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Bom Dia Lisboa – a startup Business Model analysis

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Executive Summary

Bom-Dia Lisboa is a start-up company created in the beginning of 2011 by four NOVA students with a common passion for entrepreneurship. They soon realized the significance of Lisbon's Metro platform and how it should be intrinsically connected to a service for an easy and fast access to a breakfast chain while people are moving around the town; Metro transported more than 150 million passengers in 2010, the majority of them during the rush hour in the morning. Bom Dia Lisboa's business objective is to provide a nutritional balanced and quality breakfast in a "Grab-and-Go" concept.

This report analyzes the *Bom Dia Lisboa's* business model, which approaches both the business logic and the integration between the external environment and the firm's internal capabilities, key factors that will allow the firm to create and deliver value to stakeholders. The understanding of the Metro passengers' needs through a research inquiry to a sample of 180 passengers has proved vital for the market analysis. This way the team was able to design a proper and suitable value proposition, that, when connected to the operating model and to the firm's sources of competitive advantages, will expectedly lead the business to succeed.

Bom Dia Lisboa will open its activity in January of 2012 in Odivelas' Metro station, and estimates to be present in five stations by the end of the first year. Moreover, the firm expects to operate in seventeen stations within three years from the beginning of the activity and reach 3,22% of the overall Metro's passengers in the same period. The company is also expecting to reach the breakeven point in 16 months, having a NPV of €91.919 and an IRR of 19%.

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1. *Bom Dia* Lisboa

1.1 Brief history

*Bom Dia*¹ is a start-up formed by four NovaSBE's Masters students who are going to exploit the opportunity of launching a new concept in the Portuguese breakfast meals' landscape.

The very beginning of this ride took place during a university's business trip to Madrid, which has grouped the first sketch of *Bom Dia*'s team: Alexandre Rocha, Duarte Mourão and Tiago Neves.

While visiting several companies throughout the week, the lack of time in the morning was a constant; not having the breakfast service included in their hotel made them search for alternative solutions with the objective of getting a fast served and low priced breakfast. Since the usual transportation to visit the companies was Madrid's subway, they would normally end up attending coffee shops near subway stations or even within the stations.

Soon they found out the difficulty in getting a good breakfast, and decided to go further and investigate the feasibility of a new project for the Portuguese market. After some weeks of research, Diogo Monteiro joined the 'pre-start-up' and the team was finally complete.

From then on, *Bom Dia* became focused on going forward with this venture, performing deeper analysis to the market, scheduling meetings with suppliers and potential partners, studying the viability of operations, conducting researches within Lisbon's Metro and many other tasks that helped assess the viability of *Bom Dia*'s project.

Currently, the company is officially formed and ready to launch this project in Lisbon's Metro at the beginning of 2012.

¹ From this point forward, the name of the company will be abbreviated into *Bom Dia*

1.2 The product

The business objective is to serve the passengers of Lisbon's Metro, providing them a nutritional and balanced breakfast; a different concept than the traditional one, in which *Bom Dia* proposes to end people's daily trade-off of choosing time rather than health, highlighting instead the importance of the balance between both.

Bom Dia provides an alternative for Metro's passengers who intend to eat a quality and nutritional balanced breakfast, by serving its customers pre-prepared and packed menus with a price range between €1 and €2.

Bom Dia's products consist in four different menus (light, natural, classic, special): four food bases (apple, sliced fruit, bread and croissant) combined with drinks (milk, chocolate milk, yogurt or juice). All these menus are delivered to the consumer in *Bom Dia's* innovative and refrigerated stand that is located in platforms inside the Metro stations, in the morning, from 6:45 to 11:30 am.

1.3 Team

The company is a start-up composed by four NovaSBE Masters' students. With different backgrounds such as Management and Industrial Engineering, Economics or Management, and different experiences both at the academic and professional level, the team is well diversified and sharing an entrepreneurial mindset and spirit that helped turn this idea into a physical and tangible concept².

2. Bom Dia Lisboa's Mission, Vision and Strategic Objectives

2.1 Mission Statement

Bom Dia's mission is to deliver a fast, nutritional balanced and quality breakfast, at an affordable price to everyone that uses Lisbon's Metro by morning.

² See Appendix 1, for the team member's Curriculum Vitae

2.2 Vision

Bom Dia's vision is to establish itself as a leading brand in the Lisbon breakfast market in the next 3 years and looking forward for a national and international expansion.

2.3 Strategic Objectives

- *Bom Dia* aims at being present in five Metro stations in Lisbon after one year of activity, reaching 0,76% of Metro's passengers and selling 400 menus/day per station. In the end of the second and third year, *Bom Dia* expects to be present in ten and seventeen stations, reaching 1.7% and 3,22% of Metro's passengers, and selling 450 and 510 menus/day per station, respectively.
- Achieve sustainable growth throughout the public transport system within 3 years.
- Expand *Bom Dia*'s activity to publicity and sampling campaigns, capitalizing the company's resources in 18 months, after reaching 10 stations.

3. Environmental context & Market analysis

3.1 External factors and market trends

In Portugal, and particularly in Lisbon, people's choices when eating out are narrow and unhealthy, due to the lack of offer that coffee shops and restaurants provide to Portuguese consumers.

Obesity is considered to be a major health issue and a rising problem in Portugal [1], much alike other countries in Europe and throughout the world - according to a WHO's 2006 report [2], estimates suggest growing levels of obesity in Portugal, and in the European region in general. Additionally, breakfast is commonly considered the most important meal³ and according to a research conducted in Lisbon's Metro to 180

³ Breakfast should provide 20% - 30% of calories required p/ day [3]

passengers, 18% of subway users don't eat breakfast at home, and nearly half of the latter, due to lack of time.

The size and potential for the Metro to generate commerce or business opportunities for other firms are immense and being underrated by several companies: by not adjusting their services or products to the Metro's passengers' needs, these firms are losing the chance to target at least thousands of people.

Oil prices in Portugal are considerably high - 7th place in the EU - and expected to rise in the next few years [4], which will most likely lead people to use other means of transport, such as the Metro. Moreover, Lisbon city has been losing inhabitants to the outskirts of the city due to the expensive and rising prices of Lisbon's houses, resulting in a migration to areas where the price of the sq. foot is cheaper, and therefore further away from the city [5].

The quality of Lisbon's Metro facilities and infrastructures is also an important factor: according to ECSI [6], Metro has attained the first place in customer indexes satisfaction for transporters operating within Lisbon's metropolitan area for the last five years. Furthermore, Metro is planning to expand its network by 26.4 kilometers, positioning itself in strategic areas, such as the airport, *Amoreiras* or *Benfica* [7], in a total of 29 new stations, which also increases Bom Dia's perspectives of growth.

3.2 Pest analysis

Political/Legal & Economical

The Portuguese political and economic system is currently undergoing some hard times, mainly due to the difficult economic situation the country is facing.

Concerning public health and food-related businesses, regulation is rigorous and mandatory, with the final goal of keeping the consumers safe, demanding that all

'participants' within the food chain are certified in the HACCP (Hazards Analysis and Critical Control Points) program. *Bom Dia* may be audited by a few institutions, from which ASAE is the best known by the general public.

One of the adjustments included in this program considered the increase of VAT for several categories of products and businesses sectors. The restaurant and food sector VAT will increase from the current 13% to 23%, which will cause the food sector to suffer from higher unemployment rates, less consumption and lower margins for firms. All these factors allied to the rising economic-pressure on the client will most likely lead to the consumption's decrease in restaurants, *cafés* and food and drinks establishments⁴.

Social

For *Bom Dia*, social care and welfare are more than a *cliché*: recycling of solid wastes is a citizen's responsibility and a common practice in countries committed to sustainable development. Since *Bom Dia*'s activity will generate a considerable amount of solid wastes that need to be correctly deposited for correct collection and further recycling of recyclable materials, *Bom dia* Lisboa is determined to have an important role in contributing to change this current practice, by delivering its products packaging in plastic, to facilitate the recycling process for the client.

Technological

Since Bom Dia's core activities are fundamentally serving the client and purchasing the products, it isn't indispensable for the firm to demand for outstanding technology characteristics to their partners/suppliers or its employees. However, Bom Dia intends to create a set of competitive and technical features in some of the firm's internal processes, such as a technological-friendly stand, to be developed alongside with high-tech firms such as EDP Innovation or Cisco.

⁴ See Appendix 2

3.3 Market size

When analyzing the breakfast market/industry and its figures, it is difficult to quantify it, since there is poor support and lack of data concerning this particular meal. In order to better understand the importance of the market, *Bom Dia* developed a methodology in which the average value of the market is calculated in three different approaches: Food market Estimation, and Coffee shops (*cafés*) (see Table 1).

. Table 1 - Breakfast Market Analysis

	Food market	Estimation	Coffee shops
Market value (Portugal)	19.335M€*	2.008M€	4.242M€*
Market value (Lisbon -24%)*	4.640M€	481,8M€	1.018M€
Breakfast weighing	10%	€0,55	25%
Breakfast value	464M€	481,8M€	509M€

The **Food market** approach, measures the weight of the breakfast market in Lisbon – it follows a supposition, that each Portuguese spends 10% of the total annual expenditures in breakfasts. Assuming that Lisbon’s Food market is around 24% of the Portuguese one (19,335 M€), we can determine that the breakfast market value in Lisbon is around 4.640 M €.

Considering the **Estimation** approach, *Bom Dia* assumed the average Portuguese consumer to spend 0.55€/day on breakfasts; the total expenditure on this meal for the Portuguese population in a year would be given by *Daily cost* (0.55€) × 365 *days* × *Portuguese population* (10M) ≈ 2.008 M€. Considering that Lisbon’s food consumption is around 24% of the Portuguese total, we can conclude that the Breakfast market value for Lisbon is 481,8M€.

Regarding the **Coffee shop** approach, we firstly valued the market of Coffee shops in Portugal, 4.242M€. Subsequently, we valued Lisbon's market in 1.018 M€ and assumed that 25% of Coffee shops' revenues are related to breakfasts, which resulted in 509 M€.

If we calculate the average from these three approaches, we get a 484 M€ value for breakfast 'industry' in Lisbon.

4. Competitive assessment

After investigating the environmental context that concerns *Bom Dia*, its market trends and figures, it would be interesting to analyze the competition and its capabilities, services and products. Primarily, identifying competition within a particular market is a practical and illustrative way to understand if it is possible to succeed in that same market. It also gives the opportunity to better understand how the product should be positioned and "translate the analysis into a competitive strategy" [8].

The first step to identify a competitor is by stating out where do customers buy their products [9] when not using *Bom Dia*'s services. When researching for firms that may compete with *Bom Dia*, it were attested three types of competitors as the most important ones: *cafés* located outside Metro's facilities; *cafés* located within Metro's facilities, such as *Sical* or *Buondi*; and homemade/domestic breakfasts, supplied by stores such as supermarkets, hypermarkets, discount stores, etc. (see figure 1)


		Outside Coffee Shops	Inside Coffee Shops	Domestic Breakfast
Price	***	*	*	*****
Quality	****	***	***	**
Service	***	***	**	*
Location & Visibility	****	*	**	N/a
Loyalty	****	****	**	*****
Comfort	**	****	**	****
Growth Potential	*****	*	*	****
Variety	***	****	****	***
Total	****	***	**	***

Figure 1 – Competitive assessment

Regarding the parameters mentioned above, *Bom Dia* believes that they are important for operating in a market like the breakfast one (see Appendix 3). By conducting a comparative analysis to attest *Bom Dia*'s performance relatively to its competitors, and considering equal weights for all the parameters, it is possible to observe a positive result for *Bom Dia*. Although not being a dynamic framework, VRIO helps to understand which are the competitors that *Bom Dia* needs to be more concerned about – domestic breakfasts [10], since they are by far, the most consumed type of breakfast in Portugal (92%). However, this doesn't undermine *Bom Dia*'s concept, since the firm will firstly deal with its own target segment, and compete with its direct competitors, the *cafés*.

5. Business Model

“A business model describes the rationale of how an organization creates, delivers and captures value” [11].

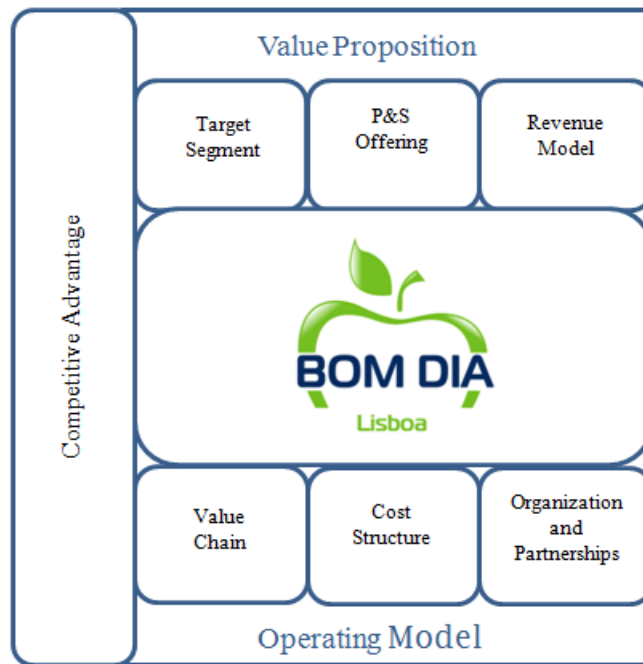


Figure 2 – Bom Dia’s Business Model adapted from Prof. Filipe Castro Soeiro

5.1 Competitive Advantage

After studying the market and developing a competitive assessment analysis, it would be important to measure *Bom Dia*’s skills and internal skills.

Location

By being present within Metro’s facilities, namely in the main halls after the turnstiles, *Bom Dia* will be noticed by all passengers who walk by. When observing competitors’ locations, one might perceive that they are further away from the place where the customers enter the Metro, hence bringing a competitive advantage to the company. Besides this, *Bom Dia* does not need a strong physical infrastructure such as those of a *café* or a restaurant, but only a small space to operate its mobile stand, which eases the firm’s chances of reaching stations that cannot approve competitor’s projects for lack of safety reasons or capacity issues.

Price

A good pricing strategy is an important starter to better reach the target segment. *Bom Dia* has decided to offer a small variety of products at prices that are affordable for the masses. Through this strategy, the company aims to create not only a group of regular customers, who are attracted both by the low price and by the quality of our products, but also to overcome competitors.

Design

Instead of the typical *café* located at Metro's stations, *Bom Dia* aims to pass its customer's an image of value creation, guaranteeing that the products are of high quality and reliable. The image is transmitted by the innovative stand, with a fresh and clean design allied to an attractive branding. The stand's branding, along with the products' branding and advertising are a critical mean in order to attract people's attention, to make them notice the stand and find it appealing. The light colors, together with the clean and modern cuts of *Bom Dia*'s stands, are a way of transmitting the company's values of reliability and modernism.

Simplicity

Although simplicity may seem, at a first glance, a quite atypical competitive advantage, it is actually one of *Bom Dia*'s biggest strengths. The whole logistics and operations are simpler than a normal competitor, since the products are already packed and requiring transformation; the fast service provided to the customer (serving each customer in less than 15 seconds) is aligned with the straightforward operations and inbound logistics. For instance, the bakery supplier is required to deliver the products in the stand minutes before the beginning of the activity, on a daily basis.

Real time data will be updated through an information system, which will be integrated among all stands and warehouses, allowing stocks to be traded among

warehouses or even from other stands, balancing different needs. Furthermore, *Bom Dia* will capitalize Metro’s resources - by using a portable ‘suitcase’ to transport stocks within Metro, *Bom Dia* can replenish the products by using the Metro itself, ‘escaping’ from the rush hour traffic⁵.

Concluding, the process is also simple for the consumer – he or she has only to pick one menu, in a standardized range of offers, in which *Bom Dia* pledges to serve its customers efficiently.

Vrio Framework

Table 2 – VRIO Framework (“C.A.” – Competitive Advantage)

Competitive Advantage	Valuable	Rare	Costly to imitate	Organized	Implications
Location	Yes	Yes	No	Yes	Unexploited C.A
Price	Yes	No	No	Yes	Temporary C.A
Design	Yes	No	No	Yes	Temporary C.A.
Simplicity	Yes	Yes	No	-	Temporary C.A.

When interpreting Vrio’s framework output [12], which helps to determine what advantages are indeed unique and competitive, one might argue that *Bom Dia* does not have a sustained competitive advantage, though having sources of competitive advantage. None of these advantages is really unique, which may take a competitor/new entrant to imitate or even surpass *Bom Dia* in its internal competences, if having greater monetary resources, for instance.

⁵ This ‘suitcase’ is isolated and able to maintain low temperatures for several days, besides having a capacity for 100 liters, which makes it useful and practical to use within Metro.

5.2 Value Proposition

Bom Dia's solution is to provide a meal that can cope with people's needs - an efficient service in a good location with a fair and low price. This is why the firm was born – to serve the passengers of Lisbon's Metro and end the daily trade-off of choosing time rather than health, highlighting instead the importance of the balance between both.

5.2.1 Target Segment

Due to a lack of studies and information regarding food habits, particularly at breakfast, we collected data to obtain a more realistic approach. Bom Dia's team conducted a survey in Metro to 180 passengers, in order to collect information about their preferences regarding breakfast habits. *Bom Dia* analyzed the results according to age and gender which allowed us to understand which segments were more willing to use the service. The main findings of this survey show that our main target is young people - individuals with less than 41 years old.⁶

Older people (≥ 41) were less receptive to this concept; this may be due to the fact that these people have a more conservative routine with older habits. On the other hand, younger people (< 41) adhered to the concept in general, which may relate to greater dynamics in their daily life, since they are probably more open-minded to new concepts.

⁶ As far as we know, there are no studies with statistical data concerning the class of income of Metro passengers. Assuming that these passengers class is representative of the whole population of Lisbon and considering the 2009's data published by INE [13], which states that Lisbon's municipality represents about 10.5% of the Portuguese buying power while the other municipalities served by Lisbon's Metro represent more than 20%, it can be assumed that the average Metro's passenger belongs to a medium to high income category.

5.2.2 Products & Services Offering

Products

Bom Dia's products⁷ consist in four different menus (4 food bases + drink)

Light – Apple; *Maçã de Alcobaça*;

Natural – Sliced fruit within a plastic cup

Classic – mixture bread w/ ham and cheese

(*pão misto*);

Special – croissant w/ ham and cheese

(*croissant misto*);

Drinks: Vigor's milk; Vigor's chocolate milk

Mimosa's strawberry yogurt;

Copa's Apple/Orange 100% natural juice;

Copa's Apple 100% natural juice



Figure 3 – Menu's roll-up

Loyalty cards

Customers who intend to use *Bom Dia*'s service on a daily-basis, or at least regularly, will be presented with a card in which they pay in advance and get a number of meals – they can be either 10, 15 or 22 meals – getting a different unitary discount for each of the cards.

Sampling

There will be two types of sampling campaigns:

1 – **Sampling for customers:** when buying a menu, customers will receive a sample along with the plastic bags;

⁷ Bom Dia's products are a mix of convenient and low priced products [14].

2 – **Sampling for Metro’s passengers** in general, performed in the *Bom Dia*’s stand, with the objective of delivering samples, such as cinema or gym cards, to passengers who walk by *Bom Dia*’s stand.

The potential for sampling campaigns within a platform like *Bom Dia*’s is high: the number of passengers walking by *Bom Dia*’s stand in four hours of activity can reach more than 10.000 in several stations. While associating their brands to this initiative, firms that use *Bom Dia*’s means to sample their products will be able to reach thousands of people, and efficiently promoting their product and adding further value to the consumer or/and passenger.

5.2.3 Revenue process

Products’ Revenues

Bom Dia is developing a strategic method aiming for *Bom Dia* to become profitable by trading its products as the only source of revenue. After having proved the concept is sustainable, meaning profitable on the long term, other initiatives - like publicity and sampling - may widen the range of opportunities and sources of revenue to strengthen *Bom Dia*’s profitability ratios on the medium and long-term. In the image represented below, one might see the process in which *Bom Dia* obtains revenues for selling its products on a ‘regular basis’.

Loyalty and Transport card

Bom Dia is also aiming at extending its offer to all Metro’s passengers as well as Lisbon’s public transports’ passengers in general, by integrating its services within Metro’s information system, resulting in a *Lisboa Viva* ticket with *Bom Dia*’s service included, meaning that *Bom Dia* will share the revenues from these tickets with the entities involved, like Metro or Carris.

Publicity and Sampling

Another important source of revenues for *Bom Dia* will focus on publicity and sampling campaigns (figure 4): when achieving 10 or more stations within Metro, *Bom Dia* will capitalize its resources and incorporate publicity and sampling as business activities.

As mentioned before, sampling will create an opportunity for other brands to expose their products by paying a variable fee

to *Bom Dia*, according to the size and dimension of

the sampling campaign. Concerning publicity, *Bom*

Dia will give its partners and corporate customers the

opportunity to use their brands in *Bom Dia*'s plastic bags, which due to the high number

of Metro's passengers, can lead to a high impact: if we assume that in 10 stations *Bom*

Dia is able to sell 500 menus, and that a single plastic bag can have an impact on only 10

passengers, there is a reach potential of 50.000 views per day. Similarly to sampling,

firms will pay *Bom Dia* a fee according to the dimension of the campaign (ex: number of publicized bags).



Figure 4 – Examples of a publicity campaign

5.3 Operating Model

After analyzing the market, we explored and evaluated *Bom Dia*'s value proposition and the differential between *Bom Dia*'s offer and its competitors. In order to complement *Bom Dia*'s business model analysis, it would be interesting to further investigate firm's internal capabilities and resources to understand how can they interact with the external factors and how do they influence the value delivered to the customer.

5.3.1 Value chain⁸

Bom Dia's is striving for the highest efficiency in its processes - by maximizing the firm's 'added-value internal activities' and outsourcing the activities that *Bom Dia* cannot operate in the most economical way, the firm is able to capitalize its resources and reduce overall costs, which is leading *Bom Dia* to achieve a 16% profit margin.

Since production (ex: baking) within this sector requires a high level of investment and a certain degree of experience, and due to the fact that *Bom Dia* wants to offer its customers quality brands, the firm decided to outsource this activity. This helps explain the great amount of weight that Procurement (53%) has in *Bom Dia*'s value chain, since the firm buys its products as finished goods. Additionally, Service (15%) includes the process of training coworkers and selling, which also takes a great deal of time and resources. Furthermore, HRM will be outsourced as well, until *Bom Dia* becomes able to do it better internally in the future.

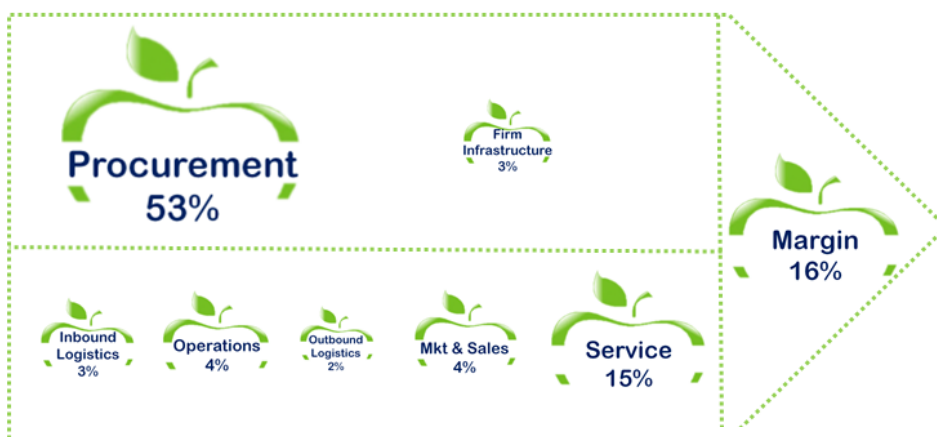


Figure 5 – Bom Dia's Value Chain

⁸ The value chain framework gives the reader an overview of Bom Dia's core activities, with the ones on the top supporting the primary ones, located below; Due to the very low weight of other Bom Dia's activities, they were assumed to be zero, despite covering other extremely important ones, such as Operations and Marketing. Furthermore, the sum of all weights is equal to 100% (including the 16% margin) - this framework was based on cost estimates for the first three years of activity, according to Bom Dia's financial model, which is beyond the scope of this project's business model (see figure 5).

5.3.2 Cost Model ⁹

Bom Dia's fixed costs account (Table 3) for about one third of the total costs (29%), and the variable costs are significantly higher (71%). Concerning the first ones, they are represented by salaries, licenses and a rent for the headquarters among others. All of these represent either costs that have to be paid to other entities or office expenses, since the work at *Bom Dia* is conducted both at the office and at the Metro stations. Concerning variable costs, they are intrinsically connected to the performance of the firm, having procurement as the most costly, as mentioned before on the value chain framework.

Table 3 – Bom Dia's cost structure

	2012~2014	
Variable costs	2.251.642	71%
Fixed costs	912.815	29%
Total	3.164.457	

5.3.3 Organization and Industry mapping

Bom Dia is a start-up with less than one year of existence; when measuring its organizational structure it can be considered a mix of a non-bureaucratic and a functional (see figure 6) organization system [15]. Since it is a young start-up, the communication is commonly performed in conversations without structured guidelines or fixed communication channels. Furthermore, the owners of the company are also the managers, which contributes to a more centralized decision-making process.



Figure 6: Bom Dia's Organization

⁹ For a more detailed information concerning Bom Dia's cost structure, it is suggested to consult appendix 4, which contains information regarding all costs for the first three years of activity.

However, there are functional areas attributed to each one of the managers in order to ease the workload and facilitate the day-to-day decision-making process.

Industry mapping: Bom Dia’s Stakeholders

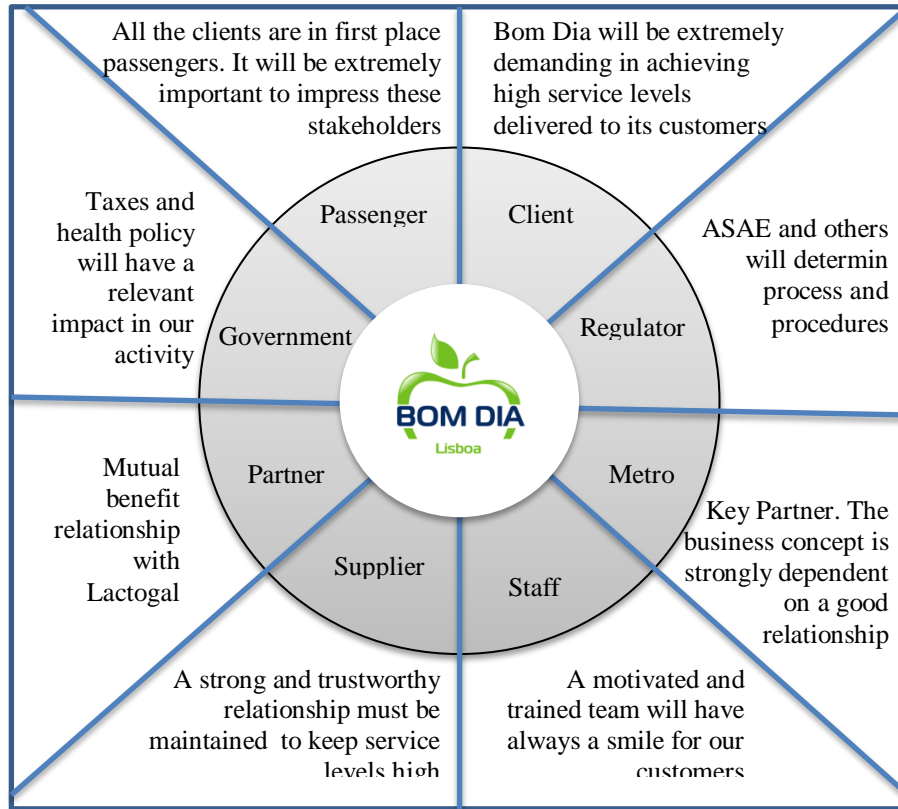


Figure 7: Bom Dia’s

6. Porter’s 5 forces analysis [16]

New entrants – Medium: The lack of infrastructures for traditional *cafés* to implement a ground-based establishment is a reality in several stations, which can difficult their chance of entering in Metro. Furthermore, there is a first mover advantage, since the attractiveness of entering in a network like Metro is subjected to the range of unoccupied stations. Besides that, the relationship that *Bom Dia* is developing with Metro, along with the bargaining power of the existing players, makes it more difficult for new players to get in. On the other hand, low capital requirements and low exit-barriers, allied to the attractiveness that an ‘unexplored’ sales channel - like Metro –

provides, makes it appealing for a player to join the market.

Substitute products Medium: The products delivered by *Bom Dia* are well-known to the public in general - most of them are leader brands in their market, and are already included in some of the competitors's service. However, *Bom Dia*'s products and services are aligned with the firm's target segment, its needs and with the concept itself; the service that *Bom Dia* is delivering to its customers is more than just a product offering, being therefore more difficult to 'copy', hence, harder to substitute.

Buyer power – Medium: *Bom Dia*'s customer will value the firm's service as simple, low-priced, nutritional balanced and efficient. Due to the lack of offer for a similar service, the more or less loyal consumer dependency on *Bom Dia*'s service will be Medium-High. However, one might argue that *Bom Dia*'s offerings' scope can reach a larger number of people, due to the high traffic of people within Metro, who are more demanding and sensible to price-variations, reducing therefore the firm's power over customers.

Supplier power – Medium/high: On the one hand, *Bom Dia*'s suppliers recognize potential in the project, since they also see an opportunity in the market and realize the importance that the firm will have for them in terms of sales volume, exposition and awareness of their brands. On the other hand, a supplier as big as Lactogal, will have a higher bargaining power when negotiating with *Bom Dia*, due to its size and importance for the firm's business. Additionally, the croissant and bread supplier¹⁰ will be responsible for delivering its products in a daily-basis with tight schedules and therefore a high degree of responsibility, which makes it vital for *Bom Dia*.

Competition – Medium: *Bom Dia* is promoting a divergent concept than the traditional *café*, selling different products and services in a privileged location; however,

¹⁰ The name of the supplier is not referred in this project.

competitors may ‘fight back’ the firm’s P&S offering by lowering prices or delivering new services to its customers, which can have a destructive effect for both intervenient.

7. TOWS

Strengths to maximize opportunities – Lisbon’s Metro is currently expanding its network and *Bom Dia* can easily adapt to future variations that this expansion may demand, due to its easiness in adjusting its stand to stations with different requirements. Furthermore, the high VAT implemented for the restaurant and coffee shop sector will (23%) threaten competitors. Since *Bom Dia* is a ‘pure’ retailer, and doesn’t transform any of its products, it means that the firm’s products’ VAT is discriminated by the product, much alike a supermarket, which be less harmful to *Bom Dia*’s activity. Additionally, people’s growing demand for superior services and healthier products is aligned with *Bom Dia*’s value proposition, being therefore a great opportunity.

Strengths to minimize threats – If a large retailer or other big player can enter in Metro’s network, that may threat *Bom Dia*’s activity or even its existence. In order to fight that scenario, *Bom Dia* needs to focus its value proposition on the best products and services, continuing with its strategy of teaming up with strategic partners, such as Lactogal, in order to reinforce its position and credibility.

Minimizing weakness by taking advantage of opportunities - The lack of a sustainable competitive advantage that determines *Bom Dia* to be unique, may be damaging for *Bom Dia*’s image and long-term sustainability. However, the firm’s combined sources of competitive advantages allied to the prospect of operating an innovative concept in a new market niche can reduce the negative effect that a lack of a genuine competitive advantage may generate.

Strategies to minimize weaknesses and avoid threats – *Bom Dia* can overcome the lack of diversity in its products by offering new services and added-value features in

its publicity/sampling campaigns. Additionally, *Bom Dia* must develop a CRM¹¹ strategy, to face upcoming trends in the market, satisfying its customers throughout time.

Furthermore, if the firm can successfully establish itself as a strong and added-value brand, reinforcing its advantages – price, location, simplicity and quality - the firm can diminish the probability of failure on the medium and long-term.

8. Risk analysis and contingency plan

Misleading concept - *Bom Dia*'s concept carries the risk of becoming confusing and having a small impact, since it is new to Metro' passengers, which may undermine the viability of the project – the pricing strategy may turn out to be inaccurate and providing poor support to the target segment's real expectations and *Bom Dia*'s products can be considered to be deviated from customer's proper needs. *Bom Dia* can fight this risk or even mitigate it, by carrying out constant and comprehensive analysis to the market to understand customer's preferences and adapt if necessary, in addition to taking the customer's input as an approach to pursuit the best set of products and services' offering.

Logistic process - While the business is growing and the number of *Bom Dia*'s stands increases, communication between headquarters and the stands will be more complex and inclined to become less integrated, due to the increasing amount of information, which can harm *Bom Dia*'s operations. For this reason, the firm needs to endow its software and POS with features that support an increase in the amount of traded information.

Licenses – Metro is an extremely important entity for *Bom Dia*'s activity and operations - in the future, external impediments can arise to block *Bom Dia*'s expansion plan, which may lead *Bom Dia* to negotiate its new contracts with a lower bargaining power. It is therefore of greater significance for *Bom Dia* to study exit strategies, such as

¹¹ CRM – Customer Relationship Management

diversifying to other means of transport, shopping centers or other attractive locations. Moreover, *Bom Dia* should always strive to maintain the best relationship with Metro, promoting synergies and avoiding possible obstacles.

9. Conclusions and Recommendations

After a thorough analysis of the market that *Bom Dia* is aiming to enter and after investigating a large set of opportunities within this market, one may conclude that *Bom Dia* has a solid opportunity for succeeding. Furthermore, the firm's combined internal capabilities and sources of competitive advantages are of crucial importance to create value for *Bom Dia*'s customers. However, there are several challenges, both internal and external, that the company mustn't ignore and will need to face in the future, in order to become sustainable on the long term.

By focusing on *Bom Dia*'s Business Model, as well as in Porter's five forces and Tows strategic tools, this report matches a set of strategies to better comprehend the logic and rationale of *Bom Dia*'s business strategy and its processes.

Bom Dia has several sources of competitive advantages which may turn out to be indeed, unique. The stands' privileged location, its low-priced breakfasts and the simplicity within the overall operations are of great value to the customer. However, for turning these advantages into competitive ones, they need to be improved; primarily the firm should focus on: executing a more aggressive plan of expansion to avoid the threat of competitors occupying *Bom Dia*'s location, considering as well other means of transport; implementing a set of technological features¹² within its stands to create value for *Bom Dia*'s customer; simplifying *Bom Dia*'s logistic process while the firm grows, integrating merchandise replenishments among the different stands and creating an efficient communication network, therefore reducing costs. Besides this, the fact that

¹² By creating partnerships with tech partners such as EDP Innovation, Cisco or Reditus

Metro is expanding its operations can be extremely interesting for *Bom Dia*, due to the stand's flexibility in adapting to virtually every station within Metro's network.

Furthermore, it is fair to recognize that the company's products are strongly connected to the Target segment, a statement confirmed by the survey's results. However, it is very important to continuously collect input from customers, and adapt *Bom Dia*'s services and prices if required. Regarding the firm's Revenue process, *Bom Dia* needs to take advantage of both publicity and sampling campaigns, although that may wear out *Bom Dia*'s image and be harmful for the firm on the long-term. Additionally, it was clear that the firm will need to manage its own Human Resources when reaching a certain size: by excessively outsourcing in this area, the company cannot create a strong culture, due to the high rotation of *Bom Dia*'s employees and to the high costs associated, which can easily result in a poorer customer-service and processes' inefficiency.

Furthermore, it will be extremely important to cultivate *Bom Dia*'s partnerships with Metro and main suppliers besides creating new ones, in order to adapt future challenges and opportunities. By reducing the weight that each supplier has for the firm, *Bom Dia* can more effectively negotiate its supplying contracts, decreasing costs and achieving better margins.

Since it is a new concept, there are several characteristics that *Bom Dia* can explore, such as the product's sampling or publicity. Although both these campaigns may add value to *Bom Dia*'s service, the firm should firstly focus its activity on selling the products, and when reaching financial leverage and awareness among Metro's passengers, introduce them to the market in a responsible way, avoiding damaging *Bom Dia*'s brand.

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Appendices

Appendix 1 - Team

EDUCATIONAL BACKGROUND

September 2010 until January 2012 (Expected)	NOVA School of Business and Economics, Lisbon, Portugal Masters in Management, Current GPA of 15/20. (Nr. 57 in the 2010 Financial Times Masters in Management Ranking) <ul style="list-style-type: none">• January 2011 – Study Trip to Madrid - with the main goal of knowing important companies and their businesses, as well as strengthening the network. Some of the Companies visited: <i>Bain, Deloitte, Credit Suisse and Barclays</i>, MAIS DUAS EMPRESAS
September 2006 until June 2010	ISCTE Business School, Lisbon, Portugal Undergraduate Degree in Management and Industrial Engineering, Final GPA of 13/20. <ul style="list-style-type: none">• September 2008/January 2009 – Erasmus Student, Universität Wien – University of Vienna, BWZ - Business and Economics Faculty

PROFESSIONAL EXPERIENCE

February 2011 to present	Co-Founder of Bom Dia Lisboa start-up
July 2008 until December 2011 (expected)	Part-time coach at <i>Clube de Ténis Jamor</i> (Tennis club). Main responsibilities: Tennis lessons for children from 5 to 12 years old. Co-responsible for the club restructuration concerning technological development (Internet, creation of a database with student's information, etc.)
February 2010 until June 2010	Internship at Jerónimo Martins, Logistics Department. Main responsibilities: Developing a plan for the restructuration of the inventory system used in JMR warehouses'. <ul style="list-style-type: none">• Research concerning the best practices used in the most advanced Logistics software and warehouses throughout the world. Study of the causes of the inefficiency verified in the JMR's supply chain.• Counting process at the warehouse to understand the problems in the logistics chain• Developed a thesis, oriented by Prof. José Crespo de Carvalho to conclude the undergraduate – Final GPA of 15/20.
July 2008 and July 2009	Coordinator of “Clínicas de Ténis” summer camps at <i>Clube de Ténis Jamor</i> . Main responsibilities: Tennis lessons to children until 12 years, being co-responsible for a group of more than 50 children in other activities and sports (swimming, golf, etc.)

LANGUAGE SKILLS

- **English - Advanced knowledge** (2010 - Toefl exam with a final grade of 95/120).
- **German – Basic knowledge** (2009 - Level B1.1 Certificate of German (Goethe Institut and Vienna University Language Center)
- **Spanish - Basic knowledge.**

COMPUTER SKILLS

- **Advanced Knowledge** in Microsoft Office

OTHER ACTIVITIES

Since December 2010	Co-Founder and ‘Brand and Strategy manager’ of the NOVA’s <i>Entrepreneurship Club (CEO Club)</i> . Main responsibilities: planning the marketing, strategy and merchandising, controlling the club’s image, planning and organizing promotion campaigns. Main projects: <ul style="list-style-type: none">• Responsible for organizing the <i>Ignite</i> event at NOVA – “Event with presentations on topics such as innovation, creativity, entrepreneurship or simply a crazy life episode”; 16 speakers – 5min/20 slides/15 sec. per slide. We were able to gather nearly 600 people.
Since November 2009	Allstars - Football amateur tournament , playing in All Blacks and Black Devils teams. Was Black Devil’s captain (2010).
2002 Until 2007	Tennis Winner in several singles and Doubles national tournaments. 2 nd place at National Team Championship (Juniors) 2005. Participation in International tournaments.
2007 And 2009	2 Interrail across Europe – Amsterdam, Barcelona, Belgrade, Florence, Istanbul, London, Paris and Sofia among others. Intrarrail within Austria – Linz, Graz, Innsbruck.
June 2006	Volunteer work at Rock-in-Rio Lisboa Music festival Main responsibilities: Helping in the organization of the event, and help customers in the field with information, etc.
October 2005 Until June 2006	Vice-president of the Students union in senior year of High School – Responsible for events

Diogo de Azambuja Vasconcelos Porto Monteiro

Date of birth: 08/07/1987

Nationality: Portuguese

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EDUCATION

Present FACULDADE DE ECONOMIA DA UNIVERSIDADE NOVA DE LISBOA
The School of Economics - Nova University of Lisbon.
^
01/09/2010 Masters in Management.

31/01/2009 FACULDADE DE ECONOMIA DA UNIVERSIDADE NOVA DE LISBOA
The School of Economics - Nova University of Lisbon.
^
B.A. in Management with an average grade of 14 out of 20.

01/09/2005

2005 SÃO JOÃO DE BRITO SCHOOL (CSJB)
^
Secondary School with an average grade of 16 out of 20.

1992

WORK EXPERIENCE

DELOITTE TOUCHE TOHMATSU
Analyst at Deloitte's Consulting division, in Manufacturing, Consumer Business, Energy and Resources industries and the Enterprise Applications service line .
The following International Projects are highlighted:
31/08/2010 Design of logistics , financial and production processes in four different companies
operating in Portugal and Angola and implementation of SAP ECC and SAP Retail. Had
^ the responsibility of design and customisation of SAP Financial solution. Two months
01/02/2009 international assignment in Luanda, Angola.
Implementation financial processes and respective legal requirements of SAP ERP in more than 40 countries. Responsible for the implementation and International roll-out of the Columbian and Bolivian Financial module, legal requirements, namely tax requirements.

SKILLS

Portuguese – Native.
Languages English – Very Good (TOEFL PBT score: 617 out of 677).
Spanish – Conversational (A1 Spanish level concluded with a grade of 16 out of 20).
Experience in process reengineering and customisation of SAP ERP and Retail solutions
IT with special emphasis in the financial and controlling modules.
Proficient at MS office applications, Microsoft Windows and Mac OS X environment.

ACTIVITIES and INTERESTS

Captain of the university eleven football team (2008/2009).
Sports Participation in several sport teams throughout the entire academic path (Football and Handball).

Different travels through several European countries, EUA, Middle East and Africa from which I stress the following:
Travelling - A Travel to Israel with ACEGE (a Christian Association of Entrepreneurs and Managers).
- A month holiday in Denmark with a Danish foster family.

	Participation in a voluntary work camp in 2007 and 2011.
Volunteering	Volunteer in Banco alimentar contra a fome (Lisbon food bank) for several years.
	Team leader at the management game “Global Management Challenge”. (2009)
Others	Brandmix, Import/Export – Administration Reporting / Management accounting 6 months part time (2011). Events’ and brand promotion – Temporary works through marketing agencies (Valetparking, 4a4...).
	Cinema, writing and reading.

Curriculum Vitae

Personal information

First name(s) / Surname(s) **Tiago Manuel Simões das Neves**
Address Alameda dos Oceanos 4.48.01-G 3º Dto, 1990-212 Lisboa (Portugal)
Telephone(s) 912863088
E-mail(s) Tiagomsneves@gmail.com
Nationality Portuguese
Date of birth 06/08/1988
Gender Male

Work experience

Dates 16/06/2010 - 15/09/2010
Position held Commercial Banking
Main activities and responsibilities Versatile position at the banking agency. Public and commercial assistance.
Name of employer Caixa Geral de Depósitos

Dates 03/2010 →
Position held Event Host at FIL
Main activities and responsibilities Event support. Organization of events and public assistance.
Name of employer ISS Resources

Dates 02/2010 →
Position held Volunteer
Main activities and responsibilities Association that provides assistance services in debt reduction to families at a financial and judicial level. Management and debt negotiation.
Name of employer APEFI

Education and training

Dates 2010 →
Title of qualification awarded Advanced Certificate in English
Name of organisation providing education and training British Council

Dates 2006 - 2010
Title of qualification awarded Economics Degree Finalist
Name of organisation providing education and training Faculdade de Economia da Universidade Nova de Lisboa
Level in national classification Actual GPA of 12. (13 expected)

Dates	08/01/2009 - 08/04/2009
Title of qualification awarded	Spanish Intermediate 1 Level
Name of organisation providing education and training	Spanish Institute of Lisbon
Dates	08/2008 - 12/2008
Title of qualification awarded	Exchange Program under Erasmus Program
Name of organisation providing education and training	Aarhus Business School Aarhus (Denmark)
Dates	08/2004 - 07/2005
Title of qualification awarded	11th Grade - High School
Name of organisation providing education and training	Fargo North High School Fargo (United States)
Dates	09/2003 - 07/2006
Title of qualification awarded	Secondary School - (General Course of 3rd Grouping)
Name of organisation providing education and training	Colégio do Sagrado Coração de Maria
Level in national classification	15 values

Personal skills and competences

Social skills and competences	Member of the University's 11 Football team; Student's Union member in the International Relations area; Facility of adapting to multicultural environments and to change; Excellent interaction in social environments and oral expression; Responsibility; Team Spirit; Critical Vision; Entrepreneur; Opportunities' Seeker; Excellent General Knowledge;
Organisational skills and competences	Autonomous Punctual; Assiduity; Sense of Organization; Supporting in the travelling organization of personal nature / family; Inter-rail Planning and Execution; Family Business Experience (Inventory Actualization); Experience as a mathematics' tutor;
Technical skills and competences	Economics Area; Accounting;
Computer skills and competences	User's perspective computing skills; mastery of Office Software; Experience in Website Development (Amateur Level)

Artistic skills and competences	Classic Guitar Formation from 2002 to 2003.
Other skills and competences	<p>Football player since 6 years old in Football schools, in the university and in amateur championships.</p> <p>Semi-Federate Swimming from 11 to 15 years old.</p> <p>Snowboard, Gym and Tennis occasional practice.</p> <p>Participation in the Actives Management BPI Seminar at Universidade Nova in 2008;</p> <p>Participation at Game of Management 2007 undertaken by IPAM and SOL;</p> <p>Participation in the Nova Idea Competition 2010 - Creation and Development of an Idea</p>
Driving licence(s)	B, B1
Additional information	Interests: Reading, Music, Cinema, Theatre, Travelling and Sports

Appendix 2 - Political/Legal

A program to revive growth and ensure fiscal and financial stability was accepted by the Portuguese government in May 2011, supported by €78 thousands of millions of assistance by the IMF and EU, in order to restore the government's access to medium and long-term debt markets and with the objective of making Portugal more competitive. The new challenges intend to improve labor market flexibility, enhancing productivity and reducing fiscally-neutral in social security contributions.

Appendix 3 – Competitive assessment

		Outside Coffee Shops	Inside Coffee Shops	Domestic Breakfast
Price	***	*	*	*****
Quality	*****	***	***	**
Service	***	***	**	*
Location & Visibility	*****	*	**	N/a
Loyalty	*****	*****	**	*****
Comfort	**	*****	**	*****
Growth Potential	*****	*	*	*****
Variety	***	*****	*****	***
Total	*****	***	**	***

Price:

Bom Dia stands out from all the other coffee shops, mainly due to economies of scale of its standardized menus and its low structural costs. Naturally, the domestic meal is the cheapest alternative, due to the super and hypermarkets lower costs.

Quality:

One of the most important differentiation points from Bom Dia is the high quality, freshness (all croissants and breads are baked hours before being sold) and nutritional balanced products. The regular domestic breakfast, on the other hand, usually consists of long expiration date products (cereal, wrapped bread, etc).

Service:

When compared with the most direct competitor (inside *cafés*) Bom Dia offers a more efficient and fast service. The outside *cafés* have a slower service, however they can

provide other benefits to the costumers (like chairs, tables, restrooms and others) increasing the overall service level (contrarily to inside *cafés*). The domestic breakfast requires the consumer to move to the store, buy the product, and serve it by him/herself, causing an inferior service.

Location and Visibility

Bom Dia benefits from a great location since it is positioned after the turnstiles where we can find a higher flow of customers. The inside *cafés* can only target customers that are walking by that particular path.

Loyalty

Regarding this feature we assumed that most people who eat their breakfast outside their homes go to street coffee shops. Therefore the rank of these competitors on this feature is high. Nonetheless, Bom Dia expects to achieve a great loyalty level due to the quality delivered and the price quality ratio. Bom Dia positioning will also give an option for domestic breakfast consumers to see an eloquent alternative.

Comfort

When analyzing the place where the product is consumed, Bom Dia has a great disadvantage against domestic breakfasts and outside coffee shops since these competitors offer a specific space to do it. Despite this fact, Bom Dia is able to have the upper side comparing with inside *cafés* because customers can choose where to eat their breakfast.

Growth Potential

The growth potential of Bom Dia is higher than a normal *café* because it is an innovative concept. However, the importance of the domestic breakfast is increasing due to the rising economical pressure on the customer, restricting the family's budgets.

Variety

In this element Bom Dia Lisboa scores a lower result due to its standard menus, when compared to the large variety of products found in *cafés*.

Appendix 4 – Cost's Structure

	2012	2013	2014
Variable Costs			
Procurement	218.741	674.487	1.189.485
Stock's shortages	2.701	8.327	14.685
Transports	10.228	22.867	38.513
Fuel	1.800	2.850	4.800
Distribution personnel	5.228	12.417	20.913
Leasing	3.200	7.600	12.800
Total Variable costs	241.898	728.548	1.281.196
Fixed Costs			
POS fee	1.882	5.711	10.124
Salary	42.768	139.392	247.104
Metro license	7.250	22.000	39.000
Headquarters	5.100	8.900	10.800
HACCP	844	844	844
Managers	19.083	56.800	130.400
Intermediate Management	1.800	17.000	37.500
Pessoal Cozinha	0	0	0
Cleaning personnel Metro	6.500	20.704	40.572
Communications	870	2.640	4.680
Economat	600	1.150	1.200
Other administrative costs	1.450	4.000	5.850
Water	250	250	250
Electricity	471	471	471
Internet + Telephone	960	5.580	8.750
Total Fixed Costs	89.828	285.442	537.545