

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

INTERNATIONALIZATION STRATEGY OF SKYPRO TO THE WEST COAST OF THE UNITED STATES OF AMERICA

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APPENDIXES

A project carried out on the SME Competitiveness: Internationalization Strategy Field Lab, under the supervision of:

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Appendix I: Skypro's market distribution evolution

Table I: Evolution of Skypro's market distribution from 2014 to 2016 (Skypro, 2016)

Customer Segment (% of sales)	2014	2015	2016
Portugal	41,9	23,5	9
European Union	45,4	23,2	14
Extra-Community countries	12,6	53,3	77

Appendix II: Skypro's full collection

Figure I: Skypro's shoes collection (Skypro, 2016)

SHOES COLLECTION 2016



Figure II: Skypro's accessories collection (Skypro, 2016)

ACCESSORIES COLLECTION 2016



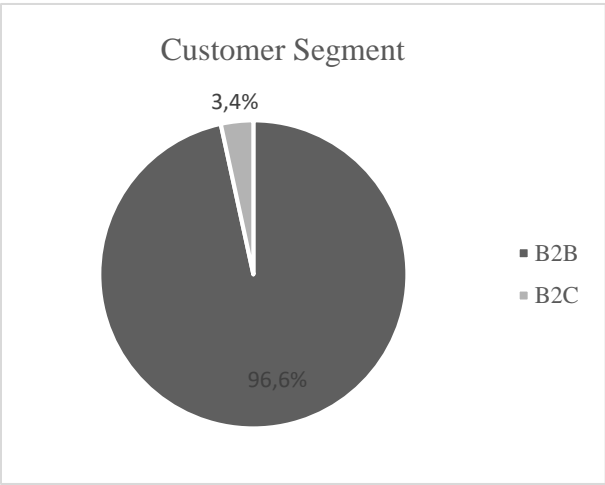
Figure III: Skypro's clothing collection (Skypro, 2016)

CLOTHING COLLECTION 2016



Appendix III: Skypro's customer segments

Figure IV: Customer segment distribution of Skypro from January and June 2016 (Skypro, 2016)



Appendix IV: Skypro's Balance Sheet 2015

Table II: Skypro 's Balance Sheet 2015(in €) (Skypro, 2015)

Assets	
Tangible Fixed Asset	337765,38
Intangible Assets	65734,58
Financial Investments	901,13
Deferred Tax Assets	10315,73
Total Non-Current Assets	414 716,82
Inventory	294411,8
Clients	481716,49
Advances to Suppliers	242705,11
State and Other Public Entities	38030,21
Other Receivables	35036,00
Deferrals	87641,13
Cash and Bank Deposits	2508222,41
Total Current Assets	3 687 763,15
Total Assets	4 102 479,97
Equity	
Liabilities	
Financing Obtained	145734,66
Deferred Tax Liabilities	36510,4
Total Non-Current Liabilities	182 245,06
Suppliers	452568,32
Advances from Customers	87400,32
State and Other Public Entities	8854,75
Financing Obtained	10332,53
Other Expenses to Pay	80435,08
Total Current Liabilities	639 591
Total Liabilities	821 836,06
Total Equity and Liabilities	4 102 479,97

Appendix V: Financial Results in 1st semester 2015 and 1st semester 2016

Table III: Skypro's financial report of the 1st Semester of 2015 and 2016 (in €) (Skypro, 2016)

	1st semester 2015	1st semester 2016	Annual Evolution
Sales	397.471,76	2.002.567,94	403,8%
Exploration Subsidies	1.527,87	249,33	-83,7%
Other Income and Gains	10.566,90	19.436,14	83,9%
CMVMC	-220.901,18	-1292.775,64	485,2%
FSE	-183.904,59	-193.838,18	5,4%
Labor Costs	-127.162,72	-130.712,14	2,8%
Other expenses and losses	-8.584,45	-18.885,95	120%
EBITDA	-130.986,41	386.041,50	- 394,7%
Depreciations	-30.782,28	-26.617,18	- 13,5%
EBIT	-161.768,69	359.424,32	-322,2%
Interest expenses	-19.156,87	-14.723,13	-23,1%
Income Tax	0,00	0,00	n.a
Result	-180.925,56	344.701,19	-290,5%

Appendix VI: Competitive Comparison

Table IV: Skypro's financial report of the 1st Semester of 2015 and 2016

Brands	Origin	Brand description	Features (Skypro, 2016)	Price
Skypro	Portugal	Excellent performance for aviation professionals	Alarm-free; Cork midsole; Anti-Skid; Comfort; Impact absorber	Women: \$134,95 to \$199,95 Men: \$179,95 to \$229,95
Airline shoes	-----	-----	Alarm-free; Anti-Skid; Comfort	-----
Piccadilly	Brazil		Alarm-free; Comfort	
Crew Shoes	UK	Multibrand store	Comfort	Yes

Ecco	Denmark	Combines casual style with quality	Comfort	Women: \$110\$ to \$170 Men: \$110 to \$330
Hush Puppies	USA	Casual's footwear leader	Comfort	Women: \$60 to \$120 Men: \$109 to 200\$
Aerosoles	USA	Women's shoes brand which combines comfort and style	Comfort	Women:\$80 to \$140\$ Men: N/A
Clarks	UK	Innovative and stylish footwear	Comfort	Women: \$110 to \$160 Men: \$69 to \$180

Appendix VII: Skypro VRIO Analysis

Table V: Skypro's organizational readiness and VRIO analysis

Resources	Valuable	Rare	Non Imitable	Organizational	Competitive Implication
Competencies					
<p>Product Development</p> <p>Skypro's mission is to offer additional benefits and different characteristics compared to the existing footwear's brands in the market. The brand is also committed on extending its product line, namely pilots' shirts, underwear and accessories.</p>	YES	YES	NO	YES	Temporary competitive Advantage
<p>Innovation</p> <p>Skypro's footwear line displays anti-skid and anti-static's characteristics in order to be slip and electrical resistant, decreasing the risk of accidents and injuries; alarm-free technology on metal detectors avoiding the inconvenience from the airport X-ray scanner; ambi-cork material for temperature control and innocuous leather to maximize quality and comfort (Skypro, 2016). Such technological and technical improvements are undetected in competitor, which resulted on the certification of the first footwear for aviation professionals.</p>	YES	YES	NO	YES	Temporary competitive Advantage
<p>Procurement</p> <p>As a consequence of outsourcing both manufacturing and distribution, Skypro needs to make the right decisions with respect to the purchasing</p>	YES	NO	NO	YES	Competitive Parity

of raw materials and other inputs, partnering with the best factories and distribution companies.

Supply Chain management

Managing the flow of raw materials to the factories, the manufacturing process and the distribution to the customer.

YES NO NO YES Competitive Parity

Specialized Assets

Brand

Skypro is a relatively young brand and is now developing its brand identity and increasing its brand awareness.

YES NO NO YES Competitive Parity

Reputation

Skypro is building a reputation for a premium footwear product, which puts the aviation professionals' comfort on the center of the equation. Being recognized as the 1st certified footwear for aviation professionals is the proof of the reputation of its quality and superior product.

YES YES NO YES Temporary competitive Advantage

Architecture of Relationships

Network of Associations and Developing Centers

Skypro belongs to associations such as IATA and APICCAPS in order to get a better knowledge and know how of the aviation industry. Also works with developing centers such as CTCP and CITEVE in trials and investigations.

YES NO NO YES Competitive Parity

Customer Portfolio

It includes some of world's top airlines such as Emirates,
Qatar Airways, Etihad Airways, TAP and Ethiopian Airlines. **(Skytrax, 2015)**
But very small presence in the B2C market.

YES

NO

NO

YES

Competitive
Parity

Appendix VIII: Costs per activities

Table VI: Costs of Skypro's primary activities (in €) (Skypro, 2016)

Primary Activities					
Inbound Logistics		Outbound Logistics		Marketing and Sales	
Other renting	456,00	Fuel	2 564,99	Marketing	9 343,76
	17123,2	Freight transport	31 563,87	Events and Fairs	14 319,7
HR logistics	9034	Tolling	983,65	Advertising	5 294,5
Total	17 579,29	Packaging material	3 853,28	Propaganda	405
%	0,9%	Total	38 965,79	Other Adds	4 139,5
		%	1,95%	Travel outside PT	15 987,8
				Travel- hotels	163
				Roads	174
				HR Marketing and commercial	43997,71
				Communication	11 687,4
				Total	105 512,15
				%	5,3%
Service		Operations		Other information	
HR customer support	5927,8	CMVMC	1 292 775,64	Total Revenues	2 002 567,94
Total	5927,8	Total	1 292 775,64	EBITDA	386 041,5
%	0,3%	%	64,6%	Margin	19,28%

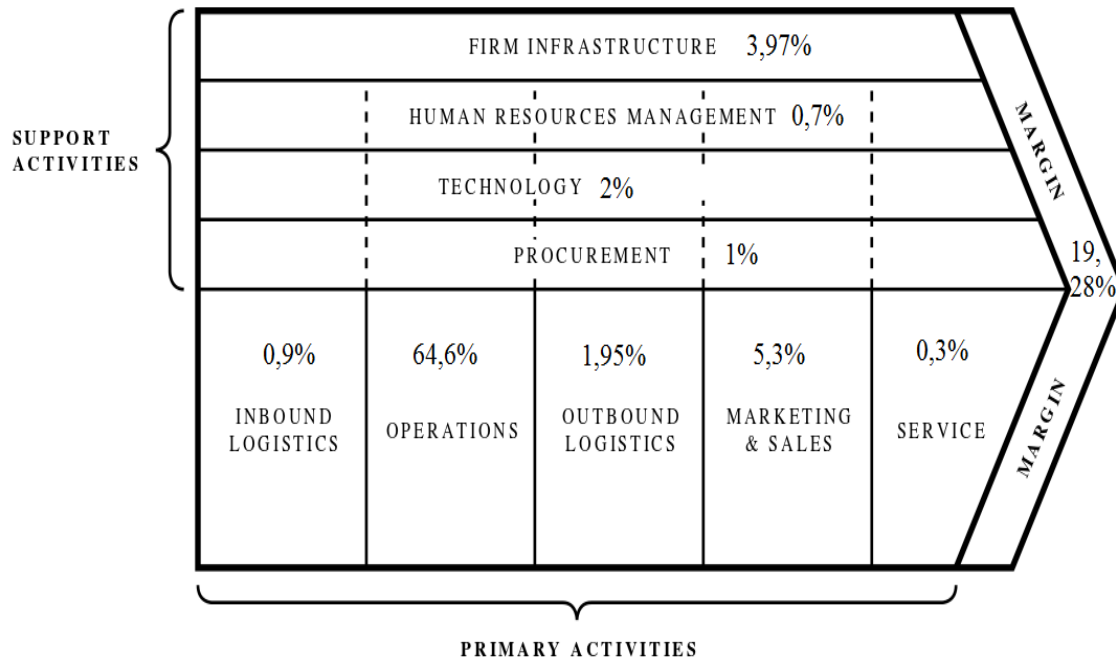
Table VII: Skypro's support activities

Support Activities					
Firm Infrastructure		HRM		Technology	
Electricity and water	411,02	HR	6 797,03	Trials	942,99
Bank expenses	1 718,9	Bonus and commissions	414,06	R&D	14 375,53
Management and accounting	3 600	Other HR expenses	1 304,51	HR	24 711,13
Headquarters rent	2 690,1	Insurance work's accidents	602,2	technology	
Oeiras's office rent	9 000	Other HR expenses	2 387,8	Total	40 029,65
Computer services	2 119,9			%	2,0%

HR GM and finance	32 024,47	Total	11 505,6
Medicine, health etc	60	%	0,7%
Tools and utensils	6 347,7	Procurement	
Office supplies	1 272,8	Travel in PT	18 439,1
Commission Explorer	19 999,9	Total	18 439,1
Cleaning	282,8	%	1%
Total	79 527,76		
	3,97%		

Appendix IX: Value Chain diagram for Skypro

Figure V: Skypro's value chain – Value activities' percentage



Appendix X: List of the companies involved in Skypro's business

Table VIII: Skypro's industry mapping (Skypro, 2016)

Competitors	Suppliers	Outsourcing Manufacturing	Outsourcing Distribution
<p>Comfort Footwear Brands</p> <p>International brands with a greater experience, reputation and awareness in the comfort segment.</p> <p>Unlike Skypro, they do not target a specific customer, but rather a general consumer.</p> <p>Examples: Ecco, Ara, Geox, Piccadilly, Clarks, Aerosoles, Louise M. Shoes, Ecoflex and Hush Puppies</p>	<p>Raw materials and footwear components</p> <p>Currently Skypro purchases a considerable low volume of inputs. Deciding to only buy directly to suppliers when faces a peak of production, in order to prevent lack of materials and components.</p> <p>List: Curtumes Boaventura; Conceria Tirrena; Santori; Onmipel; Technologies S.R.L; Texon; Palmiforra; Forisa; Faria & Irmão .</p>	<p>Footwear</p> <p>Footwear factories, located in the North of Portugal, which are responsible for the production of all Skypro's footwear line.</p> <p>List: SMA – Indústria de Calçado Unipessoal Lda.; SanBru Indústria de Calçado Lda.; COMFORSYST; Fábrica de Calçado da Mata Lda; Ferreira & Oliveira Lda.; Fernanda Oliveira II – Indústria de Calçado S.A and Joaquim José Heitor S.A.</p>	<p>Distribution Partners</p> <p>Companies responsible for the distribution of footwear, accessories and clothing to the B2B and B2C market.</p> <p>List: DHL; TNT; Azcar; Garland; UPS and Tiba.</p>
<p>Footwear for Crews Companies</p> <p>Direct competitors in the aviation footwear segment.</p> <p>Example: Rose-velvet, Crewshoes.com, Trolley Dolly Shoes.</p>		<p>Accessories</p> <p>Portuguese factories located in the north responsible for leather bags, bells and gloves production.</p> <p>List: Zilam; Luvras Ravel and Barbedo Gloves.</p>	
<p>Uniform</p> <p>Multibrand stores such as Crewoutfitters, The Field Shops, Oberhofer and Armstrong Aviation.</p>		<p>Clothing</p> <p>Portuguese factories which manufacturer Skypro's Shirts and underwear lines.</p> <p>List: Confecções Giliana; Primma and Impetus.</p>	

Appendix XI: Skypro's SWOT analysis

Table IX: Skypro's SWOT

Strengths	Weakness
<p>Differentiated product- Skypro exploits a market niche which values firstly quality and comfort. To meet such customers, Skypro explores innovation and product development, taking advantage of technological and technical advances.</p> <p>Low fix costs- Its outsourcing business model grants Skypro with minimal fix costs, providing financial flexibility.</p> <p>High markup- Skypro registers an average profit margin of 39,2%.</p> <p>Product development- Skypro has the ability to offer additional benefits and different characteristics compared to the existing footwear's brands in the market.</p> <p>Quality Management- By prioritizing quality, Skypro puts great effort on maintaining a high level of excellence.</p> <p>Market Knowledge- Partners with IATA, APICCAPS and other associations.</p> <p>Customization- Personalization of the footwear for business customers.</p> <p>Reputation- World's first certified footwear for aviation professionals.</p>	<p>Low presence on the B2C market- The consumers market only represents 3,6% of skypro's business. A market in which the company is able to get twice of the margin percentage as the one of the B2B segment.</p> <p>Low control on production availability- Its outsourcing business model gives little control of product availability and delivery deadlines.</p> <p>Low brand awareness- Young brand with small brand identity and brand awareness, especially in a market when customers are big enterprises.</p> <p>High bargaining power of suppliers- As a consequence of outsourcing production and distribution, the prices that factories and distributions companies charge to Skypro influence greatly its profit potential.</p> <p>Low Economies of scale- Its outsourcing business model does not allow to explore a cost reduction as a consequences of a higher quantity of resources employed.</p>
Opportunities	Threats
<p>Low cost airlines- With small presence on the B2C market, such airlines might provide the match with it.</p> <p>Extend the product line- Explore more its clothing and accessories lines.</p> <p>Latent industries- Explore other professional crews such as navy, cruise and private security.</p> <p>E-commerce- Skypro already has an online sales channel, however the low presence among B2C customers gives it little relevance.</p>	<p>Intense competitive rivalry- International comfort footwear brands and cheap footwear brands are skypro's main competitors. The footwear industry on its own it is already extremely competitive.</p> <p>Rising presence of comfort footwear as substitute</p> <p>Easy to replicate- The benefits perceived in Skypro's products are tangible and easy to replicate</p>

Middle-East and African airlines - Rise of elite Middle-East and African airlines might help to fortify its presence in such geographic markets.

B2C segment- Increase its presence among personal customers, where obtains a higher profit margin and raises general brand awareness.

Increase distribution channels- Currently Skypro is only available through its online channel and direct contact with airlines, experiencing a low customer reach.

Terrorism and fuel prices- Main threat for the airline industry which might decrease the air traffic, affecting negatively the number of professionals in the industry.

Appendix XII: List of the initial bench of countries

Table X: Initial bench of countries for preliminary screening

Antigua and Barbuda	Bahamas	Barbados	Belize
Canada	Costa Rica	Cuba	Dominica
Dominican Republic	El Salvador	Grenada	Guatemala
Haiti	Honduras	Jamaica	Mexico
Nicaragua	Panama	St. Kitts and Nevis	Saint Lucia
Saint Vincent and the Grenadines	Trinidad and Tobago	United States	

Appendix XIII: Description of the variables used for the preliminary screening

Table XI: Description of the macro-level variables used for preliminary screening

Variables used

- 1) **Urban Population (thousand):** Represents a country approximate potential demand.
- 2) **Real GDP per capita Growth Rate:** Estimates a country's economy growth, indicating its economic performance.

- 3) Household final consumption expenditure (US\$):** Estimation of a country's buying power.
- 4) Middle Class Households (% of total):** Wight of the expenditure by middle class households in proportion to total.
- 5) Total Airports:** Refers to the commercial infrastructure of a country.
- 6) Index of Economic Freedom:** Measures the degree of economic freedom of a country.
- 7) Imports as % of GDP:** Suggests a company's receptivity to imports.
- 8) Country Risk Ranking:** Refers to the risk of investing or lending in a country, arising from possible changes in the business environment.

Appendix XIV: Description of the criteria used for preliminary screening

Table XII: Criteria for the preliminary screening: Variables, Dimension, Weights, Code, Score Scale and Source

Variables Used	Dimension	Weights	Code	Score Scale	Source
Urban Population (thousand)	Market Size	0,15	Upop	[0;100] =2; [101;500]=4; [501;3000]=6; [3001;10000]=8; >10000=10	(WorldBank, 2016)
Real GDP per capita Growth Rate	Market Growth Rate	0,10	GDPG	[0;0,5] =2; [0,51;1]=4; [1,01;1,5]=6; [1,51;2,5]=8; >2,5=10	(WorkBank, 2016)
Household final consumption expenditure (US\$)	Market Intensity	0,15	HouseFC	[0;500] =2; [501;1500]=4; [1501;3000]=6; [3001;10000]=8; >10000=10	(Worldbank, 2016)
Middle Class Households (% of Total)	Market Consumption Capacity	0,10	MCHouse	[0;5] =2; [5,1;15]=4; [15,1;20]=6; [20,1;25]=8; >25=10	(Euromonitor, 2016)

Total Airports	Commercial Infrastructure	0,15	Air	[0;10] =2; [11;30]=4; [31;100]=6; [101;200]=8; >200=10	(WorldbyMap, 2016)
Index of Economic Freedom	Economic Freedom	0,15	EF	[0;50[=2; [50;60[=4; [60;70[=6; [70,1;85[=8; >85=10	(Heritage, 2016)
Imports as % of GDP	Market Receptivity	0,05	Imp	[0;10] =2; [10,1;20]=4; [20,1;40]=6; [40,1;50]=8; >50=10	(WorldBank, 2016)
Country Risk Rating	Country Risk	0,15	CRR	D=2; C=4; B=6; BB,A=8; AA=10	(EulerHermes, 2016)

Appendix XV: Preliminary Screening Index

Table XIII: Preliminary screening index

Country	Upop	GDPG	HouseFC	MCHouse	Air	EF	Imp	CRR	Score	Rank
Antigua and Barbuda	21,83 2	2,6 10	898,49 4	N/A 0	3 2	N/A 0	53,8 10	C 4	3,3	16
Bahamas	321,57 4	-0,1 0	6.166,98 8	N/A 0	63 6	70,9 (31) 8	50,3 10	BB 8	5,6	11
Barbados	89,46 2	0,7 4	3.407 8	N/A 0	1 2	68,3 (45) 6	44,3 8	C 4	4,1	14
Belize	157,99 4	-0,2 0	1.199,54 4	N/A 0	47 6	57,4 (118) 4	N/A 0	D 2	3	20
Canada	29.336,79 10	0,2 2	1.000.540,69 10	29,8 10	1.467 10	78,0 (6) 8	33,8 6	AA 10	8,7	2
Costa Rica	3.693,44 8	1,7 8	32.253,24 10	21,2 8	161 8	67,4 (50) 6	N/A 0	BB 8	7,6	4
Cuba	8.778,39 8	N/A 0	N/A 0	N/A 0	133 8	29,8 (177) 2	N/A 0	D 2	3	20
Dominica	50,54 2	2,3 8	412,59 2	N/A 0	2 2	67,0 (53) 6	46,6 8	C 4	3,6	15
Dominican Republican	8.315.32 8	5,7 10	46.336,39 10	24,8 8	36 6	61,0 (88) 6	28,9 6	B 6	7,5	5
El Salvador	4.088,02 8	2,1 8	23.219,90 10	N/A 0	68 6	65,1 (63) 6	42 8	B 6	6,6	7
Grenada	38,02 2	3 10	779,93 4	N/A 0	3 2	N/A 0	40,5 8	C 4	3,2	18
Guatemala	8.428,19 8	2,1 8	50.411,07 10	18,5 6	26 4	61,8 (82) 4	30 8	B 2	6,8	6
Haiti	6.281,51	0,3	N/A	N/A	14	51,3 (150)	49,7	D	3,3	16

	8	2	0	0	4	4	8	2		
Honduras	4.419,48	2,2	15.718,12	N/A	103	57,7 (113)	64	C	6,4	8
	8	8	10	0	8	4	10	4		
Jamaica	1.493,49	0,7	11.835,79	N/A	28	67,5 (48)	6,9	D	4,7	13
	6	4	10	0	4	6	2	2		
Mexico	100.656,07	1,2	882.462,13	25	1.714	65,2 (62)	37,5	AA	8,6	3
	10	6	10	8	10	6	6	10		
Nicaragua	3.486,50	3,8	9.759,75	N/A	147	58,6 (109)	55,5	D	6	10
	8	10	8	0	8	4	10	2		
Panama	2.616,49	4,1	25.005,20	N/A	42	64,8 (66)	N/A	BB	6,4	8
	6	10	10	0	6	6	0	8		
St. Kitts and Nevis	17,81	3,410	436,82	N/A	2	N/A	46	N/A	2,3	23
	2	10	2	0	2	0	8	0		
St. Lucia	34,23	1	802,96	N/A	2	70,0 (38)	50,3	N/A	2	10
	2	4	4	0	2	6	10	0		
St. Vincent and the Grenadines	55,33	1,4	638,53	N/A	6	68,8 (40)	53	N/A	3,2	18
	2	4	6	0	2	6	10	0		
Trinidad and Tobago	114,86	0,6	17.382,25	N/A	3	62,9 (73)	25,2	B	4,9	12
	4	4	10	0	2	6	6	6		
United States	262.332,40	1,6	11,865,941.00	20,9	c	75,4 (11)	15,5	AA	9	1
	10	8	10	8		8	4	10		

Appendix XVI: Description of the variables used for the country overall ranking

Table XIV: Description of the macro and industry level variables used to assess the overall market attractiveness

Macro level Variables

- 9) **Urban Population (thousand):** Represents a country approximate potential demand.
- 10) **Real GDP per capita Growth Rate:** Estimates a country's economy growth, indicating its economic performance.
- 11) **Index of Economic Freedom:** Measures the degree of economic freedom of a country.
- 12) **Imports as % of GDP:** Suggests a company's receptivity to imports.
- 13) **Country Risk Rating:** Refers to the risk of investing or lending in a country, arising from possible changes in the business environment.
- 14) **Ease of Doing Business Ranking:** Index which evaluates regulations for businesses and protections of property rights in each country.

Industry level Variables

- 15) **Total Number of Airports:** Refers to the commercial infrastructure of a country.
- 16) **Airline Market Size Value (million \$):** Measures the entire market value of the airline industry in each country.
- 17) **Airline Market Value Year-on-Year growth rate:** Estimates the economic growth of the airline industry in each country, indicating its economic performance.
- 18) **Airlines IATA members by country:** Allows to evaluate the relevance of each airline inside of the industry.
- 19) **Value of sales of Low Cost Airlines (million \$):** Indicator of the economic performance of a segment of the airline industry in each country.
- 20) **Total number of passengers carried:** Indicator of the dimension of the airline industry.
- 21) **Footwear retail value per capita (million \$):** Measures the entire market value of the footwear industry in each country.
- 22) **Footwear Market Year-on-Year Growth Rate %:** Estimates the economic growth of the footwear industry in each country, indicating its economic performance.

Appendix XVII: Description of the criteria used for country ranking

Table XV: Description of the macro and industry level variables used for country overall ranking

Variables Used	Dimension	Weights	Code	Score Scale	Source
Urban Population (thousand)	Market Size	0,05	Upop	[0;100] =2; [101;500]=4; [501;3000]=6; [3001;10000]=8; >10000=10	(WorldBank, 2016)
Real GDP per capita Growth Rate	Market Growth Rate	0,05	GDPG	[0;0,5] =2; [0,51;1]=4; [1,01;1,5]=6; [1,51;2,5]=8; >2,5=10	(WorldBank, 2016)
Index of Economic Freedom	Economic Freedom	0,05	EF	[0;50[=2; [50;60[=4; [60;70[=6; [70,1;85[=8; >85=10	(Heritage, 2016)
Imports as % of GDP	Market Receptivity	0,05	Imp	[0;10] =2; [10,1;20]=4; [20,1;40]=6; [40,1;50]=8; >50=10	(WorldBank, 2016)
Country Risk Rating	Country Risk	0,05	CRR	D=2; C=4; B=6; BB,A=8; AA=10	Euler Hermes,2015
Ease of Doing Business Rank	Ease of Doing Business	0,05	EDBR	[189; 130]=2; [129;80]=4; [79,40]=6; [39;10]=8; [10;1]=10	(WorldBankGroup, 2016)
Total Number of Airports	Industry Infrastructure	0,08	Air	[0;10] =2; [11;30]=4; [31;100]=6; [101;200]=8; >200=10	(WorldbyMap, 2016)
Airlines Market Size Value (million)	Industry Market Size	0,10	AirMS	[0; 300]= 2; [301; 1000]=4; [1001;3000]=6; [3001;10000]=8; >10000	(Euromonitor, 2016)
Airlines Market Value Year on Year Growth rate	Industry market growth rate	0,08	AirMG	[0;0,5]=2; [0,51;1,0]=4; [1,01;2,5]=6; [2,51;5,0]=8; >5,01=10	(Euromonitor, 2016)
Airlines IATA members by country		0,125	AirMem	[0,1]=2; [2,3]=4; [4,5]=6; [6,7]=8; >8=10	(IATA, 2016)

Value of Sales of Low Cost Airlines (million \$)		0,15	LowAir	[0;200]=2; [201;500]=4; [501;1500]=6; [1501;3000]=8; >3000=10	(Euromonitor, 2016)
Total passengers carried		0,10	Pass	[0;1]=2; [2,01;5]=4; [5,01;20]=6; [20,01;60]=8; >60=10 (millions)	(Euromonitor, 2016)
Footwear Retail value per capita (\$)		0,05	FootV	[0;25]=2; [25,01;50]=4; [50,01;100]=6; [100,01;200]=8; >200=10	(Euromonitor, 2016)
Footwear Market Year-on-Year growth rate (%)		0,025	FootG	[0;0,5]=2; [0,51;1,0]=4; [1,01;2,5]=6; [2,51;5,0]=8; >5,01=10	(Euromonitor, 2016)

Appendix XVIII: Country Ranking Index

Table XVI: Overall country ranking index

Country	Upop	EF	Imp	CRR	EDBR	Macro Score	Total Score	Rank
Canada	29.336,79 10	78,0 (6) 8	33,8 6	AA 10	14 8	2,2	7,95	2
Costa Rica	3.693,44 8	67,4 (50) 6	N/A 0	BB 8	58 6	1,8	4,2	4
Dominican Republican	8.315.32 8	61,0 (88) 6	28,9 6	B 6	93 4	2,0	3,7	5
Guatemala	8.428,19 8	61,8 (82) 4	30 8	B 2	81 4	1,9	3,2	6
Mexico	100.656,07 10	65,2 (62) 6	37,5 6	AA 10	38 6	2,2	7,8	3
United States	262.332,40 10	75,4 (11) 8	15,5 4	AA 10	7 10	2,5	9,15	1

Country	Air	AirMS	AirMG	AirMem	LowAir	Pass	FootV	FootG	Industry Score
Canada	1.467 10	14.758,0 10	0,1 2	4 6	4.504,9 10	80.228.302 10	176,5 8	4 8	5,75
Costa Rica	161 8	323 4	6,6 10	1 2	N/A 0	1.617.076 4	N/A 0	N/A 0	2.4
Dominican Republican	36 6	1.347,3 6	2 6	0 0	N/A 0	14.463 2	N/A 0	N/A 0	1,7
Guatemala	26 4	201,4 2	4,2 8	0 0	N/A 0	93.129 2	N/A 0	N/A 0	1,3
Mexico	1.714 10	5.468,8 8	9,2 10	4 6	2557.24 8	45.560.063 8	95,5 6	5,3 10	5,6
United States	1.714 10	168.005 10	2,2 6	9 10	31.881,5 10	798.230.000 10	236,7 10	4,8 8	6,65

Appendix XIX: States of west coast of the US

Table XVII: 18 states of the west coast to consider

Washington	Montana	North Dakota	South Dakota
Oregon	Idaho	Wyoming	Nebraska
California	Nevada	Utah	Colorado
Kansas	Arizona	New Mexico	Texas
Alaska	Hawaii		

Appendix XX: US's PESTEL analysis

Political

The year of 2016 was marked by a massive political buzz as a consequence of the 8th of November elections. The uncertainty coming from the presidential election focused on the topics related to the macroeconomic, security and international policies. Nonetheless, the US has a strong democracy and a well-defined political regime. The biggest concern for the American people is terrorism, which has raised questions about the national security policies and was in the center of the discussion of the 2016 presidential election. Nonetheless, the country experiences macroeconomic stability, especially in recent years since the 2007-2008 financial crisis. The recovery from the crisis has raised both US's Gross Domestic Product and employment. Moreover, in terms of political corruption, the US ranks 16th out of 168 countries in the Corruption Perception Index, accounting a score of 76 points, from 0 to 100 (International, 2016) . This shows that the US experiences a relatively clean public sector.

However, when questioned about which institutions the American population perceives as the most corruptive, they mention political parties, followed by the parliament and public officials. Private sector, in which its inserted Skypro, also shows a high degree of corruption. Moreover, the very low political restriction is applied to the business regulations, with economic freedom afforded to the private sector by allowing it to make the majority of its economic decisions. Lastly, in relation to international trade policies, the US has a small openness index, with total trade accounting for just 28% of its GDP. In this sense, it is expected that the closing of the Transatlantic Trade and Investment Partnership, a trade agreement between the US and the European Union, will boost trade between the two regions by increasing the American trade openness.

Economical

The US is the largest economy in the world and has shown positive evolution in terms of its GDP in recent years. It also has a high standard of living, which can be seen by the fact of its GDP per capita being ranked 9th worldwide (WorldBank, 2016). Recognizable as one of the most technological advanced economies in the world, the services industry dominates the economy, as well as the private sector. Real estate, professional and business services, financial services, health care and manufacturing are the biggest industries in the economy. Moreover, the country has a high level of living, with a GDP per capita of \$55.836,8 (WorldBank, 2016) and its unemployment rate stands at 4,9%.

When it comes to economic concerns, Americans are worried with its trade deficit, which is driven mainly by consumer's products and automobiles imports. In total, the US economy faces a relatively stable period with unemployment continue to fall, inflation and interest rates in stable figures and the price of oil and energy continue to fall as well. Moreover, the

international trade agreements to be finalized are also hoping to help to boost the economy even more. Other negative aspects of the American economy are many related to the uncertainty from the 2016 presidential elections. However, a major economic concern for the US is related to the shortage of skilled labor that the country experiences, a fact that is sustained by the rise of employment aligned with a wage growth.

Societal

The 3rd biggest country in terms of total population, the US is following similar social and demographic trends as the world's most developed countries: aging population, the rise of the urbanization and of the women's role in the labor force and leadership positions. The US ranks 8th in the Human Development Index, with a score of 0,915. This shows that the country is well advanced in terms of health (life expectancy), education (expected years of schooling), income (GDP per capita), gender equality, employment, security and among other human development indicators. Moreover, one of the biggest critics of the US government stands in the fact that health care is provided by private organizations. Lastly, in terms of social trends, the US has become a more and more cosmopolitan society lifestyles and diversity, as a consequence of the rise of the urbanization in the country (WorldBank, 2016).

Technological

As mentioned previously, the US is one of the most technological advanced countries and its recognized as the world's leader in science and technological breakthroughs. In that sense, the country invests greatly in Research & Development, ranking 1st on total R&D expenditure, which represents 2,73% of its GDP. Moreover, the country exhibits a well-developed infrastructure in terms of transportation, energy and telecommunications. Lastly, some of the world's most powerful companies consist of American tech companies such as

Apple, Microsoft, Google, IBM etc. In fact, the country has many tech hubs spread all over its territory, which include Silicon Valley, Austin and the Research Triangle.

Environmental

The US is the 2nd biggest country in terms of CO2 emissions (WorldBank, 2016). Aware of the environment threats that they face, an environmental movement started in the US which lead to the development of an environmental policy. In the last 30 years there have been significant achievements in terms of environmental regulation, including increases in air and water quality, as well as a control of hazardous waste. Modifications in the US' energy policy and limits on the use of gas have been applied, due to the increase awareness and self-conscious attitude regarding the global warming.

Legal

The US' legal system is quite complex, especially when compared to European Union countries, which exhibit a more simplified one. When it comes to corporate taxation, the country has one of the highest tax rates in the world, with a corporate income tax rate of approximately 40% (tradingeconomics, 2016). Nonetheless, it ranks on the 11th position on the Index of Economic Freedom (Heritage) and 8th on the Ease of Doing Business Ranking, showing a liberal and efficient legal system.

Appendix XXI: US Top 10 Airlines

Table XVIII: Analysis of the top 10 airlines operating in the US regarding market share and respective hubs (Euromonitor, 2016)

Top 10	Airlines	Market share	Hubs on the west coast
1	America Airlines	20,9	3- Phoenix Sky Harbor International Airport; Dallas International Airport; Los Angeles International Airport
2	Delta Air Lines	19	0
3	United Airlines	16,9	4- San Francisco International; Los Angeles International; Denver International Airport; George Bush Intercontinental Airport (Huston)
4	Southwest	11,2	1- Dallas International Airport
5	JetBlue Airways	3,6	1- Oakland International Airport
6	Alaska Airlines	2,6	4- Los Angeles International; Portland International Airport; Tacoma International Airport (Seattle); Ted Stevens International Airport
7	British Airways	1,8	0
8	Lufthansa	1,5	0
9	Virgin America	0,8	2 San Francisco International and Los Angeles International
10	Air France	0,8	0

Appendix XXII: Interview Questions

- 1- Does your airline offer uniforms to pilots and flight attendants?
- 2- Does your airline offer shoes to pilots and flight attendants?
- 3- If NO to questions above, where do you buy your uniforms and shoes?
- 4- Does your airline have a recommendation list regarding product specifications brands for your uniforms and shoes?
- 5- What is the price range you are willing to spend in shoes for working?
- 6- What characteristics do you value the most regarding footwear for working purpose?

7- Could you recommend a physical or online store specialized in aviation products to purchase footwear?

8- What is your impression of Skypro's footwear products and its respective price?

Appendix XXIII: Interview Answers

Nº of participants: 4

1- - Yes.

- Uniforms yes.

- Uniforms yes.

- Uniforms yes, and the same applies for all the main airlines in the US. We have a yearly budget to spend in clothing and accessories available in an internal platform.

2- - No, and I have worked in 3 airlines and none of them offered shoes. US airlines do not supply crew shoes. It is up to the individual to purchase appropriate footwear.

- No.

- No.

- No, the yearly budget that we have does not include footwear.

3- - Me and the majority of my colleagues buy them at Clarks. Other regular shoe's stores are also an option.

- I purchase shoes regularly, about 2 or 3 times per year and I have some preferred brands such as Aerosoles and easy spirit. We have 2 shoes per flight, for the outflight and inflight.

- Aldo, Aerosoles, Hush puppies etc.

- Normal shoe's brands which have comfort footwear, Aerosoles, Hush Puppies etc.

- 4- - There is zero price and brand recommendations, the only requirement is usually that out must be a leathery look, and can be polished.
 - There are no brand recommendation but there are some specific recommendations regarding look and heels.
 - Airlines do not suggest a specific brands. The specifications that exist are regarding the heels, which must be lower than 3 inches and the look, must be black and cannot be suede.
 - The purchase is up to the individual choice, just needs to comply with the standard recommendations.
- 5- - Between \$60-\$100.
 - \$90-\$100.
 - \$100.
 - Around \$100.
- 6- - Comfort and price/quality relationship.
 - Comfort.
 - Comfort, style and affordability
 - Quality, price and design.
- 7- - Not that I know.
 - I know that do exist some specialized stores but I think they target more regional airlines which do not offer uniforms. I prefer buying on well-known shoe's brands.
 - No.
 - No.
- 8- - Expensive even though the shoes look good.

- Because I do not know the brand I cannot talk about the products. The prices are expensive.
- The shoes looks good. If it is as good quality as they promise the price should not be a problem.
- I like the design but for trying out the price is a bit expensive.

Appendix XXIV: Porter 5 forces of the US supplying industry

Bargaining power of buyers: high, both when it comes to the B2B and to the B2C segment.

When specialized brands of aviation professionals negotiate directly with airlines, they face an extremely powerful customer which benefits, in most of the cases, of a high quantity/low price per unit situation, decreasing the profit margin per unit. On the other hand, when the industry plays out as a B2C market, buyers see themselves with a wide range of choices, where prices vary a lot. Additionally, low switching costs and high replacement of products increase even more buyers' power as the purchase of uniforms and shoes occurs regularly. Also of noticing, the B2C market occurs more on skypro's core business, footwear for aviation professionals.

Bargaining power of suppliers: medium-high, mainly due to the outsourcing production model which characterizes the majority of the brands inside the clothing and footwear market. Besides a few expectations, namely international footwear brands which offer standard comfort footwear, footwear and clothing providers prefer to focus on the product development and design, as taking over the manufacturing does not represent a valuable increase on the profit margin. Therefore, there is a relatively high dependency concerning factories and other suppliers, both in terms of availability and terms of negotiation.

Threat of new entrants: medium-low. The industry is not characterized by a large number of brands which target this niche, as a high market knowledge, know-how and a differentiated value proposition is needed to triumph in this market. Therefore, entering this niche market is perceived as a risk, making the threat of new specialized brands low. However, with the industry tending to become more and more as a B2C segment, as a consequence of the growth of low-cost airlines and the number of aviation professionals, regular footwear and clothing brands are becoming noticeable in the industry.

Threat of substitutes: high as mentioned throughout of this paper, but mainly concerning footwear, where is less frequent airlines in the US granting it to its cabin crews. Additionally, as uniforms are in many cases customized, in opposition to shoes which are not, the footwear market is marked by an intense threat of substitutes. In that sense, concerning footwear the industry is characterized by regular clothing and footwear brands such as Hush Puppies, Piccadilly, Clarks etc...

Competitive rivalry: high, mainly for the same reasons as the ones which make the threat of substitutes high, the intense presence of comfort footwear and regular clothing brands. Thus, competitive rivalry is increased by such situation.

Appendix XXV: West Cost States- Airline Analysis

Table XIX: West cost airline analysis regarding large airports, US Top 10 airlines hubs and aviation professionals (flight attendants, commercial pilots and air controllers)

States	Large Airports (Federal Aviation Administration, 2016)	US Top 10 Airlines Hubs or Base	N° of flight attendants (US Bureau of Labor Statistics, 2016)	N° of commercial pilots (US Bureau of Labor, 2016)	Air controllers (US Bureau of Labor, 2016)
Washington	1 Seattle-Tacoma International	1- Alaska Airways	2,75	1.030	710
Montana	0	0	N/A	350	110
North Dakota	0	0	N/A	260	120
South Dakota	0	0	N/A	280	50
Oregon	1 Portland International	1- Alaska Airways	730	580	N/A
Idaho	0	0	N/A	200	90
Wyoming	0	0	N/A	90	N/A
Nebraska	0	0	N/A	270	70
California	3 Los Angeles ;San Francisco International;San Diego International	5- Virgin, Alaska, JetBlue, United, America	11.780	4.080	2.340
Nevada	1 McCarran International (Las Vegas)	0	N/A	600	220
Utah	1 Salt Lake City International	0	N/A	290	N/A

Colorado	1 Denver International	1- United Airways	3.090	540	680
Kansas	0	0	N/A	510	440
Arizona	1 Phoenix Sky Harbor International	1- America Airlines	4.600	1.450	610
New Mexico	0	0	N/A	280	330
Texas	2 George Bush Houston; Dallas International Airport	3- America, United and Southwest	13.600	4.020	2000
Alaska	1- Ted Stevens International Airport	1- Alaska Airways	480	590	500
Hawaii	0	0	N/A	270	240

Appendix XXVI: Entry modes analysis

Table XX: Analysis of the different entry modes

Internationalization strategies
<p>International Transactions</p> <p>Transactions that involve the exchange of products, in a home-based international trade activities such as the following:</p> <p>Global sourcing: strategy of buying products and services from foreign sources. It represents an inbound flow, more known as import. Not the case of Skypro.</p> <p>Exporting: strategy of producing products or services in one country and selling/distributing them to customers located in other country. It maximizes flexibility and minimizes risk, represents limited expense and knowledge of foreign markets but also grants low control. Most common international strategy and preferred foreign market entry mode, mainly by small and medium-sized enterprises. Additionally, it increase the sales volumes and market share, explores economies of scale, leverages foreign business partners and diversifies the customer base. It can have two forms, direct and indirect exporting, where in the former the firms conducts the activities to take place in the foreign market by itself, and in the latest there is the involvement of a third party.</p> <p>Countertrade: international transaction where all or partial payments are made in any kind rather than cash. For such reason does represent a valid option for Skypro.</p>
<p>Contractual relationships</p> <p>Business relationships sealed by a contractual form which defines rights and obligations for both parties.</p> <p>Licensing and Franchising: business arrangement in which it is allowed to use intellectual property in return of fees, royalties and other compensations. Both have moderate risk, control, flexibility and commitment of resources. This means that they are an in-between strategy when compared to international transactions and equity or ownership-based international business activities.</p>

Equity or ownership-based international business activities

The firm establishes a presence in a foreign market by investing capital and securing ownership of a business unit or asset.

FDI: The firm establishes a physical presence abroad through acquisition of productive assets. It is a high control strategy for entry modes. Enables the company to have direct access to customers and partners. Usually occurs when significant value chain activities must be performed in the foreign market. It is perhaps the international strategy which provides a higher degree of control and also a commitment of resources. Flexibility is minimal and risk is maximum. For such reasons does not seem adequate for Skypro.

Collaborative ventures: Cross-border business alliance in which partnering firms pool their resources and share costs and risks. Include joint ventures in which the firm makes similar equity investments abroad but in partnership with another company, and contractual strategic alliances. Practically it is similar to FDI, however it has a lower commitment of resources, risk and control and a few more flexibility do the share of the ownership.

Appendix XXVII: Online Commerce

Table XXI: List of the online stores to sell

Skypro's products

Specialized	General
Cew Outfitters	zappos.com
The Field Shops	shoes.com
M&H Uniforms	online shoes
	DSW
	Macy's

Appendix XXVIII: Specialized stores per state

Table XXII: List of specialized stores per state in the west coast of the US (Crew Outfitters, 2016) (Tarp Tailors, 2016)

State	N° of specialized stores	Description
Texas	3	Crew outfitters at Dallas/Ft. Worth International Airport; Crew outfitters at Ft.Worth - American Airlines Flight Academy; Crew outfitters at George Bush Intercontinental Airport
Utah	1	Crew outfitters at Salt Lake city international airport
California	2	M & H Uniforms at San Mateo; Tarp Tailors at Los Angeles

Appendix XXIX: Crew Outfitters in the west coast

Table XXIII: List of Crew Outfitters stores in the west coast of the US (Crew Outfitters, 2016)

State	N° of specialized stores	Description
Texas	3	Crew outfitters at Dallas/Ft. Worth International Airport; Crew outfitters at Ft.Worth - American Airlines Flight Academy; Crew outfitters at George Bush Intercontinental Airport
Utah	1	Crew outfitters at Salt Lake city international airport

Appendix XXX: Airport analysis

Table XXIV: Analysis of the large airports in the US regarding airlines served, aviation professionals, presence of specialized stores, traffic and renting price.

States	Large Airports	US Top 10 Airlines Hubs or Base	Aviation professionals	Specialized stores	Passenger traffic	Price per m ²
Washington	1-Seattle-Tacoma International	1- Alaska Airways	2015	0	42 340 537	5 747,4
Oregon	1-Portland International Airport	1- Alaska Airways	1310	0	16 850 952	3 944,1
California	3-Los Angeles International Airport; San Francisco International Airport; San Diego International Airport	5- Virgin, Alaska, JetBlue, United, America	18200	2	74 936 256 50 067 094 N/A	5 312,48 11 934,74
Nevada	1-McCarran International Airport (Las Vegas)	1- United Airways	820	0	45 389 074	1 729,32
Utah	1-Salt Lake City International Airport	1- America Airlines	290	1	N/A	2 068,7
Colorado	1-Denver International Airport	3- America, United and Southwest	4310	0	54 014 502	3 892,89
Arizona	1-Phoenix Sky Harbor International Airport	1- Alaska Airways	6660	0	44 006 206	1 838,48

Texas	2-George Bush Houston International Airport; Dallas-Fort Worth International Airport	3- America, United and Southwest	19620	4	43 023 224 64 174 163	1 947,25 2 098,01
Source	(Federal Aviation Administration, 2016)	(Airlines, 2016)	(US Bureau of Labor, 2016)		(Airports Council International, 2016)	(Numbeo, 2016)

Appendix XXXI: Promotion activities

Table XXV: Promotion activities to take place per activity and respective description.

Promotion Activity	Description
Airline online platforms	Google ads on footwear and aviation's products searches and specialized forums such as airlineupdate.com and airlineforums.com.
Airline magazines	Advertisement on airline magazines such as Iflymagazine; Hemispheres and Sky.
IATA premium membership	IATA premium membership will grant Skypro a higher awareness among the companies in the industry with participation in special fairs and in recommendations list.

Appendix XXXII: Pricing strategy

Table XXVI: Pricing strategy's variables: Unit Cost; Unit Sales Prices; Customers willingness to pay and price of competitors

Skypro's pricing drivers	Customers willingness to pay (from interview)	Competitors' price
Avg unit cost: \$27,69	Minimum: \$60	Lower competitor's price: \$60
Avg unit sales price: \$139,95	Maximum: Around \$100	Higher competitor's price: \$330
Lower product's price: \$134,95		Avg competitor's price: \$150
Higher product's price: \$229,95		
Avg profit margin: \$112,26 80,21 %		

Appendix XXXIII: Balanced scoreboard - Memo

Table XXVII: Summary of the project's objectives, targets to reach and respective KPI's

	Objectives	Target	Measurement
Customer	Become the US leading footwear brand for aviation professionals	95 % of consumer satisfaction	Product reviews on Skypro's online store Market share (over 4 stars)
	Create brand awareness in the West Coast of the US		Number of visits in Skypro's online store.
Financial	Sales/Revenues increase	10% yearly profit increase	Value of revenues
	Increase presence among the B2C segment.	B2C segment to reach 20% in overall customer distribution	Sales' unit volume Percentage of each customer segment
Internal	Increase presence in retailer partners	15% yearly increase in orders made by retail partners Accessories and uniforms pieces introduced	N° of units ordered by partners
	Increase presence in IATA fairs Extent the product line in the US		Skypro's products added in retail partners
Learning	Obtain knowledge about US market Innovation	Introduce new distinctive features in the footwear Adapt product to US's characteristics	N° of new features added over the course of the project Exclusively US product introduced

Appendix XXXIV: WACC calculation

Table XXVIII: Summary of Skypro's discount rate: formulas, values and variables

$R_s = R_e \times \left(\frac{E}{E + D} \right) + (1 - t)R_d$ $\times \frac{D}{D + E}$	$R_e = R_f + \beta l(R_m - R_f + CRP)$	$R_d = I_r / D$
Rs: Cost of capital = 6,58%	CRP: Country risk premium of USA = 0	Equity = 3280643,91€
Re: Cost of equity = 7,63%	E: equity ratio = 0,8	Debt = 821836,06€
Rf: Risk free rate - 10 year German bond = 0,64%	D: Debt ratio = 0,2	Interest = 32061,57€
Rm: Return of the market - S&P500 10 year avg return = 7,23%	Rd: cost of debt = 3,9%	Ir = Interest
Bl: Beta leverage of Apparel sector USA= 1,06	t: Tax rate = 38,9%	

Appendix XXXV: Sources for WACC calculation

Table XXIX: Sources for the variable used for the calculation of the WACC (discount rate)

Riskfree rate – German 10 y bond (Bloomberg, 2016)	Equity (Skypro, 2015)
Return of the market S&P 500 (Moneychimp, 2016)	Debt (Skypro, 2015)
β l= Beta leverage of Apparel sector USA (damodaran, 2016)	Interest (Skypro, 2015)
CRP: Country risk premium of USA (Damodaran, 2016)	USA Coportate tax rate (tradingeconomics, 2016)

Appendix XXXVI: Skypro's west coast potential demand

Assumptions:

- Demand will be determined by the number of registered commercial pilots and flight attendants;
- Footwear is purchased twice per year;
- Flight attendants wear two pairs of shoes per flight, buying four pairs per year
- Commercial pilots wear one pair of shoes per flight, buying two pairs per year.

Formula:

Total Potential demand

$$\begin{aligned} &= N^{\circ} \text{ of flight attendants} \times N^{\circ} \text{ of pair of shoes wear} \\ &\times \text{Frequency of purchase} + N^{\circ} \text{ of commercial pilots} \\ &\times N^{\circ} \text{ of pair of shoes wear} \times \text{Frequency of purchase} + \\ &= N^{\circ} \text{ of flight attendants} \times 2 \times 2 + N^{\circ} \text{ of commercial pilots} \times 2 \end{aligned}$$

Table XXX: Flight attendants and commercial pilots per state (US Bureau of Labor, 2016)

States	N° of flight attendants	N° of commercial pilots
Washington	275	1030
Montana	N/A	350
North Dakota	N/A	260
South Dakota	N/A	280
Oregon	730	580
Idaho	N/A	200
Wyoming	N/A	90
Nebraska	N/A	270
California	11780	4080
Nevada	N/A	600
Utah	N/A	290
Colorado	3090	540
Kansas	N/A	510
Arizona	4600	1450
New Mexico	N/A	280
Texas	13600	4020
Alaska	480	590
Hawaii	N/A	270
Total 169600	138220	31380

Appendix XXXVII: Sales estimation – Optimistic Scenario

Assumptions:

- Potential demand will vary across the different sale channels;
- Potential demand will assume an average growth rate for the 5 years of the project equal to the average growth rate of the US airline industry, 2,2%;

- Potential demand for the two E-commerce channels, Skypro's online store and E-commerce retailers will equal total potential demand with an annual average growth rate of 2,2%;
- Potential demand for retail distributors will equal the total n° of flight attendants and commercial pilots in the respective states, Texas, California and Utah, multiplied by the frequency of purchasing and pair of shoes used stated above;
- Potential demand for Skypro's airport store will equal the total n° of flight attendants and commercial pilots in California, multiplied by the frequency of purchasing and pair of shoes used stated above;
- An annual average sales growth rate for the five years was assumed, which varies across the different sales channel;
- To simplify the model there will not be a distinction between men and women shoes sold. For the sales estimation it will be the average sales price and average unit cost from the sales made so far in the US (Skypro, 2016).

Table XXXI: Sales Estimation for the optimistic scenario in Skypro's online store, E-commerce, retailer distributors and Skypro's airport store

Sales Estimation: Skypro online store					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Potential Demand	169600	173331,2	177144,5	181041,7	185024,6
Avg Sales growth rate	19%				
Market share %	0,5%	0,61%	0,73%	0,87%	1,03%
Sales units	848	1055,78	1286,18	1566,85	1908,78
Avg sales price	\$139,95	\$139,95	\$139,95	\$139,95	\$139,95
Total Revenue	\$118.677,60	\$147.756,57	\$180.000,60	\$219.281,05	\$267.133,44

**Sales estimation:
Ecommerce**

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Potential Demand	169600	173331,2	177144,5	181041,7	185024,6
Avg Sales growth rate	28%				
Market share %	0,50%	0,64%	0,82%	1,05%	1,34%
Sales unit E-commerce	848	1109,75	1452,30	1900,58	2487,24
Avg sales price	\$139,95	\$139,95	\$139,95	\$139,95	\$139,95
Margin retailers (%PVP)	20%	20%	20%	20%	20%
Total Revenue	\$94.942,08	\$124.247,95	\$162.599,68	\$212.789,49	\$278.471,44

Sales estimation: Retail

N° of potential stores	6				
States of the stores	Texas, California and Utah				
	Year 1	Year 2	Year 3	Year 4	Year 5
N° of airline Professionals year 1	33 770				
Total Potential Demand	118 300	120 902,6	123 562,5	126 280,8	129 059
Avg Sales growth rate	14,4%				
Market share %	2,50%	2,86%	3,27%	3,74%	4,28%
Sales unit Retail	2.957,50	3.457,81	4.042,77	4.726,67	5.526,27
Margin retailers (%PVP)	64%	64%	64%	64%	64%
Total Revenue	\$149.004,77	\$174.211,60	\$203.682,63	\$238.139,21	\$278.424,75

**Sales estimation:
Skypro store**

State	California				
	Year 1	Year 2	Year 3	Year 4	Year 5
N° of airline professionals year 1	15860				6030
Total Potential Demand	55280	56496,2	57739,1	59009,3	7,5
Avg Sales growth rate	7,2%				
Market share			5%	5,4%	5,7%
Sales unit Skypro store			2887	3162,9	3465,2
Avg unit price			\$139,95	\$139,95	\$139,95
Total Revenue			\$404.029,18	\$442.647,91	\$484.957,9

Total units sold	4.653,50	5.623,35	9.668,20	11.357,01	13.387,52
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Appendix XXXVIII: Sales estimation – Conservative Scenario

Assumptions for the conservative scenario are the same as in the optimistic scenario, changing only the market share and average sales growth rate predictions.

Table XXXII: Sales Estimation for the optimistic scenario in Skypro's online store, E-commerce, retailer distributors and Skypro's airport store

Sales Estimation: Skypro online store					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Potential Demand	169600	173331,2	177144,5	181041,7	185024,6
Avg Sales growth rate	12,5%				
Market share %	0,25%	0,29%	0,34%	0,41%	0,49%
Sales units	424	433,3	442,9	452,6	462,6
Avg sales price	\$139,95	\$139,95	\$139,95	\$139,95	\$139,95
Total Revenue	\$59 338,8	\$60 644,25	\$61 978,43	\$63 341,95	\$64 735,48

Sales estimation: Ecommerce					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Potential Demand	169600	173331,2	177144,5	181041,7	185024,6
Avg Sales growth rate	18%				
Market share %	0,35%	0,41%	0,48%	0,57%	0,67%
Sales unit E-commerce	593,6	712	856	1027,9	1234,4
Avg sales price	\$139,95	\$139,95	\$139,95	\$139,95	\$139,95
Margin retailers (%PVP)	20%	20%	20%	20%	20%
Total Revenue	\$66 459,5	\$79 807,8	\$95 837,2	\$115 086,2	\$138 201,2

Sales estimation: Retail					
N° of potential stores	6				
States of the stores	Texas, California and Utah				
	Year 1	Year 2	Year 3	Year 4	Year 5
N° of airline Professionals year 1	33 770				
Total Potential Demand	118 300	120 902,6	123 562,5	126 280,8	129 059
Avg Sales growth rate	10%				
Market share %	1,50%	1,7%	1,9%	2,2%	2,5%
Sales unit Retail	1 774,5	2 197,9	2 569,7	3 004,4	3 512,7

Margin retailers (%PVP)	64%	64%	64%	64%	64%
Total Revenue	\$89 402,9	\$110 734,4	\$129 467,1	\$151 368,8	\$176 975,5
Sales estimation:					
Skypro store					
State	California				
	Year 1	Year 2	Year 3	Year 4	Year 5
N° of airline professionals year 1	15860				
Total Potential Demand	55280	56496,2	57739,1	59009,3	60307,5
Avg Sales growth rate	5,2%				
Market share			2,5%	2,6%	2,8%
Sales unit Skypro store			1485,8	1597,5	1717,5
Avg unit price			\$139,95	\$139,95	\$139,95
Total Revenue			\$207 944,6	\$223 570,4	\$240 370,3
Total units sold	2 792,1	3 344,1	5 354,4	6 082,45	6 927,2

Appendix XXXIX: Costs of the project

Table XXXIII: Project's cost per category, infrastructure, human resources and advertising

Infrastructure Costs	
	\$2,769 (10% avg cost) per order plus \$0,3 per unit
Transportation unit cost to US	Frequency of transport: 3 times per year
Shipping cost E-commerce	\$12,5 per unit (order)
	\$300 per order of 55 pairs for optimistic scenario and \$216 per order of 30 pairs for conservative scenario
Shipping cost Airport store	Frequency of transport : 55 times per year
Avg cost per unit	\$27,69
Management Company	\$3000 monthly + 5% sales in the year 0
	\$4000 monthly +2,5% sales from year 1
CMVMC	\$27,69 per unit sold
Airport store rental	\$60000 yearly (\$5000 monthly)
HR costs	
Commercial Professional	\$125 000 annually
Advertising costs	
Online Ads	\$3000 year 1 with 5% avg growth
IATA premium partner	\$25 000 yearly
	\$3000 yearly (4 magazine covers)
Airline magazines	Average of \$750 per magazine cover

Appendix XL: Profit and Loss statement for Optimistic scenario

Table XXXIV: P&L statement and NPV calculation for the optimistic scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenue						
E-commerce		\$118 677,6	\$147 756,6	\$180 000,6	\$219 281,2	\$267 133,4
E-commerce retailer		\$94 942,1	\$124 247,9	\$162 599,7	\$212 789,5	\$278 471,4
Retail distributor		\$149 004,8	\$174 211,6	\$203 682,6	\$238 139,2	\$278 424,8
Skypro store		-	-	\$404 029,2	\$442 647,9	\$484 958
Operating income		\$362 624,5	\$446 216,1	\$950 312,1	\$1 112 857,7	\$1 308 987,6
General & Administrative	\$3 000	\$22 131,2	\$26 310,8	\$51 515,6	\$59 642,9	\$69 449,4
Shipment Cost (PT to US)		\$9 703,1	\$9 994	\$11 207,5	\$11 714,1	\$12 323,3
CMVMC		\$128 855,4	\$155 710,5	\$267 712,4	\$314 475,6	\$370 700,3
Transportation (in the US)				\$15 747	\$17 252,2	\$18 901,2
HR		\$125 000	\$125 000	\$125 000	\$125 000	\$125 000
Marketing & Sales Cost		\$31 000	\$31 150	\$31 307,1	\$31 472,9	\$31 646,5
Airport store				\$60 000	\$60 000	\$60 000
Operating costs	\$3 000	\$316 689,7	\$348 165,3	\$562 490	\$619 557,7	\$688 020,7
Net profit before taxes	-\$3 000	\$45 934,8	\$98 050,8	\$387 822,1	\$493 300	\$620 966,9
Taxes	\$0,0	\$17 868,6	\$38 141,8	\$150 862,8	\$191 893,7	\$241 556,1
Net profit after taxes	\$0,0	\$28 066,1	\$59 909	\$236 959,3	\$301 406,3	\$379 410,8
Discount rate	6,58%					
NPV	\$733 130,05					

Appendix XLI: Profit and Loss statement for Conservative scenario

Table XXXV: P&L statement and NPV calculation for the conservative scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenue						
E-commerce		\$59 338,8	\$60 644,3	\$61 978,4	\$63 342,0	\$64 735,5
E-commerce retailer		\$66 459,5	\$79 807,8	\$95 837,2	\$115 086,2	\$138 201,2
Retail distributor		\$89 402,9	\$110 734,4	\$129 467,1	\$151 368,8	\$176 975,5
Skypro store		-	-	\$207 944,6	\$223 570,4	\$240 370,3
Operating income		\$215 201,1	\$251 186,5	\$495 227,3	\$553 367,2	\$620 282,5
General & Administrative	\$3 000,0	\$14 760,1	\$16 559,3	\$28 761,4	\$31 668,4	\$35 014,1
Shipment Cost (PT to US)		\$9 144,6	\$9 310,2	\$9 913,3	\$10 131,7	\$10 385,1
CMVMC		\$77 313,2	\$92 596,7	\$148 263,7	\$168 423,0	\$191 813,1
Transportation (in the US)				\$3 209,4	\$3 450,6	\$3 709,9
HR		\$125 000,0	\$125 000,0	\$125 000,0	\$125 000,0	\$125 000,0
Marketing & Sales Cost		\$0,0	\$0,0	\$0,0	\$0,0	\$0,0
Airport store				\$60 000,0	\$60 000,0	\$60 000,0
Operating costs	\$3 000,0	\$226 217,9	\$243 466,2	\$375 147,9	\$398 673,7	\$425 922,2
Net profit before taxes	-\$3 000,0	-\$11 016,8	\$7 720,2	\$120 079,5	\$154 693,5	\$194 360,3
Taxes	\$0,0	\$0,0	\$3 003,2	\$46 710,9	\$60 175,8	\$75 606,2
Net profit after taxes	\$0,0	\$0,0	\$4 717,1	\$73 368,5	\$94 517,7	\$118 754,2
Discount rate	6,58%					
NPV	\$210 532					

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