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# “A Marketing Plan for **Lightning Bolt**”

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<sup>1</sup> Annexes are additional information which is not needed for the text comprehension- Available at Booklet 2

## **1. Executive Summary**

This project had as main goal to improve the perception of male surfers about the surf brand *Lightning Bolt*. It was proposed the creation of a collection of wetsuits as well as the “A Pure Source” Project to show the commitment of the brand with the surf community. To promote both several promotional activities are suggested such as the use of magazines, radio, banners and social media. To complement the distribution chain of the brand, a concept store and a mobile store are also recommended.

With this project the brand will be able to double the number of current surfers that buy the brand in a profitable and effective way. The project is expected to generate a net profit of 91,294€ in year 1.

**Keywords:** Lightning Bolt, Surf, Surf Apparel Industry.

## 2. Brand Overview

Textêis Manuel Gonçalves, TMG, is a Portuguese company responsible for the production and distribution of the *Lightning Bolt* (LB) brand in Europe. The Portuguese market is the focus for this dissertation.

The brand was created on the summer of 1971 in Hawaii, by the surfers Gerry Lopez and Duke Boyd. They created “A brand that is inspired by the true spirit of surfing and its riders’ lifestyle, departing from the original value of surf: a cool and relaxed attitude, a soul surfer approach and a free rider state of mind” (*Lightning Bolt* Website, n.a.). *Lightning Bolt* mission is to be at the front-line, to offer to its consumers updated and quality products, either in terms of concept, design or technology.

Its vision is “to be a top reference in the surf community worldwide, regarded as the most innovative, dynamic and prospering brand in the market, strongly associated to its original and essential values and history” (*Lightning Bolt* documents, n.a.)<sup>2</sup>.

LB has men, women and children collections inspired in surf; however, the men’s collection is more developed and has a higher range of products. Besides apparel, it also offers accessories and surfboards.

In the 90’s, in Portugal, the brand supported numerous competitions mainly focused on the youngest surfers. The environmental campaign “Destrua as ondas não as praias” is a great and recognized example of a responsible activity developed by the brand.

At the moment, the LB brand is implemented in the Portuguese market through 5 owned stores and 32 multi-brands stores (*Lightning Bolt* Website, n.a.). In terms of marketing LB relies mostly on its ambassadors and magazine. Moreover, it supports social institutions, has an online newsletter and does some text messaging campaigns, as well as in-store promotional campaigns.

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<sup>2</sup> Documents provided by the brand and not available for the general public

### **3. Situation Analysis**

#### **3.1. Market Demographics**

Portugal has approximately 10,627,250 inhabitants (INE, 2009) where 10.8% of them are teenagers and young adults between 15 and 24 years old (INE, 2011). In terms of birth rate, Portugal has one of the lowest in the EU, 10.9% (Euromonitor, 2012). This as well as the population aging has a negative impact on this specific industry since young people are the ones that consume more sportswear and the main target audience of surf brands (Global Industry Analysts, n.a.).

Additionally, with the reduction of the disposable household income and the increase of the unemployment rate, people's purchasing power has been decreasing. Unemployment rate reached the 11.3% in 2012 (accumulated value until October 2012) while the inflation rate has been facing a slowdown in the last months, reaching 2.2% in November 2012 (Banco de Portugal, 2012). Clothing has been facing a price reduction about 4%, which falls again at the end of the collections with promotions (Sol, 2012). Portuguese families spend about 757€/year in clothes (Sol, 2012) which is approximately 5.3% from the total of the household expenditures (Pordata, 2012).

#### **3.2. Market Needs**

Due to the economic crisis, consumer behaviours have been changing. They are becoming more rational and price sensitive when purchasing, by collecting information and dedicating time to analyse the different offers available. The internet has been helping in this process. On what concerns apparel, it represents 32% of e-commerce in Portugal (ACEPI, 2011).

Consumers are more demanding and even fashion consumers are demanding for valuable apparel, with quality and utility.

### **3.3. Market Trends**

Firstly, the country geographical location and its large coastline are favourable characteristics for the practice of surf. Secondly, Peniche, a quiet coastal fishing town, has been one of the destinies of the World Championship Rip Curl Pro. This event attracts both Portuguese and International surf fans, and increases the popularity of this sport in the country. Thirdly, Ericeira, a seaside resort town, was named the first European World Surfing Reserve and the second one at worldwide level.

Due to this increasing popularity of surf, the surfer's lifestyle has been adopted by regular people (Global Industry Analysts, n.a.). However, "Surfers and skaters view the industry as a lifestyle, not a passing trend" as non-surfers (SIMA, 2009).

Consumers' sensibility to fashion and style has been increasing being the surf lifestyle one of the market trends.

### **3.4. Market Growth**

Between 2003 and 2008, the surf industry had a growth of 10% per year, in the recent years there was a slight slowdown due to the current economic crisis. However, surfers are loyal customers which reduce the impact on this industry (SIMA, 2009). From 1998 to 2008 the number of surfboards sold doubled (FreeSurf, 2008). Moreover, the European surfwear market increased 10% in the last years while the traditional sportswear only increased 2% (FreeSurf Magazine, 2008). In Portugal, the number of surf schools almost doubled (Sol, 2012) and the number of surf practisers has had a growth rate of 25% to 30% (Câmaras Verdes, 2009). In the year of 2000, there were 921 federated surf athletes, while in 2010 the number more than double to 2,016 athletes (Pordata, 2011).

## **4. Market Research**

### **4.1. Methodology**

In-depth interviews (qualitative research) were performed to the board of the company, collaborators and consumers of this category. Additionally, surveys (quantitative research) were conducted, not only to measure the brand recognition and awareness, but also to gather more information about the consumers' purchasing habits, their preferences and opinions.

### **4.2. Qualitative Research**

Two interview guides were developed: one for consumers (Annex 1) and another for LB collaborators (Annex 2). Regarding to consumers, 9 interviews were conducted. The interviews had as main goal to assess the brand image, to build afterwards the brand identity, being the LB brand recognition the filter to select the interviewees. Four of the interviewees (55.56%) bought the brand in the last 5 years and 5 (44.46%) of them did not, which contributes for a wider perspective of the brand.

Considering the collaborators, the interviews were conducted from top to bottom collaborators, to better understand the brand's identity from different perspectives. Thus, 3 collaborators and the store manager of the LB store in the *Vasco da Gama* Shopping Centre were interviewed, and also the LB board, namely the general director, brand manager and marketing director.

### **4.3. Quantitative Research**

The sample was composed by 170 people. The responses were gathered through two channels: face-to-face (Loja do Cidadão of Laranjeiras and Costa da Caparica and Oeiras Beaches) and online (Facebook and e-mail). The survey is available in Annex 3. From the sample, 74% were men and 26% were women; and 50 of them were male

surfers and 7 female surfers. For graphics and more information about the sample composition consult Annex 4.

## 5. Lightning Bolt SWOT Analysis

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>-Huge heritage and strong position in the market in the 70's;</li> <li>-Faithful to the true surf spirit, as claimed by the brand manager;</li> <li>-Socially Responsible brand;</li> <li>-High control over operations and the supply chain due to its local operations (production, design, and marketing).</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>-Weak design, as referred by the interviewees;</li> <li>-The women's collection is limited;</li> <li>-Reduced product selection (e.g. do not have footwear and limited selection of hard goods);</li> <li>-Lack of presence (e.g. stores) in key location for surf, as Peniche.</li> <li>-Low investment in promotion.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b> (SIMA, 2011)</p> <ul style="list-style-type: none"> <li>-Footwear sales increased 8.2% and Wetsuits sales increased 24.5%, from 2008 to 2010;</li> <li>-Stand Up Paddle Board<sup>3</sup> already represents 9% of surfboards' sales;</li> <li>-Hard goods sales increased 35% in 2010.</li> <li>-Increasing importance of the online channel.</li> </ul>	<p style="text-align: center;"><b>Threats</b> (Datamonitor, 2011)</p> <ul style="list-style-type: none"> <li>-The current economic crisis that affects people purchasing power;</li> <li>-Increasing market competition;</li> <li>-The introduction of private label brands in the market (e.g. Deeply and Ericeira);</li> <li>-The increasing costs of oil and raw materials.</li> </ul>

Table 1: SWOT Analysis Summary

For further information about the SWOT Analysis consult Annex 5.

## 6. Recommended Brand Identity

Following Kapferer's identity prism model, the six pillars were appraised: physique, personality, culture, relationships, customer reflection and self-image (Kapferer, 2008). The information needed was provided by the marketing research previously conducted<sup>4</sup>.

The most important **physical** characteristics that the brand should focus on and communicate are its product quality and design. These were the main physical aspects pointed out when choosing to purchase a brand over another one and among the top

<sup>3</sup> It is an emerging sport from Hawaii.

<sup>4</sup> The brand positioning reflects the combination between the brand strategy, brand identity, marketing activities and communication plan, which consequently will affect the consumers' brand image.

three overall aspects (being price the other one). Quality was pointed as the most important aspect to purchase clothing, footwear and hard goods (scored 2.35- on a rank from 1 to 10 being 1 the best score). And style was pointed as the third most important aspect (scored 3.82) (Annex 6).

On what concern the brand's **personality**, the brand is associated to the practise of surf and reflects a relaxed, cool, courageous, solidary and friendly style as stated by the brand builders and consumers. Consumers are looking for a brand that embraces the surfers' spirit, and can help them to incorporate the surfers' tribe.

To assure a strong **relationship** with consumers, and according to their priorities the brand should offer high-quality and stylish products at good prices. Furthermore, to assure its acceptance and receptivity in the market, it should complement that with personalised service, as claimed by the store collaborators.

Regarding, **customer reflection** the brand desires to be perceived as a surf brand dedicated to the real surf spirit, less competitive and commercial than most market players. According to the market research the brand is losing its connection to surf, being the perceived target of the brand young adults who want a relaxed and cool style as surfers. In this perspective, the brand needs to invest in its marketing and communication plans to strength its connection to surf and transmit a clear and defined image for consumers.

In relation to consumers' **self-image**, LB consumers want a cool, relaxed, calm and free look, compared to surfers. Thus, the brand should deliver them that in a differentiated way in order to satisfy consumers' needs regarding self-image.

As a combination of all pillars there is the brand's **culture**. Culture is the key differentiator among competitors. The brand values rely on excellence, authenticity,

innovation and its roots. The brand is always looking for innovation, but always integrating its heritage on products. LB key differentiators are its long heritage and icons that transmit the real surfers' spirit, as well as its commitment to surf. The brand should hold on to its fundamental true spirit and original patterns of ideals because it is the brand's identity that will be the support for future strategies and recommendations.

## **7. Marketing Strategy**

### **7.1. Strategic Triangle**

#### **7.1.1. Segmenting**

Most people are inserted in society through tribes, making part of several tribes according to occasions. The modern tribes are groups of people that, despite their different age, sex and income, share a common passion or interest (Cova and Cova, 2002). Each tribe has its own rituals. The brands consumed by the members are also a way to distinguish tribes, being clothing and the clothes' brands wore examples of tribes' characterisation. Tribe members are not only brand consumers, but also brand advocates (Cova and Cova, 2002).

The surf tribe emerged from a common passion for surf that links different people. The surf tribe members have different perspectives over rituals, brands and symbolism, creating the sub-tribes. Besides the common positive attitude towards the sport, each sub-tribe members display similar attitudes towards products or services. This created a need to differently target these sub-tribes and consequently apply different marketing strategies (Moutinho, Dionísio and Leal, 2007).

There are the **practisers** who practise surf on a regular basis, the **participants** who have a less intensive relationship than practisers, attending mostly special occasions and practising less often. Additionally, there are the **sympathisers** who only

follow the trends and thus, they have a weaker relationship with surf. Finally, the **members** correspond to those who in some way are integrated in surf associations and/or organisations (Cova and Cova, 2002). The main difference between the several sub-tribes is the degree of commitment and type of relationship with surf (Moutinho, Dionísio and Leal, 2007)<sup>5</sup>.

The second stage of the segmentation was based on demographic variables: gender. Men and women have different perceptions of brands and value different aspects on sportswear<sup>6</sup>. Consequently, different strategies have to be applied according to genders. As it can be verified in the table 2, practisers and participants are the ones with the best fit with LB.

	#	Growth Potential	Competitive Superiority	Fit with Company Resources	Total Score		
<b>Practisers</b>	2,033	Increasing popularity of surf	LB has few hard goods	2	Yes	5	<b>12</b>
<b>Participants</b>	209,967			5	2	Yes	5
<b>Sympathisers</b>	3,750,000	Decreasing birth rate and population aging	LB has all the products compared to competition but weak design	3	Yes <sup>7</sup>	4	<b>10</b>
<b>Members</b>	72 clubs and associations	Low growth due to their concept	LB do not operate in this industry	1	No	2	<b>5</b>

**Table 2: Segments Comparison**

Where: 5 (highly attractive); 4 (moderately attractive); 3 (average); 2 (moderately attractive); 1 (highly unattractive).

### 7.1.2. Target

The proposed target is male surfers: **practisers** and **participants**. As it can be observed in the market research, men are the ones that buy more this type of clothes (Annex 7) and wear it more frequently (all the men interviewed wore it daily). Moreover, in Portugal most surfers are men (Associação Nacional de Surfistas, 2012).

<sup>5</sup> According to (Cova and Cova, 2002), tribes are based on emotional characteristics, which lead to a more subjective market segmentation. On the other hand, the authors still believe that tribes can be considered a behavioural segmentation, being the assumption defined in this work project.

<sup>6</sup> Considering 5 variables - brand, quality, price, style, store environment, promotion and service - men value more quality and price, while women value more clothes style and the store environment (Taleghani and Jourshari, 2012).

<sup>7</sup> But the concept is primarily directed for surfers.

Women are not a target due to the high offer for the segment and the existence of specialised surf brands for this segment, as Roxy.

The brand's culture, namely its heritage and roots, is the brand essence. And as the brand manager mentioned: "The brand is for surfers that value identity and the surf culture". Their decisions are not based on trends, but on products' quality, brands' spirit and its association to surf. Also, surfers are more loyal customers than sympathisers (SIMA, 2011) and present a slightly stronger relationship with the environment (Annex 8).

At the moment, LB is the less purchased brand by surfers and, contrary to most competitors, the percentage of general men consumers that bought the brand in the last 5 years is higher (25% in 126 men), than only considering the male surfers (16% in 50 male surfers) (Annex 9). This shows the gap between the brand and the core target (surfers), once they are the brand advocates that spread the surf style. According to the Surf National Association there are 212,000 surfers in Portugal and most of them are men. Taking into account the outputs of the market research<sup>8</sup> the target is composed by the male surfers in Portugal which correspond to **180,200 surfers** (Annex 10).

### **7.1.3. Positioning**

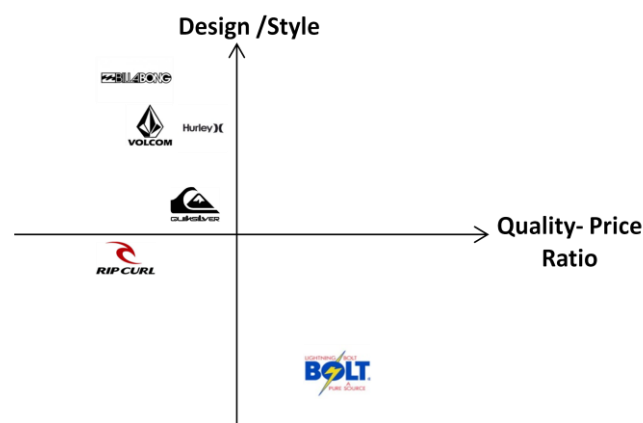
The surf apparel industry is very competitive, as there are numerous brands in the market. LB faces both direct and indirect competition. Briefly, it can be stated that brands as *Springfield* or *Pull & Bear* are indirect competitors of LB. However, for the purpose for this dissertation it will only be considered the direct competition, such as Billabong, Hurley, Volcom, Quiksilver and Rip Curl.

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<sup>8</sup> In the market research approximately 15% were female surfers (7 respondents) and 85% were male surfers (50 respondents). Respondents were selected randomly, as so this was the percentage considered.

To better understand LB’s positioning consult the positioning map below (Image 1) based on the market research. Summarising, the brand has a good price-quality ratio, mainly due to the lower perceived price, and has a weak design/style compared to competitors. Consumers have a negative perception about the brand’s design, defining it as exaggerated, too much graphical and monotonous (always the same). This fact was pointed by 6 of the interviewees, 3 of them surfers, and by an ex-sponsored athlete of *Lightning Bolt* (not included in the sample).

Image 1: Positioning Map



*“To male surfers (target) Lightning Bolt is a surf brand (frame of reference) with a good quality-price ratio and faithful to the surf culture and spirit (POD); defining itself according to its heritage and roots (reason to believe)”.*

## 7.2. Marketing Mix

The objective will be to improve the perception of surfers about the brand. Consequently, reaching the others segments through the tribal effect. Thus, it is expected an increase of 10%<sup>9</sup> in brand recall among male surfers and an increase of surfers’ consumers from 25% to 40%<sup>10</sup>, in a period of 1 year and 10 months.

<sup>9</sup> During the market research the brand recall was 0%, the goal is increase this number to 10% (10 in 100 male surfers mentioning the brand when asked about surf brands).

<sup>10</sup> The current database of Lightning Bolt - Bolt Card has 15,000 consumers registered, assuming the results of the market research 25% of them are surfers. The goal will be to increase this percentage from 25% to 40%, thus increasing the surfers’ consumers registered from 3,750 to 7,500 (the double).

### 7.2.1. Product

The target of this marketing plan is male surfers and, therefore the product range will only be focused on this target. Currently, LB offers a wide range of products for men: tees, fleeces, knitwear, shirts, pants, jackets, accessories and surfboards.

Regarding the product type, clothes are considered **heterogeneous shopping goods** (Ebert and Griffin, 2007). That means that consumers make their choices taking into account what they value most (brands or stores available, practicality, prices and match with their personal lifestyle) (Lamb, Hair and McDaniel, 2011).

According to SIMA, wetsuits are a growing category. Thus, by proposing targeting surfers, exploring and investing on this new category of product is a natural path. Therefore, LB should develop a collection of full wetsuits. This proposal will enable LB to increase the number of products of this product line: **product line depth** (Kotler, et al., 2008).

Considering the product levels (Kotler, et al., 2008), the **core benefits** offered by LB products are directly associated to two types of needs. Firstly, to physiological needs related to basic personal needs of comfort and well-being. And, secondly, to belonging needs due to the association of this category (clothing) to a determined social class or lifestyle. Regarding the **actual product** level, it will be focused the products' design, packaging and brand.

As previously referred in the market research, LB products have a weak design which does not match with surfers preferences. Therefore, it would be appropriate a creation of a basic collection adapted to all collections according to the season's colours. The collection should offer only t-shirts and sweatshirts since these are the best sellers pointed by LB collaborators. Furthermore, it is also recommended the usage of

the slogan: “A Pure Source”<sup>11</sup> instead of the regular LB logo. This will increase LB **product mix width** (Kotler, et al., 2008). Lightning Bolt is recognised for its symbol, a lightning. Most LB products are branded. However, as referred by 3 of the interviewees, the use of the logo is excessive and 1 of them mentioned that does not like it. Thus, LB should use milder ways to incorporate the logo on the products. According to products it can incorporate the logo in the inner part the clothes or use a smaller logo at the end hem of shirts (like the example in Annex 11). Thus, offering branded products in a more subtle way satisfying the ones that do not appreciate its logo, but at the same time being faithful to its roots.

The brand should focus on its products’ origin. All LB products are made in Portugal and USA, and this is a key differentiator comparing to most players that produce in developing countries in Asia. Besides the regular labelling which presents the product’s price, composition and size, it should explore more the products’ origin.

For further information about the last product level, the **augmented product**, consult Annex 12.

### 7.2.2. Price

As revealed in the market research, price is one of the most important aspects when purchasing clothing, footwear, accessories and technical equipment (Annex 8). In this sense, consumers are very price sensitive.

LB should maintain its current price strategy, a share-driven pricing (Nagle, Hogan and Zale, 2011). This strategy is characterised by the impact of competitors in setting prices and in the influence of price to achieve sales objectives and market share. This strategy is compatible with Kotler’s (2008) neutral strategy, where the actions and

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<sup>11</sup> As it will be explained further “A Pure Source” collection will be the merchandise and the slogan of a project to support the surf community.

reactions of competitors are very important. Besides, costs are very similar among players and customers value more other aspects of the marketing mix.

Instead of price-cutting, LB should invest in its product differentiation, advertising and improved its distribution, as proposed in this marketing plan. These will not have an immediate impact on sales as price-cutting but are valued by the customers, and will increase sales in a more sustainable and cost-effective way (Nagle, Hogan and Zale, 2011).

Given that, the new products proposed in the previous topic should follow the same price strategy (similar to competitors). Wetsuits should be priced between 100€ and 200€ (Annex 13), according to (SIMA, 2011) the average price of wetsuits sold in 2010 was 217€ (approximately 166€) and the basic collection: t-shirts should be priced at 25€ and sweatshirts at 50€ (Annex 14).

Finally, price fences should be incorporated in the price strategy. As it is common in this industry and already implemented by the brand, there are fences based on the time of the purchase/usage (Zhang and Bell, 2009). That is the example of discounts offered in non-peak periods, as seasonal promotions.

Due to the tough competition that this industry faces, price strategies have to be carefully defined, compared and analysed in a continuous line in order to avoid the loss of market and/or profit.

### **7.2.3. Promotion**

The target audience is male surfers: brand loyal, favourable brand switchers and other brand switchers. The communication objectives are brand awareness and brand attitude. In terms of brand awareness there are three options: brand recognition, brand recall and brand-recall-boosted brand recognition (Rossiter and Bellman, 2005). The

market research concluded that the brand recognition is high (96%) (Annex 15); on the contrary, the brand recall is much lower (0%) (Annex 16). Regarding brand attitude, the goal will be to maintain the positive attitude of brand loyal, increase the attitude of favourable brand switchers and change the attitude of other brand switchers about LB (Percy and Elliot, 2009).

According to the Rossiter-Percy-Bellman grid (Rossiter and Bellman, 2005; Rossiter and Percy, 1997), apparel is considered a high involvement transformational product, since the consumer, before making a decision, spends some time researching the product and this decision, ultimately, will be driven by emotional motivations. In the LB case, the most relevant motivations to purchase are sensorial gratification and social approval. Consequently, image, emotions and personal identification with the brand are crucial aspects on promotion. The promotion should reflect LB surf spirit and history, thus appealing to surfers' nostalgia (WARC, 2012).

In order to effectively reach the target audience, it will be used a combination of strategies using either below-the-line (events and point-of-sale promotion) or above-the-line (massive advertising) techniques. A pull strategy will be pursued since the communication will be directed for the LB's final consumer. The media selection should take into account three main aspects: visual content, time available and frequency (Percy and Elliot, 2009); considering LB product type and the objectives of this promotion plan, visual content and frequency are the key factors (Annex 17).

#### Non-personal communication channels:

- Advertising

**Magazines** directed for surfers in Portugal, such as *Surf Portugal*. Magazines are a good way to expose visual content; therefore images enforcing the brand's spirit are

crucial in this channel. **Radio** is not used much in high involvement and transformational products, due to the difficulty to transmit emotions. However, it is a good channel to promote the events organised by the brand.

- Events and Sponsorships

Surfing events, sponsorships and connection to surf associations are essential to create a strong relationship with surfers. As so, the company should follow a selective approach in corporate social responsibility (Posner and Blomqvist, 2004). It should invest in specific sub collections (as with the campaign “Destrua as Ondas e Não as Praias”, but with the new slogan “A Pure Source”) and strategic partnerships. This approach is useful when enterprises are only targeting a specific target, as surfers, that value these activities.

The brand should **sponsor organisations and programmes** that are directly related to the surf community, as a way to show its commitment to the community and surfers in particular, such as “SOS - Salvem o Surf”. The brand should offer its support to organise events, promote the projects through social media, its magazine and among the brand ambassadors.

The company can create **a programme** in partnership with other brands, mainly surfboard brands (e.g. Semente and Polen) **to collect old boards and wetsuits** (Annex 18). This programme will reinforce LB commitment to the surf community and encourage the surf practise.

For that it should be created an online platform to monitor the project. The website will allow people to enrol to win a second hand board or wetsuit, with the benefit of giving priority to children and people with less financial resources. Also, people can enrol to give other use to the old surfboards, being the criteria of selection creativity and

project's degree of connection with surf. The collection of surfboards and wetsuits would be done through LB stores and partners facilities.

Finally, as part of this project and following the idea of an old campaign of the brand "Destrua as Ondas e Não as Praias", cleanups to beaches will be organised once a year by the programme and merchandise with the slogan "A Pure Source" will be available, as proposed in the product. This will also be the slogan of the programme.

To assure the project's success, partnerships should be created with national associations, such as Associação Nacional de Surfistas, other brands interested in the programme, surf schools<sup>12</sup> and municipalities where the practise of this sport is common. An annual event will be held to gather all the people involved in the project.

- Public Relations

Here the persuasion of opinion makers is crucial, as so the events organised and the partnerships proposed before will be crucial **to create positive word-of-mouth and increase the brand exposure in the media**. The goal is the coverage of the events. For that, the radio, social media websites and brand ambassadors will be helpful in promoting them. Also, it would be interesting to get coverage about the products origin in Portuguese surf magazines.

The brand will rely mainly on digital marketing to maintain a two-ways conversation with consumers, mainly in cases of negative public relations, where the immediate response is crucial.

Personal communication channels:

- Direct Marketing

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<sup>12</sup> Surf schools are an important partnership, due to their high turnover rate of material and trainers influence power. By creating a strong relationship with them, the brand will be able to create positive word-of-mouth around the project and the brand. In order to appeal to surf schools in adhering to this project, it will be offered the possibility to promote the school in the website.

The database of the brand has some gaps with regard to the information about its consumers. As so, the brand should reformulate its database using the mobile contacts provided to get more information about consumers (as e-mails, sports practised and interests). A way to do this is by encouraging consumers to register in a specific area with a prize, as an iPad. After gathering all the necessary information, **newsletters** should be sent to the target audience. Newsletter's content should be focused on surf and brand events, and relevant topics of the sport or brand.

To promote the project and the new products, **banners** should be introduced in the most reputable surf websites in Portugal, by directing the visitors for the project website and/or brand website. Examples of these websites are *SAPO- Portugal Online!*, in its section dedicated to surf, *Surf Total*, *OnFire Surf Magazine* and *100% Surf*. Here, the images applied are very important to attract customers and to encourage them to click over the banner. Also, social media websites as the Facebook, Twitter and Pinterest pages of the brand should be used for those purposes.

#### **7.2.4. Place**

The brand is sold in Portugal by two types of distribution channels, direct and indirect distribution, respectively brand stores and website, and multi-brand stores. In brand and online stores LB sells directly to the final consumer without intermediaries and has total control over operations while in multi-brand stores the retailer is the intermediary.

LB pursues a **selective distribution strategy** (Kotler et al., 2008), choosing adequate and experienced intermediaries to distribute its products in the market. That allows a wider and effective geographical presence. In this perspective, the selection of the retailers has to be carefully thought in order to avoid a bad reputation for the brand

and to effectively reach the target. This distribution channel should be used to increase the geographical presence, mainly in coastal locations where the brand is not present, as in Cascais, Sintra, Peniche and Nazaré. Currently, this channel is responsible for about 20% of sales, corresponding to approximately 300,000€.

LB has 5 brand stores, being 4 of them located in shopping centres. Most surfers (more than 50%) referred that they prefer shopping centres to purchase clothing, but for technical equipment the traditional commerce is the most convenient. Taking that into account, but without forgetting the costs associated to the opening of a new store, it is proposed the existence of **a mobile store**. The concept will consist in a camper which is associated to the surf spirit and trips to travel along the entire Portuguese coast and visit the main locations for the practise of surf. With this concept the brand will efficiently reach the target.

Besides, the brand should create **a store concept** in Costa da Caparica zone which is well-known among the surf community. More than a store, it should offer a unique experience for surfers. As so, events should be organised at the store, transforming it more in a socialising place target for the surfers' lifestyle. The events should be related to this specific community, as local bands of surfers, surf movie sessions, special guests talking about their experiences and auctions of surf products donated by recognized surfers or shapers. Furthermore, the store should transmit a relaxed, calm, fun and original atmosphere through its design, decoration, staff and activities. All these elements will create a friendly spot for surfers to socialize. The store should have two distinct areas, one for shopping and another for socialization. The lounge area should have a café available to offer drinks and some snacks. To consult a

possible menu check Annex 19. The idea is to offer a true surf experience by creating a good atmosphere to promote the interaction between surfers and to boost sales.

Hopefully, with this distribution chain the brand will be able to effectively reach its target and create a strong relationship with them.

## **8. Implementation Plan**

To implement this marketing plan several points have to be analysed, mainly the workforce required, timing of the activities, and costs implied. During its development quarterly reports of the results should be performed, in order to detect possible problems and to be able to react immediately.

### **8.1. Timing**

The plan proposed is for 2014. The project should be launched in spring, since it is a great season for the surf practise because all the weather conditions are gathered, good waves and temperatures.

The concept store should open in March and, at the same time, the mobile store should be presented. March marks the beginning of spring and the spring-summer collections are launched, thus being a great opportunity to present not only the new spring-summer collection but also the new collection “A Pure Source” (t-shirts) and the whole programme. The cleanup of the beaches should be scheduled for the end of September, after the summer season. In the beginning of September, when the winter collection is launched, it should be also launched the sweatshirt version of the “A Pure Source” collection. Then, in October it should be held the annual event of the project in the concept store. October is a great month for surf and also in this month there is the *Rip Curl Pro Championship* which attracts a lot of surfers and creates a lot of buzz around the sport. May and September should be the months to launch the two

campaigns to enhance the database since the first is the month of the beginning of the project and the second is when surf competitions start to be more frequent.

Frequent events should be held in the store, 1/ month, except in the summer season when there will be 2 events/ month because most people are enjoying summer holidays and weather conditions are favourable for outdoor activities. As explained before, the events will rely mainly on people and brand ambassadors' collaboration in order to avoid costs, also they will be held at the concept store which is a sunk cost.

In order to promote the initial phase and most important events proposed, radio, magazines and banners will be used. Later on this report it will be explained with more detail the timing/frequency of these activities (8.3. Budget).

## **8.2. Revenues Forecasts**

As previously referred, this marketing plan aims at doubling the male surfers' consumers from to **7,500**. Forecasts for wetsuits and "A Pure Source" collection will have that in consideration, as well as the fact of being or not brand customers. This distinction relies mainly in the reason that current customers will be more willing to try the new products. Also, it is expected a greater acceptance of t-shirts over sweatshirts due to their lower prices.

Overall, at the end of the two years it is expected the sale of around 100 wetsuits (minimum production accepted) which can be translated in 15,000€, considering a mean price for the wetsuits of 150€. In regard to the "A Pure Source" collection, sales forecasts are 316,000€ in the 2<sup>nd</sup> year, where 50% of sales correspond to t-shirts and 50% to sweatshirts. For more information about calculus, consult Annex 20.

Forecasts for the concept store café lounge are also needed, as so it is assumed that 250 people per day frequent the café lounge during summer, in September around

200 people and in the other months of the year only 60 people. It is also assumed an expenditure of 5€/person. Thus, revenues for 2014 are 200,200€. The costs of goods correspond to 30% of revenues (Cidade das Profissões, n.a.). That can be translated in a profit of **140,140€** in 2014. For 2015 the assumptions and calculus were similar, but considering the 12 months for the year, resulting in a profit of **152,530€** (Annex 21).

### **8.3. Budget**

Since the company has the necessary know-how, technology and human capital to develop the new products proposed, there are no any additional costs. As so, the budget will be focused on the promotion and distribution topics.

One of the most usual methods to establish a promotion budget and the proposed one is the **percentage-of-sales method** (Kotler, Armstrong, Wong and Saunders; 2008), where the budget should correspond to a percentage of sales. In this case, considering the net sales from 2011 (1.529.893€) (Annex 22), the budget of promotion corresponds to around 4%. Promoting all the activities proposed will cost approximately 64,000€ in the 1<sup>st</sup> year, which should be reduced to approximately 30,000€ in the 2<sup>nd</sup> year.

In the first year, LB would be present in the monthly Surf Portugal magazine publication with a 1/3 even page the whole year. The radio will be an important channel to promote the events, thus in the two weeks before the launch of the new store a 20 second spots will be transmitted. In the first week, the spots will be broadcasted twice in the morning and, in the second week, 3 times per day (2 in the morning and 1 in the evening), at the peak hours. In the following months, events should be promoted twice in the morning during 3 days (Wednesday, Thursday and Saturday) until the end of summer. Then, September and October the promotion will only take place on Thursdays and Fridays due to the end of the summer season. The radio broadcast will be used until

October due to the fact that *Rip Curl Pro Championship* that takes place on this month. Considering the banners, the goal will be 100,000 impressions during 2014 in *Sapo Portugal- Surf, Surf Portugal and OnFire Surf Magazine*. In *Surf Total* the banners will be visible from March until October, while in the *100% Surf* website their exposure will be only from April to October, both sites with 4 sections/website pages. It is also included in the budget the costs to create the website for the “A Pure Source” Program as well as the prizes (iPad) which costs approximately 500€ each. To confirm media costs consult table 3 below.

Media	Cost
Magazine	Surf Portugal: <ul style="list-style-type: none"> <li>▪ 1/3 even page: 480€</li> <li>▪ ¼ odd page: 300€</li> </ul>
Radio	Cidade FM (20seconds spot): <ul style="list-style-type: none"> <li>▪ Monday to Friday (8a.m.-10a.m.): 280€</li> <li>▪ Monday to Friday (18p.m.-19p.m.):308€</li> <li>▪ Saturday (9a.m.-10a.m.): 140€</li> <li>▪ Saturday (10a.m.-11a.m.): 170€</li> <li>▪ Sunday (9a.m.-10a.m.): 82€</li> <li>▪ Sunday (10a.m.-11a.m.):180€</li> </ul>
Banners	Sapo Portugal – Surf (Moche Wild Sports): <ul style="list-style-type: none"> <li>▪ 60€ per 1.000 impressions (CPM=60)</li> </ul> Surf Portugal: <ul style="list-style-type: none"> <li>▪ 60€ per 1.000 impressions (CPM=60)</li> </ul> 100% Surf: <ul style="list-style-type: none"> <li>▪ 4 sections/pages: 855€/month</li> </ul> Surf Total: <ul style="list-style-type: none"> <li>▪ 4 sections/pages: 855€/month</li> </ul> OnFire Magazine: <ul style="list-style-type: none"> <li>▪ 60€ per 1.000 impressions (CPM=60)</li> </ul>

**Table 3: Media Costs**

In the beginning of 2015, the presence in the magazine *Surf Portugal* will be reduced to 50% and for a ¼ odd page. The radio will only be used to promote the annual event of “A Pure Source” project, with 2 daily spots in the week before the event. In regard to the banners it will only continue in the most reputable website with a lower frequency (50,000 impressions instead of 100,000 for each website). By the end of October of the 2<sup>nd</sup> year, after the *Rip Curl Pro Surf Championship*, the promotion on

the *Sapo Portugal- Surf* (Moche Wild Sports) will end. The websites Surf Total and Surf Portugal Magazine should be used alternatively, as well as the print and online versions of the *Surf Portugal* magazine. Since LB will only invest in the online version of *OnFire Surf* magazine, the promotion in this website will be maintained over the 2<sup>nd</sup> year, because the concept of this magazine is totally aligned with LB strategy, supporting the true surf spirit and less competitive surf (Annex 23).

Considering the distribution costs, the concept store will have a monthly rent of 1,500€, a store with 400m<sup>2</sup> located near the beach and totally equipped (Sapo Casa, 2010). The **initial investment** will imply a cost of **204,700€** corresponding to renovations, sound and image installation and information technology equipment, which will be depreciated according to their life cycle (Annex 24). The **general expenditures**, as electricity, water, cleaning, gas and telecommunications, are valued in **3,000€** per month. All the calculi were based in the *Guia Prático- como criar um restaurante* available at Cidade das Profissões. Regarding the **mobile store the initial investment** will be **21,700€** corresponding to the car purchasing (16,000€), the modifications needed (5,000€) and information technology equipment (700€). The monthly expenses correspond to diesel (225€) and maintenance (50€), but there are also other annual fixed costs as insurance (300€) and tax of circulation (100€) (Annex25).

In terms of workforce required for the concept store, it will be needed 2 full-time employees to serve customers (600€ each), and another employee for the kitchen (900€). In the summer the staff should be reinforced with 4 employees, 3 to serve customers (600€ each) and one more to prepare beverages (900€). For the mobile store, it will be hired one employee full-time with a wage of 900€. Resuming costs with personnel correspond to approximately 71,000€/year (Annex 26).

After performing all these calculi, it was possible to represent the profit and loss statement where it can be observed a **net profit of 91,294€ in 2014** and 139,541€ in 2015 (Annex 27). Also, the **break-even point is reached at 219,653€** of revenues (Annex 28).

## **9. Conclusion**

This work project proposes a marketing plan for the surf brand *Lightning Bolt*, a brand based on the true surf spirit, less competitive and commercial. And it operates in a growing industry due to the increasing popularity of this sport worldwide.

After the market research it was concluded that the brand is not effectively reaching its core target - surfers. Therefore, male surfers are the target proposed.

It is recommended the creation of a full wetsuit collection and a programme called “A Pure Source” to support the surf community. To promote both magazines, radio, events and banners were proposed. Besides a mobile store and a store concept are suggested to improve the brand’s distribution. After performing all the budgets and forecasts it can be concluded that the project is feasible, having a net profit of 91,294€ in the 1<sup>st</sup> year and the break-even point is also reached in this year.

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