |
| | Contract and Negotiate with Selected Agent(s) | | 2 |
| 1.6 | **Transportation** | 1.3 | 4,5 |
| | Define Potential Transportation Companies | | 2 |
| | Select Main Transportation Companies | | 0,5 |
| | Contact and Negotiate with Selected Transportation Companies | | 2 |
| 1.7 | **Materials' Suppliers** | 1.3 | 5,5 |
| | Definition of Selection Criteria | | 1 |
| | Contact and Define Potential Additional Suppliers | | 2 |
| | Select Potential Suppliers | | 0,5 |
| | Negotiate with Selected Suppliers | | 2 |
| 1.8 | **Factories for Outsourcing** | 1.3 | 15 |
| | Definition of Selection Criteria | | 2 |
| | Contact and Define Potential Additional Factories | | 4 |
| | Select Potential Factories | | 1 |
| | Negotiate with Selected Factories | | 4 |
| | Train the Workers at the Factories | | 4 |
| 1.9 | **Production** | 1.8 | 12 |
| 1.10 | **Quick-Off of Exports** | 1.9 | 0 |
| 1.11 | **First Stage Total** | | 44 |
| | | | |
| 1.12 | **Brand Representative** | | 13 |
| | Definition of Selection Criteria | | 2 |
| | Define Potential Brand Representatives | | 6 |
| | Select Potential Brand Representatives | | 2 |
| | Contract and Negotiate with Selected Brand Representative | | 3 |
| 1.13 | **Second Stage Total** | | 13 |

The activity 1.8 is crucial. The firm really needs to make sure that it finds enough factories to outsource the production.




Given that it will take 11 months to carry out all the activities, the firm should start to export in 2013, more concretely for the spring/summer's season. The values for 2013, in turn, would include the sales from that spring-summer season as well as those from the autumn-winter season 2013-2014. In fact, the firm would not be prepared to export for the winter season 2012-2013.

**Source: Primary Data**

## Appendix XXIII – Implementation Plan – Financial Calculations (MONEY)

### Sales Volume Forecast

Assumptions: According to Euromonitor, in France the women's non-sports footwear market size is expected to grow at 4.6% from 2013 to 2014 and 5.3% from 2014 to 2015. It is important, though, to take into account that due to the economic crisis these percentages may be overvalued. For 2013, it was not included any growth rate since it is already used the expected women's non-sports footwear market size for that year, data from Euromonitor as well. From 2016 to 2018, as there are no forecasts for that period, the growth rate is **assumed** to be the average of the previous years (2013-2015) and so it is 3.3%. Regarding the growth rate of the business itself, it is **assumed** that the firm will follow the usual business life-cycle, from introduction, to growth (20%), to maturity (50%), to decline – as the brand will be new to the French market.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| Women's Footwear Market Growth Rate | 0,00% | 4,60% | 5,30% | 3,30% | 3,30% | 3,30% |
| Business Growth Rate | 0,00% | 20,00% | 50,00% | 20,00% | 3,00% | 2,00% |
| Total Growth Rate | 0,00% | 24,60% | 55,30% | 23,30% | 6,30% | 5,30% |

Taking into account that the sales volume of SC in 2011 was 1,250 pairs, and the women's non-sports footwear market size, according to Euromonitor, was 14,359,600 pairs in Portugal in the same year, the market share of the brand was 0.0087% in 2011. Even though this may be just an approximation, it is useful to expect sales in France. In fact, given the market share in 2011 (**assumed** to be year 0, since in 2010 the firm operated only for 2 months) , it is **assumed** that SC will have the same market share in France in 2013 (year 0).

| | |
|---|---|
| Sales Volume 2011 (Portugal) | 1.250,00 |
| Women's Non-Sports Footwear Market Size in Volume 2011 (Portugal) | 14.359.600 |
| SC's Market Share 2011 (Portugal) | 0,00870% |

| | |
|---|---|
| Expected Sales Volume 2013 (France) | 4.267 |
| Women's Non-Sports Footwear Market Size in Volume 2013 (France) | 49.041.700 |
| SC's Market Share 2013 (France) | 0,00870% |

Since France is such a huge country, it is more realistic to divide the actual expected women's non-sports footwear market size for 2013, about 147,125,100 pairs, by 3. Even though it may not be precise, it is still approximated given the fact that it is suggested to enter the regions where expenditures on clothing and footwear are higher. Hence, the women's non-sports footwear market size is **assumed** to be 49,041,700 pairs. Multiplying the assumed market share for 2013 with this market size, the number of pairs that SC is expected to sell in 2013 in France is **4,267**. For the following year, 4,267 is multiplied by the total expected growth rate, and the same rationale is used onwards.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| **Women's Non-Sports Footwear Market Size Portugal (volume)** | 14.359.600 | | | | | |
| **Women's Non-Sports Footwear Market Size France (volume)** | 49.041.700 | 51.297.618 | 54.016.392 | 55.798.933 | 57.640.298 | 59.542.428 |
| **Annual Sales Forecast (volume)** | 4.267 | 5.316 | 8.256 | 10.180 | 10.821 | 11.395 |

## <u>Price B2B</u>

According to the firm's CEO, the average selling prices for the stores (B2B) in France are expected to be 53€ for pumps, 46€ for ballerinas and 74€ for boots, given that transportation costs are not included in these prices; still, this would be negotiated with the stores' owners. Taking into account that in Portugal the product mix is 65% pumps, 20% ballerinas and 15% boots, it is **assumed** that the same mix will be followed for France. Yet, this is just an approximation since a higher percentage of ballerinas and boots may need to be produced for France, as suggested.

Using a weighted average, the average price is **54.75€**.

## <u>Sales Value Forecast</u>

| Sales | |
|---|---|
| Average Price B2B | 54,75 € |

| | € | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| **Number of Pairs** | 4.267 | 5.316 | 8.256 | 10.180 | 10.821 | 11.395 |
| **Sales Value** | 233.598 € | 291.063 € | 452.021 € | 557.342 € | 592.454 € | 623.854 € |

**Production Costs**

According to the CEO, the average unit cost is 39.5€ for pumps, 35€ for ballerinas and 61€ for boots. Using the previously mentioned product mix, the weighted average unit cost is **41.83€**. This cost includes the costs with materials, modeling and manufacturing. In that sense, if nothing else changed, the annual costs with production would be the expected sales volume per year multiplied by that unit cost. This rationale follows the fact that currently the firm pays a fixed amount per pair ordered to the factories. It is true that the firm takes advantage from quantity discounts, according to the CEO, but to simplify it is **assumed** that the cost is variable without discounts.

**Hypothesis 1 - Variable Costs**

| | | | | | | |
|---|---|---|---|---|---|---|
| Average Cost per Pair | 41,83 € | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Annual Production Cost | 178.451,71 € | 222.350,83 € | 345.310,84 € | 425.768,27 € | 452.591,67 € | 476.579,03 € |

Currently, the firm outsources the production from 4 factories of small dimension. These factories have the capacity to produce 200 pairs per month. Since, according to the CEO, two of them work at 40% for the firm, while the others work at 50% and 60%, in total the firm could achieve 380 pairs per month – which means 4,180 per year, since the factories work 11 months per year. Since, considering only France, it is expected sales volume of 4,267 for 2013, outsourcing from only 4 factories appears not to be enough. Thus, the firm would need to outsource from more factories. Even though SC is expecting to start outsourcing the production from 6 factories by July, it is not clear whether there will be actually capacity enough to produce for all the markets at the same time – France, Germany and Portugal. Alternatively, it is considered a second hypothesis, to rent a factory with greater dimensions.

| Hypothesis 2 - Fixed Costs | | | | | | |
|---|---|---|---|---|---|---|
| Annual Production Capacity | 2200 | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Initial Investment | 8.805,00 € | 8.805,00 € | 8.805,00 € | 8.805,00 € | 8.805,00 € | 8.805,00 € |
| Materials | 121.864,67 € | 151.843,38 € | 235.812,78 € | 290.757,15 € | 309.074,85 € | 325.455,82 € |
| Workers | 98.000,00 € | 147.000,00 € | 186.200,00 € | 215.600,00 € | 225.400,00 € | 235.200,00 € |
| Electricity | 17.066,51 € | 21.264,87 € | 33.024,35 € | 40.719,02 € | 43.284,32 € | 45.578,39 € |
| Costs | **245.736,19 €** | **328.913,26 €** | **463.842,12 €** | **555.881,17 €** | **586.564,17 €** | **615.039,21 €** |
| **TOTAL** | **245.736,19 €** | **328.913,26 €** | **463.842,12 €** | **555.881,17 €** | **586.564,17 €** | **615.039,21 €** |

The initial investment includes not only the costs with the purchasing of machinery in second-hand, but also the rents that will have to be paid. According to the CEO, the cost with machinery could be 25,000€. Since the firm would not be able to invest without borrowing money, it is assumed that the firm would finance this project 60% with debt, which is 15,000€. Also, it is assumed an interest rate of 7% and 10 years of payment. This means that, per year, the firm would have to pay 1,605€ to the bank. The remaining 40% of the machinery's cost, however, are assumed not to be an additional cost since the money invested turns into an asset which, in turn, can be sold in the future and be turned into money again. Furthermore, as according to the CEO the monthly rent could be on average 600€, it is assumed annual rents of 7,200€. In total, the firm will need to pay **8,805€** per year due to the initial investment.

Regarding the materials, the average unit cost is assumed to be **28.56€**, which is 68.29% of the average unit production cost, 41.83€. According to the value chain, 28% of Total Costs is allocated to outsourcing of materials. Within that unit production cost, 28% corresponds to 68.29%. The average unit cost with materials is then multiplied by the expected sales volume for each year.

Regarding the workers, since in the factories from where the firm uses to outsource the production there are, on average, 5 workers, it is assumed that 440 pairs (2,200 pairs divided by 5) are annually produced per worker. In that sense, the firm would need to hire 10 workers in the first year in order to be able to produce a maximum of 4,400 pairs during 2013. The same rationale is followed for the following years' sales volume. Furthermore, it is assumed that each worker earns on average 700€ per month, 14 times per year due to holidays' subsidies.

Regarding electricity, it is assumed a unit cost of 4€. This value is then multiplied by the expected sales volume for each year.

Making a comparison between the total costs of outsourcing and renting a factory, it is clear that the former's are much lower than the latter's. Nevertheless, for this analysis only the expected sales volume from France are considered, which means that if the firm was to produce only for this foreign market it would not make sense to rent a factory. Yet, in order to be more realistic, the sales volume from the domestic market and Germany, and eventually other countries, would need to be considered as well. Thus, the firm should not discard this hypothesis, but rather consider it on a long-term perspective.

For the following calculus, though, **outsourcing** is assumed to be the best option. But for this to happen, the firm will need to contract more factories or even negotiate with current factories to increase the allocation percentage.

## Transportation Costs

Assumption: it is assumed that SC will have to pay the transportation costs.

| | | |
|---|---|---|
| 0,15 | 1-50 | 45,00 € |
| 0,3 | 51-100 | 48,00 € |
| 0,6 | 101-200 | 69,00 € |
| 0,9 | 201-300 | 94,00 € |
| 1,2 | 301-400 | 123,00 € |
| 1,5 | 401-500 | 148,00 € |
| 1,8 | 501-600 | 156,00 € |
| 2,1 | 601-700 | 174,00 € |
| 2,4 | 701-800 | 192,00 € |
| 2,7 | 801-900 | 209,00 € |
| 3 | 901-1000 | 227,00 € |
| 3,3 | 1001-1100 | 229,00 € |
| 3,6 | 1101-1200 | 242,00 € |
| 3,9 | 1201-1300 | 260,00 € |
| 4,2 | 1301-1400 | 278,00 € |
| 4,5 | 1401-1500 | 297,00 € |
| 4,8 | 1501-1600 | 305,00 € |
| 5,1 | 1601-1700 | 323,00 € |
| 5,4 | 1701-1800 | 340,00 € |
| 5,7 | 1801-1900 | 358,00 € |
| 6 | 1901-2000 | 375,00 € |
| 6,3 | 2001-2100 | 395,00 € |
| 6,6 | 2101-2200 | 410,00 € |
| 6,9 | 2201-2300 | 428,00 € |
| 7,2 | 2301-2400 | 445,00 € |
| 7,5 | 2401-2500 | 461,00 € |
| 7,8 | 2501-2600 | 492,00 € |
| 8,1 | 2601-2700 | 504,00 € |
| 8,4 | 2701-2800 | 516,00 € |
| 8,7 | 2801-2900 | 528,00 € |
| 9 | 2901-3000 | 540,00 € |

The average dimension of a shoe box is 0.006336 $m^3$ while its average weight is 1.2 kg. Considering the transportation costs of Agility (provided by the CEO), a transportation company, a maximum of 9 $m^3$ or 3,000 kg can be transported. In this case, it makes the most sense to relate to the volume instead of weight. Hence, a maximum of 1,420 shoe boxes could be transported at a time. Assuming the firm would deliver 1,420 pairs at a time, the transportation cost per unit is **0.38€**. This value is then multiplied by the expected sales volume for each year.

| | | | | | | |
|---|---|---|---|---|---|---|
| Average Dimension per Pair (m3) | 0,006336 | | | | | |
| Average Weight per Pair (kg) | 1,2 | | | | | |
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| Dimension to Export (m3) | 27 | 34 | 52 | 64 | 69 | 72 |
| Weight to Export (kg) | 5.120 | 6.379 | 9.907 | 12.216 | 12.985 | 13.674 |
| **Transportation Cost (€)** | **1.621,32 €** | **2.020,16 €** | **3.137,31 €** | **3.868,31 €** | **4.112,01 €** | **4.329,95 €** |

## Agent(s) versus Brand Representative

As, according to the CEO, the agents' commission ranges from [7-10%], it is assumed that the agent(s) will earn 8% of sales value. In this case, the total cost does not depend on whether the firm will have to contract one or more agents as the commission is a percentage.

| **Hypothesis 1 - Agent(s)** | | | | | | |
|---|---|---|---|---|---|---|
| **Average Price B2B** | 54,75 € | | | | | |
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Agent's Commission** | 18.687,83 € | 23.285,04 € | 36.161,66 € | 44.587,33 € | 47.396,33 € | 49.908,34 € |

| **Hypothesis 2 - Brand Representative** | | | | | | |
|---|---|---|---|---|---|---|
| **Average Price B2B** | 54,75 € | | | | | |
| | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Base-Salary** | 11.200,00 € | 11.200,00 € | 11.200,00 € | 11.200,00 € | 11.200,00 € | 11.200,00 € |
| **Commission** | 11.679,89 € | 14.553,15 € | 22.601,04 € | 27.867,08 € | 29.622,71 € | 31.192,71 € |
| **Travels within France** | 1.200,00 € | 1.200,00 € | 1.200,00 € | 1.200,00 € | 1.200,00 € | 1.200,00 € |
| **Telecommunications** | 600,00 € | 600,00 € | 600,00 € | 600,00 € | 600,00 € | 600,00 € |
| **Travels between Portugal and France** | 600,00 € | 600,00 € | 600,00 € | 600,00 € | 600,00 € | 600,00 € |
| **TOTAL** | **25.279,89 €** | **28.153,15 €** | **36.201,04 €** | **41.467,08 €** | **43.222,71 €** | **44.792,71 €** |

According to the CEO, a brand representative would be paid a base-salary and commission only in a later stage. This makes sense when the brand representative is completely new to the market as well as the brand itself, that is, during the market prospection period. However, one should consider hire a brand representative only some years after the product's introduction. Hence, it is assumed that the brand representative will earn a base-salary of 800€ per month (14 times per year due to holidays' subsidies) and a commission of 5% since the beginning.

Through the comparison of total costs between agent(s) and a brand representative, one concludes that hiring an agent from 2013 to 2015 and then a brand representative afterwards is what makes the most sense.

**Marketing & Sales Costs**

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|
| International Footwear Fairs | 13.200,00 € | 13.200,00 € | 13.200,00 € | 13.200,00 € | 13.200,00 € | 13.200,00 € |
| Catalogs | 2.500,00 € | 2.500,00 € | 2.500,00 € | 2.500,00 € | 2.500,00 € | 2.500,00 € |
| Other Costs | 8.400,00 € | 8.400,00 € | 8.400,00 € | 8.400,00 € | 8.400,00 € | 8.400,00 € |
| **TOTAL** | **24.100,00 €** | **24.100,00 €** | **24.100,00 €** | **24.100,00 €** | **24.100,00 €** | **24.100,00 €** |

According to the CEO, participating in the Milan's Footwear Fair costs 12,000€. This cost includes not only the space, but also other travel and hotel expenses. Still, 45% is subsidized, which means that the firm just needs to pay 6,600€. Assuming that participating in France's Footwear Fairs costs the same and that the firm will go twice per year to those Fairs, the total cost with Footwear Fairs in France is 13,200€. It is not included the cost of ordering a stand, since it is assumed to be a sunk cost rather than incremental – as the firm will go firstly to other Fairs, in Italy and Germany. Regarding the catalogues for the agent, it is assumed that the agent will need 50 catalogs per year (for instance, 25 per collection/season), each catalog costing 50€.

Given the fact that it is suggested the recruitment of 2 additional employees, not only due to the internationalization, but also the firm's growth, the additional costs should be divided by 3 – Portugal, Germany and France. Assuming that those employees will earn 900€ per month (14 times per year due to holidays' subsidies), the additional costs for France is 8,400€ per year.

**Income Statement**

| INCOME STATEMENT | | | | | | € |
|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | 233.597,88 | 291.062,96 | 452.020,77 | 557.341,61 | 592.454,13 | 623.854,20 |
| COGS | 178.451,71 | 222.350,83 | 345.310,84 | 425.768,27 | 452.591,67 | 476.579,03 |
| GROSS PROFIT | 55.146,17 | 68.712,12 | 106.709,93 | 131.573,34 | 139.862,46 | 147.275,17 |
| Expenses | 44.409,15 | 49.405,20 | 63.398,97 | 69.435,39 | 71.434,72 | 73.222,66 |
| EBITDA | 10.737,02 | 19.306,92 | 43.310,95 | 62.137,95 | 68.427,74 | 74.052,51 |

The Cost of Goods Sold (COGS) includes the production costs. The expenses include transportation costs, agent/brand representative's costs and marketing & sales' costs. The income statement's results are aligned with the fact that the firm will outsource the production and contract an agent(s) from 2013 to 2015 and a brand representative from 2016 onwards.

**Breakeven Analysis**

| Breakeven | 2013 |
|---|---|
| Revenues | 185.513,76 |
| COGS | 141.718,96 |
| PROFIT MARGIN | 43.794,80 |
| Expenses | 43.794,80 |
| EBITDA | 0,00 |

| | |
|---|---|
| Number of Pairs Breakeven | 3.388 |

Through the Solver Function of the Excel Program, it is possible to achieve the Breakeven. The conclusion is that the firm will need to export at least 3,388 pairs of shoes per year to France in order to pay at least the costs.

**Source: Primary Data**

## Appendix XXIV – Implementation Plan – Measurement and Evaluation (MEMO)

| Strategic Theme | Objectives | Measurement | Target | Initiative |
|---|---|---|---|---|
| **Financial** | Expand sales and reach the maximum final consumers possible | Sales revenue; Profitability; Sales volume; Number of customers (stores) | Reach 7500 of sales volume by the third year | Partnerships with Agents from the local market; Participate in Footwear Fairs in France |
| **Customer** | Make aware all the potential customers (stores) about the brand and its product's main attributes; identify and be present in the key places/stores | Questionnaires to potential final consumers; Level of awareness (market research); Number of demonstrations | Demonstration of shoes in the 20 most appropriated stores in the first year | Free demonstrations; Free trials from 3-4 weeks on each season; Teaser messages and emails |
| **Internal** | Commercial strategy with an experienced Agent in the first 3 years; Recruit and prepare a brand representative which will represent the brand in the French market in the long run | Sales volume the Agent achieves; Competencies of the brand representative in terms of branding, fashion design, languages, selling techniques, local market's tastes | The Agent should be able to sell 4000 pairs of shoes in the first year | Support the Agent with all the logistics and give him/her all the necessary information and catalogues |
| **Learning** | Gain fashion knowledge and diffuse it throughout the firm | Frequency of new insight and ideas from the French market | The firm should have new insight every 3 months | A Brand Representative should be assigned after 3 years to bring fashion knowledge to the home market and the firm itself should participate in International Footwear Fairs |

**Source: Primary Data**

## Appendix XXV – Consumer Expenditure on Clothing and Footwear by Region

**Consumer Expenditure by Region** | **Historic/*Forecast***

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| France | | | | | | |
| Consumer Expenditure on Clothing and Footwear | | | | | | |
| Bassin Parisien - US$ million | 9.346,6 | *9.956,3* | *9.834,2* | *9.645,4* | *9.413,8* | *9.162,2* |
| Centre - Est - US$ million | 7.410,8 | *7.905,3* | *7.817,2* | *7.676,6* | *7.497,1* | *7.302,5* |
| Est - US$ million | 5.829,5 | *6.225,0* | *6.163,0* | *6.061,7* | *5.927,4* | *5.783,0* |
| Mediterranee - US$ million | 7.529,1 | *8.048,6* | *7.976,1* | *7.847,6* | *7.681,5* | *7.497,3* |
| Nord - US$ million | 4.082,2 | *4.349,1* | *4.295,8* | *4.214,0* | *4.111,5* | *4.001,0* |
| Ouest - US$ million | 7.252,1 | *7.754,4* | *7.686,3* | *7.563,2* | *7.404,3* | *7.227,1* |
| Region Parisienne - US$ million | 14.130,6 | *15.011,6* | *14.781,9* | *14.471,2* | *14.071,2* | *13.660,4* |
| Sud - Ouest - US$ million | 7.288,6 | *7.805,5* | *7.748,9* | *7.638,2* | *7.488,7* | *7.321,2* |
| Total - US$ million | 62.869,5 | *67.056,0* | *66.303,4* | *65.117,9* | *63.595,6* | *61.954,7* |
| Bassin Parisien - US$ per household | 2.008,8 | *2.121,1* | *2.077,1* | *2.020,3* | *1.955,9* | *1.888,7* |
| Centre - Est - US$ per household | 2.272,2 | *2.399,7* | *2.350,3* | *2.287,0* | *2.214,2* | *2.138,8* |
| Est - US$ per household | 2.516,9 | *2.658,5* | *2.604,2* | *2.535,1* | *2.454,3* | *2.371,5* |
| Mediterranee - US$ per household | 2.152,3 | *2.272,7* | *2.225,6* | *2.164,9* | *2.095,8* | *2.023,9* |
| Nord - US$ per household | 2.475,5 | *2.614,2* | *2.560,3* | *2.491,2* | *2.411,7* | *2.329,5* |
| Ouest - US$ per household | 1.931,3 | *2.039,1* | *1.996,7* | *1.941,9* | *1.879,9* | *1.815,3* |
| Region Parisienne - US$ per household | 2.860,6 | *3.023,0* | *2.962,1* | *2.886,5* | *2.794,7* | *2.702,1* |
| Sud - Ouest - US$ per household | 2.356,3 | *2.488,2* | *2.436,8* | *2.370,8* | *2.295,2* | *2.216,7* |
| Total - US$ per household | 2.314,3 | *2.443,7* | *2.392,9* | *2.328,3* | *2.253,5* | *2.176,5* |

Research Sources:
Consumer Expenditure on Clothing and Footwear: National statistical offices/OECD/Eurostat/Euromonitor Internatio



**Source:** Consumer Expenditure by Region, from Euromonitor International. 2011. Retrieved from Academic Research Library Database.

## Appendix XXVI – Sales of Footwear by Distribution Format

**Table 7 Sales of Footwear by Distribution Format: % Analysis 2005-2010**

% retail value rsp

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| Store-Based Retailing | 95.7 | 95.4 | 93.7 | 92.6 | 92.4 | 92.1 |
| Grocery Retailers | 13.0 | 13.2 | 13.3 | 13.5 | 13.4 | 13.3 |
| Non-Grocery Retailers | 82.7 | 82.2 | 80.4 | 79.1 | 79.1 | 78.8 |
| Mixed Retailers | 2.7 | 2.7 | 2.7 | 2.7 | 2.5 | 2.4 |
| Department Stores | 2.7 | 2.7 | 2.7 | 2.7 | 2.5 | 2.4 |
| Mass Merchandisers | - | - | - | - | - | - |
| Variety Stores | - | - | - | - | - | - |
| Warehouse Clubs | - | - | - | - | - | - |
| Clothing and footwear specialist retailers | 60.0 | 59.5 | 58.0 | 57.1 | 56.7 | 56.2 |
| Leisure and Personal Goods Specialist Retailers | 12.4 | 12.5 | 12.6 | 13.0 | 12.5 | 12.2 |
| Sports goods stores | 12.4 | 12.5 | 12.6 | 13.0 | 12.5 | 12.2 |
| Other Leisure and Personal Goods Specialist Retailers | - | - | - | - | - | - |
| Other Non-Grocery Retailers | 7.6 | 7.5 | 7.1 | 6.3 | 7.4 | 8.1 |
| Non-Store Retailing | 4.3 | 4.6 | 6.3 | 7.4 | 7.6 | 7.9 |
| Homeshopping | 2.0 | 1.5 | 1.3 | 1.0 | 0.9 | 0.9 |
| Internet Retailing | 1.8 | 2.6 | 4.3 | 5.7 | 5.8 | 6.1 |
| Direct Selling | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 0.9 |
| Vending | - | - | - | - | - | - |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

**Source:** Sales of Footwear by Distribution Format: % Analysis 2005-2010, from Euromonitor International, June 2011, *Footwear – France* (page 5). Retrieved from Academic Research Library Database.

## Appendix XXVII – Internet Retailing Forecasts

**Table 5 Internet Retailing Forecasts by Category: Value 2010-2015**

EUR million

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Beauty and Personal Care | 722.0 | 745.1 | 774.8 | 793.4 | 824.0 | 855.8 |
| Clothing and Footwear | 1,817.3 | 1,917.4 | 2,052.7 | 2,186.5 | 2,328.9 | 2,480.6 |
| Consumer Electronics | 908.7 | 885.2 | 891.6 | 892.9 | 922.5 | 953.0 |
| Consumer Healthcare | 76.4 | 80.3 | 84.6 | 88.5 | 92.7 | 97.0 |
| DIY and Gardening | 81.3 | 83.9 | 97.8 | 101.8 | 105.9 | 110.3 |
| Consumer Appliances | 312.2 | 327.8 | 339.3 | 350.1 | 368.2 | 377.1 |
| Home Care | 28.2 | 28.7 | 29.1 | 29.9 | 30.5 | 31.1 |
| Housewares and Home Furnishings | 462.9 | 512.3 | 568.4 | 616.1 | 667.8 | 723.8 |
| Media Products | 1,864.8 | 2,047.9 | 2,218.1 | 2,352.8 | 2,473.8 | 2,579.3 |
| Food and Drink | 1,642.6 | 1,690.6 | 1,763.5 | 1,833.4 | 1,887.7 | 1,923.3 |
| Other Internet Retailing | 6,993.3 | 8,799.4 | 10,175.3 | 11,542.5 | 12,765.8 | 14,117.0 |
| Internet Retailing | 14,909.8 | 17,118.4 | 18,995.3 | 20,787.8 | 22,467.8 | 24,248.3 |

*Source: Trade associations, trade press, company research, trade interviews, Euromonitor International estimates*

**Source:** Internet Retailing Forecasts by Category: Value 2010-2015, from Euromonitor International, April 2011, *Internet Retailing – France* (page 6). Retrieved from Academic Research Library Database.

## Appendix XXVIII – Brand's Market Shares

**Brand Shares (by Global Brand Name) | Historic | Retail Value RSP | % breakdown**

| Brand | Company name (GBO) | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|
| France | | | | | | | |
| Footwear | | | | | | | |
| Eram | Eram SA | 7,1 | 6,8 | 6,7 | 6,9 | 6,6 | 6,6 |
| La Halle aux Chaussures | Vivarte SAS | 5,8 | 5,7 | 5,5 | 6,3 | 6,3 | 6,3 |
| Nike | Nike Inc | 4,1 | 3,9 | 3,6 | 3,9 | 4,1 | 4,2 |
| adidas | adidas AG | - | 2,9 | 2,8 | 2,9 | 2,8 | 2,8 |
| Besson | Vivarte SAS | 1,5 | 1,7 | 1,8 | 1,9 | 2,0 | 2,0 |
| Bata | Bata Ltd | 1,4 | 1,3 | 1,3 | 1,4 | 1,3 | 1,3 |
| André | Vivarte SAS | 1,0 | 1,0 | 1,1 | 1,0 | 1,2 | 1,2 |
| L'hyper des Chaussures | Eram SA | 1,3 | 1,2 | 1,2 | 1,2 | 1,2 | 1,2 |
| Minelli | Vivarte SAS | 0,8 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Taneo | Eram SA | 0,8 | 0,8 | 0,8 | 0,8 | 0,8 | 0,8 |
| Kiabi | KIABI Europe SAS | 0,4 | 0,5 | 0,5 | 0,6 | 0,7 | 0,8 |
| Bocage | Eram SA | 0,7 | 0,7 | 0,7 | 0,7 | 0,6 | 0,6 |
| Chaussland | Vivarte SAS | 0,5 | 0,5 | 0,5 | 0,5 | 0,3 | 0,3 |
| Converse | Nike Inc | 0,2 | 0,2 | 0,2 | 0,2 | 0,3 | 0,3 |
| Kiabi | Groupe Mulliez | 0,1 | 0,1 | 0,2 | 0,2 | 0,2 | 0,2 |
| Gap | Gap Inc, The | 0,3 | 0,2 | 0,2 | 0,2 | 0,2 | 0,2 |
| Others | Others | 74,1 | 71,6 | 72,1 | 70,4 | 70,4 | 70,2 |
| Total | Total | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 | 100,0 |

**Source:** Brand Shares (by Global Brand Name), from Euromonitor International. 2011. Retrieved from Academic Research Library Database.

## Appendix XXIX – Footwear Market Size – Comparison with other markets

**Market Sizes | Historic | Retail Value RSP | Current Prices**

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| Footwear | | | | | | |
| France - € mn | 9.054,2 | 9.305,0 | 9.658,1 | 9.274,5 | 9.350,8 | 9.534,7 |
| Germany - € mn | 8.436,0 | 8.455,0 | 8.511,5 | 8.568,5 | 8.857,9 | 9.336,6 |
| Italy - € mn | 9.572,9 | 9.231,1 | 9.205,9 | 9.135,2 | 9.064,1 | 9.037,3 |
| Netherlands - € mn | 2.359,8 | 2.387,2 | 2.443,5 | 2.435,0 | 2.461,0 | 2.607,4 |
| Spain - € mn | 5.428,4 | 5.604,5 | 5.882,8 | 5.693,7 | 5.654,5 | 5.719,2 |
| United Kingdom - £ mn | 7.009,1 | 7.232,3 | 7.408,1 | 7.514,9 | 7.627,3 | 7.779,1 |
| Women's Footwear | | | | | | |
| France - € mn | 4.402,0 | 4.550,6 | 4.753,8 | 4.543,6 | 4.608,2 | 4.702,1 |
| Germany - € mn | 4.601,0 | 4.726,6 | 4.913,0 | 5.178,2 | 5.406,1 | 5.725,0 |
| Italy - € mn | 5.231,7 | 5.038,6 | 5.019,2 | 4.915,7 | 4.893,2 | 4.981,1 |
| Netherlands - € mn | 1.486,7 | 1.490,8 | 1.505,6 | 1.504,1 | 1.525,5 | 1.619,7 |
| Spain - € mn | 3.223,7 | 3.322,5 | 3.483,4 | 3.426,5 | 3.402,3 | 3.442,3 |
| United Kingdom - £ mn | 3.153,1 | 3.265,4 | 3.358,4 | 3.409,1 | 3.517,8 | 3.617,9 |

Research Sources:
Apparel: Euromonitor from trade sources/national statistics


**Source:** Market Sizes, from Euromonitor International. 2011. Retrieved from Academic Research Library Database.

**Market Sizes | *Forecast* | Retail Value RSP | Constant 2010 Prices | Year-on-Year Growth (%)**

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---|---|---|---|---|
| Footwear | | | | | |
| France - € mn | *1,2* | *1,3* | *1,6* | *1,9* | *0,9* |
| Germany - € mn | *0,4* | *0,3* | *0,4* | *0,5* | *0,6* |
| Italy - € mn | *-0,6* | *-0,2* | *-0,6* | *-0,7* | *-0,1* |
| Netherlands - € mn | *3,8* | *2,9* | *2,1* | *1,6* | *1,0* |
| Spain - € mn | *1,3* | *0,8* | *0,0* | *-0,3* | *-0,8* |
| United Kingdom - £ mn | *1,8* | *2,0* | *0,6* | *1,1* | *0,8* |
| Women's Footwear | | | | | |
| France - € mn | *1,0* | *1,8* | *2,3* | *2,5* | *0,4* |
| Germany - € mn | *0,5* | *0,5* | *0,6* | *0,7* | *1,0* |
| Italy - € mn | *-0,6* | *-0,2* | *-0,6* | *-1,2* | *-0,4* |
| Netherlands - € mn | *4,1* | *3,1* | *2,1* | *1,5* | *0,9* |
| Spain - € mn | *1,3* | *0,9* | *-0,1* | *-0,2* | *-0,9* |
| United Kingdom - £ mn | *2,4* | *3,8* | *2,2* | *1,5* | *0,7* |

Research Sources:
Apparel: Euromonitor from trade sources/national statistics


**Source:** Market Sizes, from Euromonitor International. 2011. Retrieved from Academic Research Library Database.

## Appendix XXX – Non-Sports Women Market Size and Growth

**Table 8 Forecast Sales of Footwear by Category: Volume 2010-2015**

'000 units

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Childrens' Footwear | 67,733.8 | 69,190.0 | 71,265.7 | 73,546.3 | 76,120.4 | 79,165.2 |
| Men's Footwear | 124,026.7 | 126,854.9 | 130,346.1 | 133,853.2 | 134,418.3 | 136,571.8 |
| - Men's Non-Sports Footwear | 98,909.5 | 101,135.0 | 103,764.5 | 106,925.0 | 106,978.4 | 108,583.1 |
| - Men's Sports Footwear | 25,117.1 | 25,720.0 | 26,581.6 | 26,928.2 | 27,439.9 | 27,988.7 |
| Women's Footwear | 162,473.2 | 166,960.1 | 172,494.6 | 179,419.5 | 187,257.3 | 195,476.9 |
| - Women's Non-Sports Footwear | 132,676.0 | 136,656.3 | 141,439.2 | 147,125.1 | 153,848.7 | 162,001.5 |
| - Women's Sports Footwear | 29,797.2 | 30,303.8 | 31,055.3 | 32,294.4 | 33,408.6 | 33,475.4 |
| Footwear | 354,233.7 | 363,005.1 | 374,106.4 | 386,819.0 | 397,796.0 | 411,213.9 |

*Source:* *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

**Source:** Forecast Sales of Footwear by Category: Volume 2010-2015, from Euromonitor International, June 2011, *Footwear – France* (page 5). Retrieved from Academic Research Library Database.

**Table 9 Forecast Sales of Footwear by Category: Value 2010-2015**

EUR million

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Childrens' Footwear | 1,418.3 | 1,414.7 | 1,412.1 | 1,417.5 | 1,433.5 | 1,434.9 |
| Men's Footwear | 3,414.3 | 3,488.6 | 3,535.3 | 3,572.3 | 3,626.3 | 3,695.4 |
| - Men's Non-Sports Footwear | 2,154.7 | 2,153.5 | 2,163.5 | 2,177.1 | 2,198.6 | 2,222.4 |
| - Men's Sports Footwear | 1,259.6 | 1,335.1 | 1,371.9 | 1,395.2 | 1,427.7 | 1,473.0 |
| Women's Footwear | 4,702.1 | 4,748.9 | 4,833.4 | 4,945.0 | 5,066.6 | 5,088.5 |
| - Women's Non-Sports Footwear | 3,510.2 | 3,533.7 | 3,586.6 | 3,646.2 | 3,721.9 | 3,731.1 |
| - Women's Sports Footwear | 1,191.9 | 1,215.2 | 1,246.9 | 1,298.9 | 1,344.7 | 1,357.4 |
| Footwear | 9,534.7 | 9,652.2 | 9,780.9 | 9,934.8 | 10,126.4 | 10,218.8 |

*Source:* *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

**Source:** Forecast Sales of Footwear by Category: Value 2010-2015, from Euromonitor International, June 2011, *Footwear – France* (page 6). Retrieved from Academic Research Library Database.

## Appendix XXXI – The Top 15 Exporters and Importers in the World

| Rank | Country | USD (millions) | World Share | Average Price |
|---|---|---|---|---|
| 1 | China | 33 665 | 38.5% | $3.39 |
| 2 | Italy | 8 755 | 10.0% | $39.51 |
| 3 | Hong Kong | 5 244 | 6.0% | $12.47 |
| 4 | Vietnam | 4 224 | 4.8% | $15.79 |
| 5 | Belgium | 3 717 | 4.2% | $18.30 |
| 6 | Germany | 3 444 | 3.9% | $19.99 |
| 7 | Indonesia | 3 002 | 3.4% | $14.09 |
| 8 | Netherlands | 2 464 | 2.8% | $16.64 |
| 9 | Spain | 2 411 | 2.8% | $21.51 |
| 10 | France | 1 970 | 2.2% | $28.32 |
| 11 | Portugal | 1 718 | 2.0% | $25.90 |
| 12 | Brazil | 1 487 | 1.7% | $10.40 |
| 13 | India | 1 434 | 1.6% | $12.53 |
| 14 | United Kingdom | 1 265 | 1.4% | $23.81 |
| 15 | Romania | 1 121 | 1.3% | $19.36 |

Table 6 - World Top 15 Exporters in 2010 (Value)

**Source:** World Top 15 Exporters in 2010 (Value), from APICCAPS, September 2011, *World Footwear Yearbook* (page 12). Porto, Portugal: APICCAPS. http://www.apiccaps.pt (accessed 1 October, 2011)

| Rank | Country | USD (millions) | World Share | Average Price |
|---|---|---|---|---|
| 1 | USA | 21 531 | 23.7% | $9.03 |
| 2 | Germany | 6 815 | 7.5% | $12.94 |
| 3 | France | 5 802 | 6.4% | $12.65 |
| 4 | United Kingdom | 5 529 | 6.1% | $10.00 |
| 5 | Italy | 4 928 | 5.4% | $13.83 |
| 6 | Hong Kong | 4 676 | 5.1% | $9.67 |
| 7 | Japan | 4 468 | 4.9% | $7.21 |
| 8 | Russia | 3 769 | 4.1% | $11.22 |
| 9 | Netherlands | 2 844 | 3.1% | $11.68 |
| 10 | Spain | 2 773 | 3.0% | $6.25 |
| 11 | Belgium | 2 555 | 2.8% | $11.42 |
| 12 | Canada | 1 869 | 2.1% | $12.05 |
| 13 | Austria | 1 449 | 1.6% | $20.70 |
| 14 | Switzerland | 1 184 | 1.3% | $23.92 |
| 15 | Australia | 1 178 | 1.3% | $8.44 |

Table 7 - World Top 15 Importers 2010 (value)

**Source:** World Top 15 Importers in 2010 (Value), from APICCAPS, September 2011, *World Footwear Yearbook* (page 13). Porto, Portugal: APICCAPS. http://www.apiccaps.pt (accessed 1 October, 2011)