

MARYPAZ MARKETING PLAN

MERCHANDISING STRATEGIES IN FOOTWEAR STORES

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GLOSSARY

AECOM – Architecture, Engineering, Consulting, Operations, and Maintenance (Los Angeles, CA)

APED – Associação Portuguesa de Empresas de Distribuição

APICCAPS – Associação Portuguesa dos Industriais de Calçado, Componentes e Artigos de Pele e Seus Sucedâneos

BTC – Black Toro Capital

CFPIC – Portuguese Footwear Technological Centre and the Academy of Design and Footwear

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization

FECs – Family Entertainment Centers

GLA – Gross Lettable Area

INE – Instituto Nacional de Estatística

TAMS – Taxonomy of Apparel Merchandising System

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1. SUMMARY

This master thesis project has the objective to develop an applied project for the Spanish footwear brand – MARYPAZ. We intend to implement new merchandising strategies not only in stores that already exist in Portugal, but also, new ones to be created in our territory.

In this project, we have studied the footwear market in order to understand what could be our opportunities and our main treats in the sector, and therefore, how could be our approach to gain ground in the Portuguese market. Accordingly, we have identified, through an online survey, our respondents' purchasing habits in general, and additionally, their preferences regarding the layout of a store. Based on these results, we were able to create a marketing plan that will respond to our audience's needs.

A marketing strategy was planned and marketing-mix elements were designed to formulate a new store concept that will renew MARYPAZ's image and, consequently, restore brand's recognition and make it more competitive. Having these components well established, we can proceed with the implementation of our project.

Key-Words:

- 1) Marketing Plan
- 2) Footwear
- 3) Product/ Service Launching
- 4) Merchandising Strategies

JEL Codes: Business Administration M1, Marketing M3

1. SUMÁRIO

Esta tese de mestrado tem o objetivo de desenvolver um projecto aplicado para a marca espanhola de calçado – MARYPAZ. Pretendemos implementar novas estratégias de *merchandising* não só em lojas MARYPAZ que já existam em Portugal, mas também em lojas novas a serem criadas no nosso território.

Neste projecto, estudámos o mercado de calçado de forma a compreender quais poderiam ser as nossas oportunidades, assim como, as nossas maiores ameaças no sector e, conseqüentemente, qual poderia ser a nossa abordagem para ganhar terreno no mercado Português. Desta forma, identificámos, através de um questionário online, os hábitos de consumo, em geral, dos nossos inquiridos e, adicionalmente, as suas preferências relativamente ao *layout* de uma loja. Com base nestes resultados, foi-nos possível criar um plano de marketing que irá corresponder às necessidades da nossa audiência.

Uma estratégia de marketing foi planeada e os elementos do marketing-mix delineados de modo a formular um novo conceito de loja que irá renovar a imagem da MARYPAZ e, conseqüentemente, restaurar o reconhecimento da marca e torná-la mais competitiva. Tendo estes componentes bem estabelecidos, somos capazes de proceder com a implementação do nosso projecto.

Palavras-chave:

- 1) Marketing Plan
- 2) Footwear
- 3) Product/ Service Launching
- 4) Merchandising Strategies

Codificação JEL: Business Administration M1, Marketing M3

2. EXECUTIVE SUMMARY

This project has the goal to develop a Marketing Plan that supports the implementation of new merchandising strategies to be applied at all MARYPAZ stores in Portugal. MARYPAZ is a Spanish footwear brand that is, currently, in an international expansion process, counting already with points of sale in France, Morocco, Tunisia and aiming the Asian market and the rest of Europe.

We identified an opportunity for MARYPAZ in the Portuguese market: it's not the most popular footwear brand in Portugal. Nevertheless, it has great potential since it offers trendy footwear (aligned with other product supplements) at a good-quality price. Therefore, our big challenge was to position MARYPAZ at the same level as its direct competitors, namely Seaside, the Portuguese footwear giant.

We needed to renew MARYPAZ image in order to launch it in the market as a vibrant, innovative and desirable brand. The strategy used to achieve it was the implementation of a new store layout based on our target needs. Those preferences served us as main support for developing, efficiently, the marketing-mix components for our product/ service.

In chapter 6, we made an External Analysis. This includes a PESTEL analysis (political, economic, social, technological and environmental factors), a market background analysis (a general sector overview) and a competition analysis (direct and indirect competitors).

In chapter 7, we made an Internal Analysis about MARYPAZ, namely its business strategy and positioning, portfolio analysis, store concept, business performance analysis and competitive analysis – SWOT analysis.

In chapter 8, we designed our plan for our product launching. We defined our segmentation, targeting and positioning (including new product gold positioning triangle and perceptual map). Afterwards, we developed our marketing-mix, comprising 7 P's: product, price, place, promotion, people, process and physical evidence.

In chapter 9, we set an implementation chronogram that will guide the product launching in the Portuguese footwear market.

Finally, in chapter 10, we calculated the revenues, expenses and profit for MARYPAZ, in Portugal, in the period between 2019 and 2022 in order to compare the company's results before, during and after the implementation of our project.

3. LITERATURE REVIEW

3.1. The Sociology of Consumption

3.1.1. Origins of Modern Consumption

Human beings have participated in the exchange or sale of goods for a few thousand years. The concept of *shopping* can be traced back to the bazaars and trading hubs of the Middle East and North Africa. Nowadays, the bazaar still plays a central role in the retail sector and in local culture, even though modern department stores and shopping malls coexist with the traditional sector (Dokmeci et al. 2006).

As we can see, shopping, as part of the human history, was and still is an important activity with rich meanings and social importance due to its political or religious dimensions. Modern retail takes a different turn with its shift in focus to the satisfaction of individual desires. This is what we call modern consumption (Stillerman, 2015).

There is not an agreement among different authors concerning the beginning of modern consumption: Sombart (1967) dates modern consumption back to the twelfth century, when papal courts sponsored ostentatious celebrations. Mukerji (1983) focuses on the Middle Ages and Renaissance to examine modern materialism – a growing focus on exchange and consumption. In the perspective of McCracken (1988) consumption started to be a relevant issue in the decade of 60 in England. The author argues that Queen Elisabeth used hedonistic consumption as an instrument of rule. Everyone who wanted to be part of a pleasure-seeking life next to the Queen had to spend a lot of his resources, developing, therefore, a form of consumption.

3.1.2. Retailing: An Introduction

3.1.2.1. Definition of Retailing

The definition of retailing is consensual for the majority of the authors; Cox and Brittain (2004) define it as “the sale of goods and services to the ultimate consumer for personal, family or household use. Thus retailing involves more than selling tangible products”. They inclusively stress the fact that the purchase of a service such as haircut

or dry cleaning is also considered a retail transaction. Gilbert (2003) makes very clear that selling of services, along with selling of goods, counts as a means of distribution too, and retailing turns out to be a “business that directs its marketing efforts towards satisfying the final consumer based upon the organization” of trading those goods and services. A more simplistic definition of retailing is given by Lewison (1997): “the business activity of selling goods or services to the final consumer”.

More than a business activity, retailing can be perceived as “the primary conduit for production and consumption linkages in economies”, reflecting as it does cultures and consumers (Paul Freathy, 2003).

Retailers are the final business in a distribution channel that links manufacturers to consumers (Weitz, 2004). This is how it works: “wholesalers buy products from manufacturers and resell these products to retailers, and retailers resell products to consumers”. We can say that “wholesalers satisfy retailers’ needs, whereas retailers direct their efforts to satisfying needs of ultimate consumers”.

3.1.2.2. Culture and Retailing

“Retailing begins with the environments within which it takes place. [It] must be responsive to the culture within which it operates. Whilst we might believe that a global culture is emerging, and certainly we have to agree that culture evolve, in reality, retailing adapts to the local situation and norms in most instances” (Findlay and Sparks, 2002).

In fact, retailing (Paul Freathy, 2003) must be responsive to the culture within which it operates, creating, consequently, a great diversity in terms of regulatory and shopping environments. We have to bear in mind that there are differences regarding cultural norms and societal behaviors between Japan, Saudi Arabia or the United States, for instance.

Thus, understanding the culture and the society of a country is one of the missions of retailing. Knowing what drives local consumers and what they need and want (in product and service terms) is fundamental to the operation of retailing being succeed.

3.2. E-commerce

3.2.1. The concept of E-commerce

E-commerce can be defined as the use of the Internet and the Web to transact business (Laudon and Traver, 2007). It can be understood as digitally enabled commercial transactions between and among organizations and individuals. Spiller and Lohse (1997) compare shopping at an online store with shopping through a paper catalog since both involve mail delivery of the purchases and in both cases customers cannot touch or smell the items.

Shopping online “enables consumers to search for information and purchase products or services through direct interaction with the online store” (Lohse and Spiller, 1998; Kolesar and Galbraith, 2000). In other words, online purchases are mainly based on the cyberspace appearance such as pictures, images, quality information, and video clips of the product, not on the actual experience.

Some authors draw attention to the positive side of e-commerce: Alba *et al.* (1997) highlight the reduction of consumers’ decision-making efforts by providing vast selection, information screening, reliability, and product comparison; Park and Kim (2003) point out the decrease on the cost of information search and the effort in making purchasing decisions, “since the Internet provides screened and comparison information for alternatives”; Kolesar and Galbraith (2000) state that the benefits to the consumer when buying online are not in the purchased good, but instead they are in the performance of the online shopping transaction itself, since it saves time and, consequently, it increases convenience and reduces the risk of dissatisfaction (Wolfenbarger and Gilly, 2001); the same idea is shared by Brynjolfsson and Smith (2000), who emphasize the offer of a great product selection, accessibility and convenience without the restrictions of time and space.

3.2.2. The impact of e-commerce on physical retail

In the early years of e-commerce (Laudon and Traver, 2007), thousands of entrepreneurial Web-based retailers were drawn to the marketplace for retail goods, simply because it was one of the largest market opportunities in the U.S. economy. Many entrepreneurs initially believed it was easy to enter the retail market. Early writers predicted that the retail industry would be revolutionized, literally “blown to bits”—as prophesized by two consultants in a famous Harvard Business School book (Evans and Wurster, 2000).

The Internet greatly reduced both search costs and transactions costs, which meant that consumers would use the Web to find the lowest cost products. Consumers would increasingly drift to the Web for shopping and purchasing, which would mean the ruin of traditional commerce. Only low-cost, high-service, quality online merchants would survive.

However, online retail has often not been successful as an independent platform on which to build a successful “pure-play” Web-only business. As it turns out, the consumer is not primarily price driven when shopping on the Internet but instead considers brand name, trust, reliability, and delivery time as at least as important as price (Brynjolfsson, Dick and Smith, 2004). In fact, we are now facing a new phenomenon that is changing the way of doing business, which is called *hypermediation*: “transactions over the Web, even very small ones, routinely involve all sorts of intermediaries, not just the familiar wholesalers and retailers, but content providers, affiliate sites, search engines, [among others]” (Nicholas Carr, 2000).

3.2.3. Customer satisfaction and loyalty in the online context

Several authors tried to define customer satisfaction; for Oliver (1997) it means “customer reaction in the context of the state of fulfilment, and customer judgement of the fulfilled state.” In the same year Woodruff gave us a simpler definition: “an overall positive or negative feeling about the net values of services received from a supplier”. Kotler (2000) described satisfaction as a “person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to

their expectations”. Now regarding the construct of satisfaction in the online context: Anderson and Srinivasan (2003) defined e-satisfaction as the “contentment of the customer with respect to their prior purchasing experience with a given electronic commerce firm.” According to McKinney *et al.* (2002) web-customer satisfaction has two distinctive sources:

- (1) “satisfaction with quality of the website’s information content; and
- (2) satisfaction with the website’s system performance in delivering information”.

Customer loyalty has been recognized as an important factor to take into account from the companies. However in online environments it is more complicated to establish a social connection between firms and customers due to the lack of a physical environment, social distances between companies and customers (Schijns, 2003). Moreover consumers can compare competing products and services with minimal expenditure of personal time or effort, which results in competitive business markets and lower brand loyalty (Srinivasan *et al.*, 2002).

Customer satisfaction is explored in marketing as being the key to generating customer loyalty.

At the online environment, customer satisfaction has no impact on the customer loyalty. Even if consumers are satisfied by a specific website, they are still likely to find alternatives sites and switch to similar products or services (Anderson and Srinivasan, 2003; Terblanche and Boshoff, 2010). Therefore, the relationship between customer satisfaction and loyalty is weaker than in offline shops.

3.2.4. “Retailtainment” as a solution to enhance offline shopping

Lohse and Spiller (1999) believed that somehow the features of the so called traditional shopping were related to online shopping ones. They showed using a table that traditional shopping features were also present in online shopping, but in most cases in a different form and not always attending to consumers’ needs. For instance, “Internet shoppers are not able to gain the experience they usually get when shopping the traditional way, e.g. interacting with a salesperson, feeling the atmosphere, and

touching or trying the merchandise” (Li *et al.*, 1999). For this reason, some consumers choose to engage in traditional shopping over online shopping.

The solution for the threat of consumers substituting brick and mortar stores for cyber purchasing is “retailtainment”. First developed by American sociologist, George Ritzer, retailtainment is “the use of sound, ambience, emotion and activity to get customers interested in the merchandise and in the mood to buy” (1999).

Consumers are no longer looking for a product but are increasingly seeing shopping as an experience; on the supply side, retailers are focusing on creating in-store experience. Examples of in-store experiences are the Disney Store houses animated trees and cartoons; a studio created by Apple for creative advice; and the recreation of a loud nightclub scene by the clothes retailer Abercrombie & Fitch in order to immerse its shoppers (AECOM, “The Rise of Retailtainment: Convergence of Leisure Entertainment and Retail”, 2014).

This trend as a retail experience that appeals to the senses is supported by PwC who suggested that today customers “don’t want (or need) a better product—they want a better shopping experience” (“Retail 2015: New Frontiers”, PwC). Moreover, it’s imperative companies to start giving attention “on how customers ultimately feel about themselves in their interaction with the shopping environment, product, service and brand”. Middle East has already been investing on “retailtainment” with the creation of Family Entertainment Centers (FECs), followed by North America and a growing interest from Eastern Europe.

For AECOM the priority engaged by retail centers will be studying “their local markets and target gaps in differential leisure offerings”, and in return, leisure and entertainment operators “will do well to leverage their brand and intellectual property by developing concepts that are easily integrated into a retail environment”.

3.3. Merchandising

3.3.1. Definition of Merchandising

P.H Nystrom (1932) defined merchandising as “careful planning, capable styling and production or selecting and buying, and effective selling”. Merchandisers keep playing an important role in the exchange process by providing products for consumption. In fact, the main responsibility of merchandisers is to “understand customer demands, analyze sale trends, and select and present salable products” (Fiorito & Fairhurst, 1993; Solomon, 1993). On the perspective of R.C. Kean (1987), merchandising is “the analysis and response to the changes (transformations) and processes (advances) which occur in the planning, negotiation, acquisition, and selling of products/ services from their inception to theirs reception and use by the target customer”. For Kean, merchandising is a subpart of marketing, whereas Grace Kunz sees merchandising and marketing as two of six constituencies necessary to operate an apparel firm, as it is proposed by the Behavioral Theory of the Apparel Firm (Kunz, 1995). Using the definition of Glock and Kunz (2000), merchandising according to the behavioral theory consists on “planning, developing, and presenting product line(s) for identified target market(s) with regard to pricing, assorting, styling, and timing.” David Gilbert (2003) has a similar perception on merchandising, which is “the planning and implementation of the acquisition, handling and monitoring of merchandise categories for an identified retail organization.”

Merchandising brings at the surface three important components — line planning; line development and line presentation of product line(s). A product line can be defined as a combination of styles that “satisfy similar or related customer needs; are sold within the targeted price range; and are marketed with similar strategies” (Kunz, 2010).

3.3.1.1. Line Planning

Line planning is characterized by being a dynamic process throughout the merchandising cycle. Line planning requires assessment of the present, analysis of the past, and projection for the future. The main elements of line planning process consist

on evaluate merchandise mix, forecast merchandise offering, plan merchandise budgets, plan merchandise assortment, determine delivery and allocation, and analyze and update merchandise plans (Kunz, 2010).

Dale Lewison (1997) defines line planning as “the process of establishing performance guidelines, whereas control is the process of checking how well management is following those guidelines”.

3.3.1.2. Line Development

Line development includes “the processes required translating a line plan into real merchandise” (Kunz, 2010). The time needed for the execution of line development can vary greatly from one firm to the next depending on the nature of the merchandise offered and the types of line development processes used. The first phase of line development is formulating the line concept. Line concept is responsible for making the line appealing and salable. Issues like color, styling and fabrications according to firm’s target customers need to be addressed when establishing line direction.

Once this is agreed upon, there are two means of completing line development: finished goods buying/ sourcing and/ or product development. Buying/ sourcing finished goods in the global market is a process that usually involves both manufacturer and retailer merchandisers. Retail buyers often travel to wholesale markets or work with manufacturers’ representatives in their stores to select merchandise from apparel manufacturers’ lines. Sales representatives are often instrumental in developing retail assortments and writing purchase orders (Kunz, 2010).

Product development is the design and engineering of products to be serviceable, producible, salable, and profitable (Glock and Kunz, 2000). According to Gaskill (1992), the main focus of a retail product development division is on “the conceptualization, planning, development, and presentation of market-oriented product lines”. Jeremy A. Rosenau and David L. Wilson (2002) have a more complex approach on the concept, since all the process behind the product development includes “many interrelated functions”. In fact, “a poor decision or a delay in selecting a fabric, creating

a prototype, developing patterns, or coming up with preliminary costing could eventually require redefining the line plan or developing new style concepts”.

According to the revised apparel retail product development model of Wickett et al. (1999), by Kunz (2010), in the apparel industry, product development evolves in three phases: creative design (the creativity that involve the product concept); line adoption (the choice of styles and how they will be applied to the line plan); and lastly, technical design (the process responsible for the production of the product, which include, for instance, perfecting styling and fit, and testing materials and assembly methods).

3.3.1.3. Line Presentation

Line presentation involves evaluating the line in order to make it visible and salable. The power of appeal (Scheller, 1993), also known as hanger or shelf appeal, attracts attention and causes retail buyers and ultimate consumers to stop, take a longer look, and ultimately purchase.

Line presentation may occur internally within a firm, at wholesale levels (presenting products for sale to retail buyers at show rooms) and/or at retail levels (it includes catalog, television and Internet selling). Strategies associated with merchandise presentation include: pricing; preparing visual displays using fixtures, lighting, and space; providing product information via labels, tickets, and signage; serving customers; and managing inventory (Kunz, 2010).

3.3.2. Taxonomy of apparel merchandising systems

“Retail product development is a major activity of many retailers because it allows retailers to adopt a customer-driven strategy” (Gaskill, 1992). In order to understand how retailers conduct the product development process, Gaskill developed a case study about “the product development division of an international specialty apparel retailer.” Adopting Gaskill’s (1992) model of retail product development, Wickett et al. (1999) conducted a study to validate and extend the original Gaskill model. Wickett et al. integrated Kunz’s (1998) Taxonomy of Apparel Merchandising System (TAMS)

terminologies such as Pre-Adoption Product Development, Line Adoption, and Post-Adoption Product Development to complete their study. “TAMS describes planning, developing and presenting product lines as merchandisers interact and collaborate with the firm’s internal constituencies and with outside coalitions, particularly vendors and customers”. (Kunz, 1998)

The merchandising cycle represented by TAMS is 1 year (52 weeks), beginning the first week of February and ending the last week of January. The cycle begins in February because January apparel sales are primarily the clearance of fall and holiday stocks in preparation for the new spring and summer selling periods.

“As a merchandiser, it is common to work on several different selling periods at the same time. As shown in the Line Planning component of TAMS, a merchandiser might be planning delivery and allocation for merchandise to be presented weeks 1 through 12, planning budgets and assortments for merchandise to be presented weeks 13 to 26, and evaluating merchandise mix for merchandise to be offered weeks 27 to 40.” (Kunz, 2010)

3.4. In-store merchandising

When designing a store, managers must bear in mind two main objectives. First of all, retail managers “must define the target customer and then design a store that complements customers’ needs” (Sirgy, Grewal and Mangleburg, 2000). Secondly, in order to influence customer buying decisions, retailers “concentrate on store layout and space-planning issues” (Weitz, 2004). Furthermore, “customers’ purchasing behavior is also influenced, both positively and negatively, by the store’s atmosphere” (Baker, Parasuraman, Grewal, and Voss, 2002).

To begin with, one important concept regarding merchandising strategy is the store layout, which is “the arrangement and location of fixtures, fittings, equipment, merchandise, aisles and non-selling areas such as checkouts and dressing rooms” (Cox and Brittain, 2004). Weiz (2004) considers that store designers must balance several objectives in order to develop a good store layout, otherwise those objectives tend to conflict: “for example, the store layout should entice customers to move around the

store to purchase more merchandise than they may have originally planned. However, if the layout is too complex, customers may find it difficult to locate the merchandise they are looking for and decide not to patronize the store”.

Display, that is, “the manner in which merchandise is exhibited or presented to the customer” (Cox and Brittain, 2004) is also a merchandising strategy used to succeed at selling goods. The two authors summarized the objectives of window and in-store display, among which: “to interest customers in merchandise and to draw them into the shop to enquire further; to make it as easy as possible for customers to find and examine the goods they want; and to enhance the company’s image and reputation”. Allocation of space to departments, categories and items (Weitz, 2004) is one of the stores planners’ duties.

Lastly, the atmospherics “has become a necessity rather than an option for retailers” (Saffer, 1996). Atmospherics refers to “the design of an environment via visual communications, lighting, colors, music, and scent to stimulate customers’ perceptual and emotional responses and ultimately to affect their purchase behavior” (Kotler, 1973). All of the atmosphere elements play an important role in the consumer’s first impression of a store, and he/she may make a number of inferences about the store that in turn may determine their store preference (Ann E. Schlosser, 1998). Cox and Brittain (2004) define as “the dominant sensory effect created by the store’s design, physical characteristics and merchandising activities”. Furthermore, “the components of the store that collectively produce the store atmosphere are the store exterior, general store interior (e.g. flooring, walls, lighting), layout and displays. The sensory reaction they produce within an individual can be considered in terms of sight, touch, taste, smell and sound”.

4. Data Collection and Analysis Methods and Techniques

In this marketing plan we obtained primary data through an online questionnaire with the objective to get to know more about the Portuguese consumer and to understand the importance he gives to the merchandising strategies at footwear stores.

Additionally, we obtained also secondary data. This secondary data was of two types: external and internal data. In order to obtain external data we used research information from AC Nielsen, Kantar Worldpanel, INE, PORDATA and APICCAPS. To obtain internal data, MARYPAZ contribution was very important.

Table 1

Data Sources

Type of Data	Sources of Information
Primary Data	<ul style="list-style-type: none">• Online survey on “Merchandising strategies used in footwear stores”
Secondary Data	<ul style="list-style-type: none">• AC Nielsen• Kantar Worldpanel• INE• PORDATA• APICCAPS• MARYPAZ

Source: The author, 2019

5. External Analysis

5.1. Market Analysis

5.1.1. PESTEL Analysis

5.1.1.1. Political and Legal Factors

Regarding the footwear manufacturing in Portugal, the Ministry of Economy established on 23rd of March the Decree-law n° 26/96 that recognized the consumers the right of accessing to information about the footwear they buy.

Table 2

Essential legal requirements regarding footwear production and consumption

Article 2	“Footwear” means all the products containing soles, intending to protect or cover the foot, as well the components which are separately commercialized shown on the annex III (figure 7).
Article 3	It only can be inserting on the market footwear that comply the labelling requirements established on article 4.
Article 4	The labelling consists on endow footwear with information regarding: a) Cut (superior part); b) Lining and insole (interior part); c) Sole.
Article 5	The consumers must be duly informed about the meaning of the pictograms, by means of information expressed obligatorily in Portuguese, and presented visible close to the footwear on sale.

Source: “Diário da República”, 1996

The consumers are also protected by the Portuguese Constitution when purchasing footwear. In fact, the Consumer Protection Act – Law n° 24/96, 31st of July, modified by Law n° 47/2014, 28th of July – enhances on article 4 that “the goods and

services meant to be consumed must satisfy the purposes to which they destine and produce the effects that are expected from them, according the norms legally established”.

In case of disconformity with the article above, the consumer must exercise his/her rights to reparation, replacement and price reduction within 2 years from the purchase date.

5.1.1.2. Economic Factors

Between 2007 and 2015, Portugal’s sovereign debt crisis and the consequent measures it announced to qualify for EU financial assistance reduced the country’s cohesion with the rest of the European Union. During this period, in the EU ranking, Portugal fell from 14th place to 21st place in structural cohesion. Along with the financial crisis, Portuguese GDP started decreasing in 2011, recording negative values until 2013, included. The year of 2012 was the most dramatic one with GDP reaching – 4,0 % (Annex IV – “Euro Area and Portugal: Real GDP growth rate (2009-2018)” – chart 23, PORDATA, 2019).

Portuguese GDP has been increasing since 2013, and in 2014 returned to its positive stats. In 2017, Portugal surpassed by 0.3% the European average, which is 2.4%.

According to the estimations, last year (2018), the Portuguese GDP was about 2.1%, which is less than the value recorded in 2017, but still it managed to be once again above the Euro Zone average, with a difference of 0.3% (Annex IV – “Euro Area and Portugal: Real GDP growth rate (2009-2018)” – chart 23, PORDATA, 2019).

Along with GDP, Portuguese Material living conditions Index has been increasing since 2013 (83.6). The last record we have is from 2017, in which it was estimated that would reach the 97.5 (Annex IV – “Portugal: Material living conditions Index (2009-2017)” – chart 24, PORDATA, 2019). The Portuguese Well-being Index has been increasing as well: in 2017 (the last year indicator) it achieved the 131.4, a surprisingly increase comparing with the year of 2009, in which was of 106.5.

The percentage of consumption by the Portuguese families, keeping up the same trend as GDP and Portuguese material living conditions Index, has been improving, as well, since 2013, the year in which the percentage was of 77,8% and it gradually increased until 2017, when the value reached the 76,6% (Annex IV – “Percentage of consumption by Portuguese families” – chart 25, PORDATA, 2019). In fact, the Portuguese families spent around 132,948 million euros in 2017, a value that has been increasing since 2013. Clothing and footwear were one of the types of goods which registered a raise in the consumption, reaching 8,163.8 million euros in 2016, a sign that the financial crisis that chased the country for four years, it seems is finally over and the Portuguese economy is slowly recovering. (Annex IV – “Portuguese household final consumption expenditure by types of goods and services” – chart 26, PORDATA, 2019).

5.1.1.3. Social and Cultural Factors

According to a study on August 2016, “Global Survey Growth Retail Strategies”, developed by Nielsen, Portuguese consumers are specially attracted by the price: 77% of the inquired confess that they spend some time chasing the real “bargains”. Steve Matthesen, Nielsen’s Global President of Retail denoted a certain expectation of promotions from the consumers, which has led that “the low prices began to be seen as a rule”. A most recent study published, on November 2017, by “In-Store Media” and “Netsonda Portugal”, found out that Portuguese people tend to “shop around”. When purchasing, the most influencing factor to them is the price (66% shoppers responded so), following range of items (49%) and also shopping experience (55%) as being an important driver of purchase intent. Regarding the last one, shopping experience, 66% of Portuguese consumers demand to complete purchases quickly, preferably without having to queue; 63% request being able to find what they need easily; 62% expect to find promotions easily; 60% prefer to purchase all they need in one single place; and lastly, 59% wish to encounter helpful employees. The study was done to 500 families across Portugal (including Madeira and Azores), and the survey respondents were comprised of 47% men and 53% women, all aged between 25 and 55.

Portuguese consumers still look twice at the price before purchasing anything. Ana Isabel Morais, Director-General of *APED* said, on February of 2018 to *European Supermarket Magazine*, that this happens because Portuguese people haven't overcome yet the consequences of the economic crisis the country experienced, especially between 2011 and 2015. For that reason, "the sector will continue to meet the expectations of the Portuguese and adjust formats in order to find the most suitable value formula". Ana Isabel Morais believes that "consumers got used to shopping on promotion and comparing prices", that's why she doesn't feel that consumers will stop using price as their driver when making a purchase". In other words, despite the positive signs we are observing on our economy – recent retail sales figures for Portugal, published by Nielsen, show us that Fast Moving Consumer Goods Sales were up 4.2% over full-year 2017 which means that Portuguese consumer confidence in the marketplace is growing –, Portuguese people still are price-conscious and search for goods with the best quality-price ratio.

5.1.1.4. Technological Factors

The positive results attained by the national footwear, as mentioned above, were possible thanks to innovation and the implementation of new technologies.

The industry has been dedicating an increasing proportion of its turnover to investment, in the form of gross fixed capital formation. The components industry is the one that exhibit the greatest technological intensity. Evaluated in per capita terms, investment in the components industry amounted to 3,069€ per employee in 2015, the highest recorded figure for any of the cluster's industries.

In terms of leather goods, investments were done, in the period under examination, with phases of increase and decrease lasting approximately three years. In 2015 investment accounted for 1.7% of turnover and 706€ per employee, the second lowest figure in the last ten years.

Investment has been done in the footwear industry throughout the years, especially in innovation and technology. In fact, the cluster is putting a great effort into innovation by developing new models and products, as it is required for fashion

industries. The use of industrial property protection instruments is a significant indicator of the efforts in that field.

5.1.1.5. Environmental Factors

At the present time, there is no doubt that climate changes are real and that the consequences of pollution and the fast environmental degradation are already affecting all of us. For year it is estimated that more than 220 million tons of plastic are produced around the world; around 8 million end up at the ocean.

There is a serious concern about the marine species which everyday die because of plastic detritus. In fact, more than one million seabirds and 100.000 marine mammals die for ingesting plastic. According to *World Wide Fund for Nature* (2018), “plastics account for 95% of the waste in the open sea, on the seabed and on beaches across the Mediterranean”. Current estimates report that there are over 150 million tons of plastics in the ocean today. At a long-term scenario, the ocean will contain 1 ton of plastic for every 3 tons of fish by 2025, and by 2050, the oceans may have more plastics than fish (by weight).

WWF reminds that “out of the 27 million tons of plastic waste produced each year in Europe, only a third is recycled”. Portugal is paying attention to this situation and it is committed to reduce the impact of pollution created by synthetic compounds. According to Carlos Martins, Secretary of the State for the Environment, until 2021, Portugal is going to have a rewarding system to whom recycle these materials. One of the main measures is the instalment, at supermarkets, of unities for collecting plastic components. Based on the weight that the consumer will deliver, it will be converted in a voucher that he/ she can spend at those supermarkets.

In the footwear sector, the environment is also a concerning issue. More and more footwear brands are developing several projects aiming environmental sustainability. It is the case of “Zouri”: a Portuguese footwear brand that uses plastic bottles collected at beaches as a raw material for the production of the shoes (Annex V – “Zouri’s shoes illustration” – figure 8, INDIEGOGO, 2018; Annex V – “Composition of Zouri’s shoes” – figure 9, the author, 2018).

5.1.2. Market Background

5.1.2.1. General Sector Overview

5.1.2.1.1. Footwear industry tradition in Portugal

The existence of a cluster requires a geographical concentration of its companies. Proximity between companies reinforces the emergence of networks and favors the rise of economies of agglomeration. Moreover, footwear components and leather goods industries demonstrate that characteristic.

Historically, the Portuguese cluster is concentrated in two main areas in the Northern Region of Portugal, where most of the companies are established. One area, further north, consists of Felgueiras, Guimarães and a few neighboring towns, and the other south of the River Douro, on the border with the Central Region, consisting of the districts of Santa Maria da Feira, Oliveira de Azeméis, and São João da Madeira. It was in São João da Madeira where the first footwear factory was founded, in 1833, known as “Sapataria da Moda”. Therefore, in 1910 there were already four factories in the county of Oliveira de Azeméis, which included São João da Madeira.

Apart from the commercial activities, some of the sector’s main infrastructures, particularly the Portuguese Footwear Technological Centre and the Academy of Design and Footwear (CFPIC), are present in both areas.

Nowadays, Portugal has been gaining ground among the main European competitors regarding production of footwear. In fact, in 30 years it has jumped from 56 to 79 million of pairs. It’s a 41% increase that highlights our position when comparing to countries such as Germany, United Kingdom, Italy or France (*World Footwear Yearbook/ APICCAPS*, 2017).

In 1985, all these competitors produced more than twice of the Portugal’s shoes. In 2015, only Italy was ahead of Portuguese companies, but decreasing 64%, which has motivated Portugal to transform its national industry in the main international reference of the sector. (*World Footwear Yearbook/ APICCAPS*, 2017).

5.1.2.1.2. Footwear consumption in Portugal

Portuguese economy has been recovering in the past years: taking into consideration private consumption, we can observe that it increased by 1.4 percent year-on-year in October 2018, easing from a 1.6 percent growth in the previous month (“Trading Economics”, 2018). Regarding footwear consumption, the scenario is very encouraging: 2016 was the year when more money was spent on footwear – 719.084.000€, which represents a growth of 13% if we compare with the previous year, 2015, in which it was spent about 624.382.000€ in all kinds of footwear (Annex VI – “Portuguese Footwear Industry Trend (1974-2016)” – chart 27, APICCAPS, 2017).

If we want to look deeper, the types of footwear that recorded a higher increase in sales were ladies’ footwear, which rose from 127.177.000€, in 2015, to 143.313.000€, in 2016. More 771.000 pairs of women shoes were purchased in 2016, comparing with the preceding year. Following the upward tendency, men’s footwear also had an increase in the consumption: from 98.038.000€, in 2015, to 107.054.000€, in 2016, which translates in more 332.000 pairs bought (Annex VI – “Portuguese Footwear Industry - General Data 2015” – chart 28, APICCAPS, 2016; Annex VI – “Portuguese Footwear Industry - General Data 2016” – chart 29, APICCAPS, 2017).

Concerning the average price of footwear, it also increased from 2015 to 2016: from 11.5€ to 12.6€. This price upsurge may be explained by the rise in consumers’ purchasing power and encourages the upward movement in prices of goods and services (Annex VI – “Portuguese Footwear Industry - General Data 2015 (Average Price/ Pair)” – chart 30, APICCAPS, 2016); Annex VI – “Portuguese Footwear Industry - General Data 2016 (Average Price/ Pair)” – chart 31, APICCAPS, 2017).

5.1.3. Competition Analysis

The segment that MARYPAZ aims is the female footwear (Annex VI — “Most Popular Types of Female Footwear” — figure 3, the author, 2018). It’s a segment that in 2016 recorded a growth in sales of 11,3% comparing with the former year, becoming the most profitable sector (Annex VI — “Portuguese Footwear Industry - General Data 2015” — chart 28, APICCAPS, 2016; Annex VI — “Portuguese Footwear Industry - General Data 2016” — chart 29, APICCAPS, 2017).

Therefore, MARYPAZ faces an intense and rough competition, with many different brands offering all kind of footwear in order to satisfy everyone needs. We can name the its main competitors, both direct and indirect, which will be described below.

5.1.3.1. Direct Competitors

5.1.3.1.1. Offline Sale

5.1.3.1.1.1. Footwear Stores

Footwear stores are undoubtedly the main rival of MARYPAZ. They have on sale every kind of shoes, both for man and woman. In this type of store one can find sandals, high heels, ballerina shoes, flip flops, but at the same time moccasins, boots, sneakers, classic leather shoes, and so on. The design doesn’t change from store to store, since the fashion tendencies are usually the same. The customer can opt for stores with a more affordable price, such as *Seaside*, *Calçado de Guimarães*, *Deichmann* or *Stara*. If the price is not a problem, the customer has many options as well: *Foreva*, *Aldo*, *PROF*, *Fly London*, *Timberland*, among others.

5.1.3.1.1.1.1. Seaside

Seaside is a Portuguese brand established over 30 years ago. It leads the Portuguese footwear market as it’s characterized by its good quality-price. At the moment, it owns 129 stores around the world: 96 in Portugal, 2 in France, 2 in Spain, 2 in Luxemburg, 26 in Angola and 1 in Mozambique.

The brand has 150 Portuguese factories that produce footwear with quality and 100% national origin. At the store there are displayed over 4.000 items for sale, weekly renewed, produced either nationally and internationally.

On March 2018, celebrating its 32nd anniversary, *Seaside* entered the Spring/Summer season with a renewed image. The brand's new statement – *Step Up* and its new logo, inspired on *Seaside's* history and its experience as brand, reveal us its brand new identity. It's built on the concept of cycle and symmetry, according to *Seaside*. The purpose is to show a more distinctive and modern brand, which transmits power and confidence to whom wear it.

5.1.3.1.1.1.2. Seaside's Positioning

Despite of selling accessories, such as handbags, and perfumes, *Seaside's* main focus is the footwear. Therefore, the brand invests a lot on the **quality** of the shoes, as well on their **design**. It always tries to be aware of the newest fashion tendencies in order to satisfy their regular customers. Finding the right size for the customer is not a problem since *Seaside's* stores are **logistically prepared** to have on stock the necessary number of pairs and sizes to guarantee the demand. If not, they have an electronic system that automatically registers the sizes missing, and within a week, they receive reposition of the requested inventory.

***Seaside's* Competitive Advantages:**

- **Practicality:** Many of the mentioned stores are practical and facilitate the process of purchase for the consumer in the way that they have displayed on the store the shoes' boxes with all available sized. Therefore, he/she does not need to wait for the sale assistant to check in the warehouse if there is the requested size and to bring it to him/her, as it happens in MARYPAZ. Thus, the consumer has total freedom and autonomy to look for himself/ herself the right size and try the shoes as many times he/ she wants, without "bothering" the sales assistant. This system makes the buying experience much more practical, and at the same time, efficient.

- 100% Portuguese: Portuguese people have a popular expression that is “what is national is good!” Well, at the current times, there is an increasing awareness for buying Portuguese products, not only to help the national economy, but also because we are aware that our footwear has a high quality. So it is not a coincidence that the exports of Portuguese footwear increased 2,8% to 1.965 million euros in 2017, according to *Instituto Nacional de Estatística* (INE). *Seaside*, as being a Portuguese brand, benefits from the Portuguese consumers’ preference for national shoes. MARYPAZ being a Spanish brand, lose ground regarding this matter.

5.1.3.1.1.2. Apparel Retailers

Retailers are the end of the supply chain: they buy goods/ merchandise from manufacturers and sell them to the end user, the customer. Hence, apparel retailers are companies that sell apparel to the customer through traditional seasonal periods and/ or fast fashion timing.

These days almost every apparel retailer sells more than clothes. We can find also bags, bijouterie, belts, hats, perfumes and shoes. That’s why this kind of store is a significant competitor of MARYPAZ. Usually, the shoes are cheaper and follow strictly the fashion tendencies. The big advantage of buying shoes there is that all the footwear is renewed almost every week, which means the customer can always expect new items on sale.

The sales on fashion apparel retailing, in Portugal, increased about 1.3% in 2016, comparing with the year of 2015, reaching 3800 million euros, according to the *Observatorio Sectorial DBK* of the consultant *Informa*.

5.1.3.1.1.2.1. Bershka

Bershka was created in 1998 as a new brand of the Spanish group Inditex, whose profit increased 2%, to 3.444 million euros and whose sales increased 3%, to 26.145 million euros, in January of 2019, values announced by one of the world's largest fashion retailers (source: *Lusa*, March 2019).

Bershka's customers are mainly composed by young people "who are aware of the latest trends are interested in music, social networks and new technologies". The brand presents itself as a fashion reference targeting this demanding public. After 21 years after opened to the public, Bershka possesses more than 1000 stores around the world, in over 70 markets, with sales that represent 9% of the total revenue for the whole group.

5.1.3.1.1.2.1.1. Bershka's Positioning

Bershka's main focus is on delivering the **latest fashion and leading trends**, taking into consideration the information received from the stores, as well as the customers themselves, especially young women who want to have what public figures wear or simply want to follow the trends emerging from high fashion runway shows. Bershka's design teams are, therefore, constantly assessing the needs, desires and demands of consumers, in order to deliver to them, the apparel and footwear they want and can afford: "the consumption of fast fashion reflects social aspirations through the identity people try to convey. One fast fashion consumer describes what she looks for when she goes to the store" (Annie Radner Linden, 2016).

The brand owns **various product lines**, which have their dedicated spaces in the store. Bershka, dedicated to a most classical women's wear; BSK, a brand for younger people that reflects the needs and interests of this public by basing its collection on their taste in music, idol, rock stars and so on; and finally Man, the apparel dedicated to the modern man.

Bershka stores are distinguished throughout the world by their **strategic location**. The store layout is designed carefully from the windows to the arrangement of

the products inside. Besides, Bershka chooses the best commercial locations in each city and positions itself in the most notable areas of the main shopping centers.

Projections, music, modern graphics, state-of-the-art lighting, screens, fashionable colors and contemporary furniture design are all features that turn Bershka into a **shopping ‘experience’**. “The shop’s interior is designed to give maximum importance to displaying fashion. The layout, music, lighting, furniture, graphics and the materials used have been designed and carefully chosen to provide maximum freedom to customers as they discover the latest fashion trends.” The store windows are equally important: they must display the most important items of the collection and the key theme to its public (see Annex VII – “Bershka Windows Display: Spring Collection of 2017” – figure 11, 2017).

Bershka’s Competitive Advantages:

- Fast Product Replacement: one of the biggest strengths of Bershka is to be able to bring new products to the stores within the shortest possible time. Once products are designed, they are processed through the distribution center in Spain, where they are inspected, arranged, tagged and loaded into trucks. These items take then 10 to 15 days to reach the stores. Fast product replacement enables Bershka, in one hand, to adapt to consumer demands rapidly, and, in other hand, to encourage customers to buy periodically, since trends are always changing, and, a fancy item today can be replaced by something else tomorrow.
- Inventory Optimization: it is set up to help the companies to determine the quantity of items that should be delivered to the retail stores. The stock delivered is very limited, which will guarantee that each store only receives just what they need. By using this model, Bershka reaffirms its brand image of being exclusive and, most importantly, allows it to try a different style/ create a new collection in case of the previous one does not sell well.

5.1.3.1.1.3. Sneakers Stores

5.1.3.1.1.3.1. Nike

Nike is an American multinational corporation founded on January 25, 1964, as *Blue Ribbon Sports*, by Bill Bowerman and Phil Knight, and officially became ***Nike, Inc*** on May 30, 1971.

Today, Nike is the world leader in athletic footwear and apparel. Over its history, Nike has acquired several footwear and apparel companies such as *Bauer, Cole Haan, Umbro, Hockey, Starter, Hurley International* and *Converse*.

The *Nike* swoosh is one of the most recognizable logos at all times. Designed by Carolyn Davidson, in 1971, this check mark shape was supposed to indicate movement and speed, the concept that the brand has tried to sold ever since.

In 2018, *Nike's* global net income amounted to about 1.93 billion U.S. dollars (*Statista*, 2019), mainly thanks to its worldwide marketing campaign which uses sponsorship agreements with celebrity athletes to use their products for the promotion of their technology and design.

5.1.3.1.1.3.1.1. Nike's Positioning

Nike has developed throughout the years a whole marketing campaign focused on providing, especially to the youngest ones, the “sense of belonging”, “coolness” and “identity” to those who wear their brand. This is their main positioning in the market.

In order to create brand awareness, it is imperative these brands are able to develop a strong and effective **marketing strategy**. The fact of sponsoring different sports and paying a huge amount of money for having their brand's name on side-line advertising signs or even on the athletes' jerseys is a smart way of promoting their brands by associating them with sport activities. Therefore, the spectator by watching the match will involuntarily see the logo and will always remember it on his mind. If marketers use this strategy properly it can work as a great driver for brand recognition and, consequently, it helps being a step closer to brand awareness.

Sponsoring famous athletes is also a way of promotion, and an expensive one: Cristiano Ronaldo, as being one of the most important faces of *Nike*, agreed in 2015 a \$1 billion lifetime pact with the American brand. His legion of fans spread around the world, adding his 349 million followers on social media (76M on Twitter; 122M on Facebook and 151M on Instagram) make him one of the most valuable brand influencers in the world. Today, social media is so powerful that it can generate an imaginable amount of money with just one post. Actually, Ronaldo in 2016 generated \$500 million for *Nike* only from social media accounts.

Nike's Competitive Advantages

- Comfort: having comfortable shoes is the first step for having an improved movement of our body, since using uncomfortable shoes affect the movement of the body, the person while adjust his/ her gait puts a lot of pressure on the back, hips, ankles, and knees, which may result on severe health problems in the future. Fortunately, there are several sneakers' brands constantly searching for the most refine and recent technology concerning comfort: *Nike* invested on "Vapormax" technology which features individual air bubbles that together with "Flyknit" material (used on the upper of the shoe) makes the *Air Max* model super lightweight and comfortable;
- Inspiring campaigns: one of the key elements for succeeding in business is to have good campaigns, capable of capture the viewer's attention. Producing inspiring campaigns is a wise strategy for promote a brand, since they appeal to the viewer's emotion. In the case of Nike, the strategy is built around "being our own hero"; instead of fighting against an external foe, we are battling with our lazy side (our internal foe). Nike believes we are able to defeat our laziness. It's focused on inspiring their costumers, making them believe that all they need is "**just do it**".

5.1.3.2. Indirect Competitors

5.1.3.2.1. Online Retailers

Nowadays, more and more, online shopping has been a choice for many Portuguese people. In 2017, the E-commerce turnover, in Portugal, was 4.7 billion euros, a 12% increment against the year of 2016 (“Portugal B2C Ecommerce Country Report 2017” – Ecommerce Foundation, 2017).

5.1.3.2.1.1. Amazon

Amazon is an American electronic commerce and cloud computing company based in Seattle, Washington and it was founded on July 5, 1994 by Jeff Bezos. The company is the largest Internet retailer in the world in terms of revenue and market capitalization, and the second largest regarding total sales.

The *amazon.com* website has on sale diverse items, such as video games, books, electronics, apparel, furniture, food, toys and jewelry, as well as video, MP3 and audiobook downloads/ streaming.

Amazon is one of the online commerce platforms most used in Portugal and it is expected to gain ground in the country with the company’s entrance in our territory. The giant tech intends to fix its operations in the city of Porto.

5.1.3.2.1.1.1. Amazon Positioning

E-commerce is a reality on these days. The digital is marking its position in the society, in the market. Therefore, online retailers’ websites must take advantage of that and develop a solid and consistent positioning.

To start with, the **logo** is very important. It has to be easily recognized and smartly designed. For example, *Amazon* nailed designing their logo: first, it has on it a swooping yellow arrow points from the “a” to the “z”, implying that *Amazon*’s variety of products is so extensive that the customer can find items from A-Z. Besides, the same arrow is curvy deliberately, because it suggests a smile, which represents the customer satisfaction with the company.

Secondly, **social media** is, more than ever, an indispensable tool for these companies. Digital media presents a great opportunity for marketers to engage audiences and encourage content sharing. It is not surprising that e-commerce marketers have been using all social media channels to promote their company, by constantly updating new services, promotions, products, etc; and also by providing a good and reliable customer service. In fact, statistics say that customers who experience positive social media interaction are nearly 3xs more likely to recommend that brand to friends or acquaintances (source: “Go-Globe” *Statistics and Trends*, 2017).

Thirdly, a good way to position in the market is to make sure everyone is aware of these companies’ **culture and values**: how they are committed with issues such as sustainability, social inclusion or charity. Actually, *Amazon* in its website state that they “look for uniquely Amazonian and innovative ways to make positive, lasting impacts and encourage our employees to champion causes they care about”.

Amazon’s Competitive Advantages:

- **Convenience and Easiness**: people can save time by searching Amazon’s products easily and making purchasing by their own electronic devices; it is easy and convenient since the consumer can compare prices without much effort by just using the vast shopping search engines and websites.
- **Low costs**: first, e-commerce transactions make shopping cheap and easy for the customers, since there is no need for them leaving their house, which means they can spare on the transportation/gas; second *Amazon*, in order to compete with other retailers, invest on good quality-price of their products.
- **Wide selection of items**: Amazon possesses a wide catalogue where we can find an infinite amount of options; here we have at our disposal items that we can’t find anywhere.
- **Good customer service**: concerning, for instance, time delivery, as well refund policy, that is, in the case the customer buy certain product from the seller and it arrive damaged or it turns to be a bad product, platforms such as *Amazon* normally solve the problem by giving back the money to the consumer.

6. Internal Analysis

In 1970, the entrepreneur Ángel Aguaded inaugurated his first footwear store, MARYPAZ, in Nervión (Seville, Spain). Immediately after, he opens two more stores, one in Triana and other in Los Remedios; both in Seville. In the 90's, the business was taken over by Aguaded's offspring, expanding their chain store to closed cities, such as Jerez and Huelva. Subsequently, they expanded it to all Andalusia and other autonomous communities until occupying almost the Spanish territory. In 2011, Aguaded family started the international expansion in Portugal and France.

MARYPAZ, in a short time, became a recognized footwear retailer, becoming the second largest fashion retailer player in the Spanish territory. In the last years, the Spanish brand started to sell only women shoes, as well, as bags, as a complement, that's why we can see in all MARYPAZ stores the banner "MARYPAZ Shoes & Bags".

Nowadays, it owns more than 400 stores around the world, namely in Spain (223), Portugal (13), France, United Arab Emirates, Egypt, Guatemala, Honduras and Dominican Republic, employing more than 1,500 people (Annex VIII – "Where MARYPAZ is located in Portugal" – figure 12, 2019).

6.1. Business Strategy and Positioning

Aligned with MARYPAZ's desire of producing unique and stylish designs, the brand has always striven to offer a vast variety of footwear that could appeal to all women and their different needs. For instance, they can use the shoes to play sports, to go to a party or, simply, to wear them in a daily basis. Besides, there is, as well, an interesting collection of bags that could be the perfect complement. Its collections are designed for the everyday woman: someone young, urban, and dynamic. Based on these strengths and its values – design, variety and accessibility of all products – MARYPAZ has created its mission "To offer all women the largest variety of shoes, according to the last fashion trends, at the best quality-price. All of this is possible by a qualified and committed staff."

We can say its business model is based on developing proprietary designs, good value for money, high number of SKUs with more than 700 SKUs per season and an extensive network of stores.

Besides all these, one of the great strategies to keep up with the fierce competition, especially with the big sharks, namely *Seaside* and *Calçado Guimarães*, and to retain the habitual customers, is the promotions all year. MARYPAZ uses the discounts as a driving force to boost the sales, whenever the consumption is dropping (see some MARYPAZ's promotional posters displayed on the storefront at different times of the year in the Annex VIII – “MARYPAZ's promotions” – figure 13, 2018).

6.2. Portfolio Analysis

To cover different market segments MARYPAZ created two different sub-brands concerning footwear: “Woman”, which applies to more mature women, who have a more classic and discreet styles; and “Trendy”, a more juvenile, jovial and eccentric style. It is designed for younger women and even teenagers. Besides, the store provides an extensive collection of bags, either handbags or hanging bags, in different shapes and colors (see MARYPAZ's shoes and bags portfolio in the Annex VIII – “Exemplification of MARYPAZ's shoes portfolio” – figure 14; “Exemplification of MARYPAZ's bags portfolio” – figure 15).

For the Spring/ Summer Collection 2019, MARYPAZ decided to invest on femininity, simplicity and optimism. No longer with the division “Trendy/ Woman”, MARYPAZ wants this collection to reflect the identity of the today's women: strong and modern, with a lot of attitude.

With a great amount of authenticity and coolness, the brand has invested on vibrant colors, exotic stamps and innovative designs such as the methacrylate and vinyl heel, which break old patterns and focus on bolder styles (Annex VIII – “MARYPAZ Spring/ Summer Collection - 2019” – figure 16).

“Born in the 70s” is the concept of this new campaign: a return to the origins of the brand in the seventies, which reflects, in a natural way, MARYPAZ's modern and innovative spirit.

Besides the sale of footwear and bags, MARYPAZ, at the end of September of 2017, formalized a concession agreement with *Beeline*, a German brand which sells women's accessories, including fashion jewelry (earrings, bracelets, rings, necklaces) and, in the winter, textiles (gloves, scarfs and beanies) and in the summer, sunglasses and sun hats. The retailer (in this case, MARYPAZ) benefits from a full-service solution

to maximize sales in a particular area. MARYPAZ doesn't have to invest their buyers' time into finding cool, new brands that will work in a particular market. It doesn't have to ensure sales are being driven, but it is getting a commission from it. In the other hand, *Beeline* has the opportunity to become recognizable by MARYPAZ's clients, and mainly, by the Portuguese market. Therefore, we can say it is a win-win situation for both parts (Annex VIII – “MARYPAZ front store with *Beeline* display at the right” – figure 17).

Beeline was established in 1990, as a regular wholesale company, by Ulrich Beckmann. In 1991, it enters the concessions business. *Beeline*, with their strong brands SIX, I AM, TOSH and additional white and private labels, is represented in 60 countries around the world in 23,050 retail spaces, which makes the brand one of the largest international providers of fashion jewelry and stylish accessories.

6.3. MARYPAZ store concept

In Portugal, MARYPAZ stores are mostly small, with around 25 m² of total area (excluding the warehouse). All of them have the logo inside and the banner “Shoes & Bags”. The shoes are all exhibited on the shelves, which mean that the different sizes are kept inside, in the warehouse, and therefore, the customer needs to ask the sales assistant for his size. In the figure below, it's identified the main characteristics of the store that need to be highlighted:

Figure 1

MARYPAZ store concept in Portugal



Legend:

- 1 – Wall shelves
- 2 – “Island” shelf

MARYPAZ store in *Dolce Vita Tejo* (Amadora)

Source: [foursquare.com](https://www.foursquare.com), 2014



Legend:

- 3 – Limestone floor
- 4 – Handbag shelf
- 5 – Acrylic wall panels
- 6 – Acrylic shoes' shelves
- Note: There are some stores that have instead glass shelves
- 7 – Warm and directed light

MARYPAZ store in *SpacioShopping* (Olivais)

Source: spacioshopping.pt, 2016

6.4. Business Performance Analysis

On April 2016, the company faced pre-insolvency and it had to resort to an investment fund: Black Toro Capital injected €30 million into MARYPAZ BTC's investment was crucial for the company's return to pre-crisis growth levels. This investment completes MARYPAZ's internal restructuring by rationalizing its store network, reducing fixed costs and optimizing the international supply chain. In return, Black Toro Capital has a controlling stake in the retail footwear of 60% of the equity structured through an initial €10m equity injection into the company to improve its working capital capacity and an additional €20m investment through a convertible security.

Two years after being acquired by Black Toro, MARYPAZ returns to growth and intends to open 350 new stores outside Spain in the next 3 years and half. To lead the international expansion, the company hired an internationalization expert, Isak Halfon, the former Executive VP of International Expansion at *MANGO*.

At the moment, the Spanish retailer has already reached to an agreement to establish in Tunisia, Morocco and some countries in Europe, Latin America and Middle East. The international sale points will add up to the Spanish retail chain that it will get bigger. In the national market, MARYPAZ already owns 223 stores and, recently, has formalized an arrangement to implement 24 new sale points at Canary Islands with a local partner.

MARYPAZ ended the year of 2016 with 110 million euros in sales, but having a loss of 60 million euros, which resulted from the restructuring process implemented. In 2017, the footwear retailer decreased its sales to 92 million euros, but managed to keep the debt at 2.5 million euros. However, the company founded by Aguaded family was able to recover by ending the last fiscal year – from 1st of March, 2018 to 28th of February, 2019 – with 98,8 million euros on sales, which corresponds to a 16% increase over the previous fiscal year.

After restoring to an investment fund from Black Toro Capital (BTC), MARYPAZ foresees a positive EBITDA in 2020.

6.5. Competitive Analysis

6.5.1. SWOT Analysis

Internal Factors

Strengths:

- ✓ We have seen above the diverse portfolio that MARYPAZ offers: from 15 years old to 70 years old; from casual to a more classic style; from a simple design to a more innovative one; from plastic shoes to 100% leather shoes. The variety is immense, concerning the age target, style, design, quality, price and even the choice of materials.
- ✓ Survival of any business in today's competitive market place depends mainly on response time, production cost, market price and flexibility of manufacturing. MARYPAZ, in order to keep up with the strong competition, must set tempting prices. Indeed, one of MARYPAZ strengths' is its affordable prices: for instance, it is possible to buy a pair of shoes (namely, ballerinas) for 9.99€ without having any promotion.
- ✓ A place where a woman can definitely find modern and trendy shoes is MARYPAZ. The models are designed in Spain and they are usually inspired on the most significant high fashion runway shows. We can say that the shoes are carefully designed according to the latest trends.

Weaknesses:

- ✓ In order to offer low-cost prices, the production of the shoes must be cheap as well. It is not a coincident that nearly 80% of MARYPAZ's shoes are made in China. The mass-production process, aligned with low-priced labor and materials make China a country of preference. Nevertheless, the cheap

manufacturing is going to reflect on the poor quality of the footwear. In fact, about 20% of the shoes arriving at the stores come with fabric defects, which imply an extra cost for the brand since it has to send them back to the factory and loses, at the same time, potential revenues.

- ✓ The staff is, and will always be, a crucial element for the good performance of a company. If the employees are not motivated, it is very difficult a business succeed. This is one of the big concerns of MARYPAZ: the employees are overloaded with work, mainly because they are very few – about 3 for each store – and, therefore, they have to work twice and, surprisingly, their salary is much lower comparing to the average. That's why they are not motivated while doing their job and have no choice but leave the company. Besides the difficulty in keeping the staff, MARYPAZ also struggles a lot with finding new sales assistants.

- ✓ Taking into consideration the Portuguese context, MARYPAZ stores are really bad managed: most of the time they are untidy and disorganized, mainly because there are few employees to take care of the situation, as I mentioned, or simply because they are not motivated to arrange the store. Moreover, it lacks the supervision of the Spanish superiors. This is a serious concern when it comes to the promotions, which are prepared with the less rigor and organization: for instance, Spain sends to Portugal all the materials needed (e.g. promotion flyers, price tags, etc.) and in the majority of the time, they are delayed and/or incorrect, which compromises the starting date of the promotions. As Portugal only has 13 MARYPAZ's stores against 223 in Spain, the Portuguese stores are a little bit neglected and forgotten.

External Factors

Opportunities:

- ✓ Portugal has been registering an increase in footwear consumption, namely, female footwear (see Annex VI –Portuguese Footwear Industry: General Data 2015 & 2016 – chart 28 and 29). MARYPAZ can take advantage of this positive conjuncture to start investing more in our country;
- ✓ In our country, shopping centers are the preferable option for selling merchandise/ services to the final consumer. In Continental Portugal, in total, they are 191 (“Marketeer”, July of 2018). In the present time, MARYPAZ has stores only in 13 different shopping malls. There is still a wide margin to extend its chain store by investing on more commercial areas, such as *Strada Outlet*, *Centro Comercial Colombo*, *Centro Comercial Vasco da Gama*, *CascaShopping* and *NorteShopping*. Any of these shopping centers are an intelligent and profitable choice to establish a footwear business. Now, it is up to MARYPAZ to acknowledge this opportunity and make the best of it.
- ✓ Following the increase on sales, in the former fiscal year, MARYPAZ has now the opportunity to seal the debt with BTC and regain its expression in the market.

Threats:

- ✓ One of the main threats of MARYPAZ is the footwear giants, the sharks of the sector, namely *Seaside* and *Calçado Guimarães*. These brands are established in Portugal much longer than MARYPAZ: 1984 and 1979, respectively (MARYPAZ opened the first store in Portugal only in 2011). Since they exist for a long time, they are already well-known for the Portuguese people who for decades have been buying footwear there and continue doing so since they are familiar with the shoes and like the quality.

- ✓ According to a research conducted by *Observatório da Sociedade Portuguesa* from *Católica-Lisbon School of Business & Economics*, in March of 2018, 35.3% of the Portuguese try to buy products from national origin. 91.9% of them admit that buy Portuguese goods because it helps to improve the economy and 67.4% because believe they have better quality than the imported ones. Indeed, the Portuguese footwear is recognized internationally as being, currently, one of the best in the world. For that reason, Portuguese consumers may think “why do I buy footwear from Spain or Italy when I can buy national footwear of good and, at the same time, help the economy?”

Table 3

SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> ✓ Wide umbrella portfolio to cover almost every woman’s age range; ✓ Low cost brand; ✓ Modern and trendy designs. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ✓ Low quality of the shoes; ✓ High turnover; ✓ Mismanagement.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ✓ Increase of footwear consumption in Portugal; ✓ Possibility of investment on new retail spaces; ✓ MARYPAZ global growth in sales (16% increase). 	<p>THREATS</p> <ul style="list-style-type: none"> ✓ Fierce competition; ✓ Increasing demand for national products.

Source: The author, 2019

7. Market Research

7.1. Methodology

In order to develop a good merchandising strategy for our product, an online survey was performed. It can be seen in “Annex I – Online Questionnaire” and “Annex II – Results from Online Survey”. Survey was performed from 5th of February to 9th of June, 2019. In total 107 respondents participated in this questionnaire. Respondents were Portuguese women resident in the Greater Lisbon (Portugal) with age comprised between 18 and 62 years old.

The main purpose of this survey was:

- To find out what people consider most important in a store;
- To find out the customers’ preferences regarding the design, organization and ambience of a store;
- To find out if they ever bought footwear at MARYPAZ and what they like most about the Spanish brand.

The reason for choosing an online survey was because is the most practical way to collect results. The link of the survey was shared with acquaintances, great part of them are fashion enthusiasts and footwear lovers.

7.2. Conclusions

- 47,7 % of the respondents go to a shopping center every month;
- For the respondents, the most important elements on the store are: the organization and arrangement (69,2 %), decoration (52,3 %) and accessibility, that is, reach easily the shelves, for instance (51,4 %);
- 66,4 % of the inquired lose the urge to shop if they find the store messy and unorganized.
- Regarding the design, organization and ambience of a store, the respondents prefer midsize stores (81,3 %); great variety and great quantity of products

available in a store (43,9 %); wood shelves (59,8 %); wood floor (66,4 %); no wall covering (47,7 %); white and directed light (32,7 %); calm and low volume music (76,6 %); and lastly, the shoes exhibited on the shelves (no boxes in-store) and the customer request his shoe size to the sales assistant (57 %).

- Only 28 % of the respondents have bought footwear at MARYPAZ, against 72% who never did.
- The ones who answered “yes”, say that they choose this store to buy footwear because, firstly, they like the design of the shoes (54,5 %), secondly, they like the arrangement of the store, that is, overall organization, decoration, ambience, etc (51,5 %), and thirdly, the footwear is cheap (36,4%).

8. New Product Launching

8.1. Segmentation, Targeting and Positioning

Segmentation and Targeting

In our product segmentations, we used demographic segmentation, concerning namely age, gender and social class, as well as psychographic segmentation, corresponding to consuming patterns.

Considering this segmentation, our target will be:

- Women consumers (since MARYPAZ only sells women footwear);
- Age comprehended between 18 and 62 years old (Annex II – “Results from Online Survey: Age”)
- Lower-middle class;
- Female consumers who like shopping or/ and enjoy just window-shopping (the activity of spending time looking at the goods on sale in shop windows without intending to buy).

Positioning

In marketing, brands positioning is an image or identity the company aims to create in the minds of their target market. In other words, it can be seen as an attempt to build a mental position about our product/ service that, in some way, differentiates from our competition. Lindon et al. (2004) describe positioning as the combination of two concepts:

- Identification (the characteristics that identify our product/ service):
 - Fashionable shoes for an affordable price: good quality-price (36.4 % of the respondents affirm that the shoes are undoubtedly cheap – Annex II – “Results from Online Survey”)
- Differentiation (the characteristics that differentiate our product/ service from its competitors)
 - Good ambience in the store:
 - No loud music;

- Appealing layout;
- Practical organization of the shoes – no boxes spread out at the store; the customer request his size;
- Adequate store area – the customers can move freely

Table 4

New Product Gold Positioning Triangle

<p>Consumer Expectations</p>	<p>Women consumers expect a good store layout that facilitates the buying process. The store must be tidy and organized; the items should be reachable and visible; and the display must be catchy and appealing.</p>
<p>Competition Positioning</p>	<p>The majority of the other footwear brands offers a good quality-price, and most importantly, has already a strong presence on the Portuguese market.</p>
<p>Potential Product/ Service Strengths</p>	<p>MARYPAZ offers low prices all year and, therefore, easily satisfy the needs of the lower-middle class, who does not intend to spend a lot of money for a pair of shoes.</p>

Source: Lindon *et al.* (2004); adapted

8.2. Marketing Mix

Since we are developing a new merchandising strategy, our focus is on the experience that the consumer will take benefit from purchasing the product. Therefore, we will use service-marketing mix, which comprises 7 P's: Product, Price, Place, Promotion, People, Process and Physical Evidence.

8.2.1. Product

Based on our survey on “Merchandising Strategies in Footwear Stores”, we managed to identify the customers’ preferences regarding the organization, design and ambience of the store (Annex II – “Results from Online Survey”).

Those preferences dictate how it is going to be our final product:

Figure 2

Product/ Service Main Characteristics

Elements of the Store	Characteristics
Area	Medium size: 72 m ² (excluding the warehouse)
Amount of products	Great variety, great quantity: Each shelf with 40 different models of shoes and, at least, two different colors for the each model
Shelving Material	Walnut Wood 

<p>Flooring Material</p>	<p>White Oak Wood Veneer</p> 
<p>Wall Material</p>	<p>White Matte paint</p> 
<p>Illumination</p>	<p>Cool white and directed light</p> <ul style="list-style-type: none"> - 32 W LED ceiling lights - Total: 15 lamps (all store) 
<p>Music</p>	<p>Calm and low volume</p>
<p>Store System</p>	<p>The shoes are exhibited on the shelves (no shoe boxes at the store)</p>

Source: The author, 2019

8.2.2. Price

MARYPAZ is considered a low-cost footwear brand. It's fully committed with setting the lowest prices in the market when it comes to women shoes. It is by using a price-competition strategy that MARYPAZ tries to beat the competition and gain market share. Three major pricing strategies can be identified: customer value-based pricing, cost-based pricing and competition-based pricing. The latest consists on a method in which a company sets its own prices based on the prices of their competitors' products. Consumers will judge a product's value based on the prices that the competition charges for similar products.

The company, therefore, may charge higher, equal or lower prices (the pricing strategy is then Penetration), comparing with the prices of its competitors. Below you can see a price comparison between MARYPAZ and its two main competitors (*Seaside* and *Bershka*) concerning similar shoes.

Figure 3

Price comparison among MARYPAZ, Seaside & Bershka

MARYPAZ	Seaside	Bershka
 32,99 € ▲	 22,99 €	 25,99 €
 19,99 € ▼	 29,99 €	 22,00 €

 <p>29,99 € ▲</p>	 <p>37,50 €</p>	 <p>20,99 €</p>
 <p>29,99 € ▲</p>	 <p>22,99 €</p>	 <p>35,99 €</p>

Source: The author, 2019; images: stores' websites

As we can see in the price comparative table above, MARYPAZ still faces a rough competition when it comes to charge the lowest price in the market. There are some items in which Seaside and Bershka can have cheapest prices. Therefore, there is the urgent need of changing the MARYPAZ panorama, that is, the Spanish brand must implement a new price strategy where, for instance, could select the top 20 references and be the equal or under the competition in the 10 of the top 20 references. That way it could make up the lower margin of some (cheapest ones) with the higher margin of the others (most expensive ones).

8.2.3. Place

The distribution strategy that we are going to follow is exclusive distribution: a strategy in which the company choose a limited number of locations to distribute its products in its own stores. This helps the brands to filtering out the best-performing spots.

Given that, our strategy consists on choosing strategic locations that will leverage MARYPAZ outcomes. Below, you can see a selection of 5 potential places that would bring visibility to the brand and would boost the revenues:

➤ **Strada Outlet** (Odivelas, Lisboa)

- Odivelas is currently the 14th Portuguese city with more population: 158.716 (PORDATA, 2018), which could mean a high number of potential customers.
- “Strada Outlet” represents a different concept of shopping: it is a mall where people can find the best national and international brands with discounts until 70%, every day.
- Furthermore, it offers free parking, which allows the clients to shopping calmly with no rush.

➤ **Centro Comercial Colombo** (Benfica, Lisboa)

- It is the largest shopping center in Lisbon, offering over 340 stores along the three floors of the shopping. By 2020, Colombo will have more 10.500 m² of Gross Lettable Area (GLA), which means a total commercial area of 124.631 m².

- It is prepared with multiple services that ensure maximum comfort and convenience to the visitors, including free Wi-Fi, mobile device charging area, a First Aid Post, a Police Station, a Chapel, a Baby Care area, among many others.

➤ **Centro Comercial Vasco da Gama** (Parque das Nações, Lisboa)

- Located in Parque das Nações, which belongs to the Municipality of Loures, “Vasco da Gama” serves areas such as Sacavém, Prior Velho, Loures, Bucelas, Portela, Moscavide, which implies around 210.401 inhabitants (PORDATA, 2018).
- An efficient transportation network supports the shopping center since it makes easily accessible both by railway, to Oriente station, and by road, from both North and South.
- Presently, “Vasco da Gama” only has 13 footwear stores, which is a low number comparing with other shopping centers. Therefore, there is here a great opportunity of penetration for MARYPAZ.

➤ **CascaShopping** (Cascais, Lisboa)

- Situated on the Lisbon coastline, Cascais encompasses the districts of Alcabideche, Carcavelos, Parede, Estoril, Cascais and São Domingos de Rana, making it the 5th most populated Municipality of Portugal: 212.094 inhabitants (PORDATA, 2018).
- “CascaiShopping” is definitely a good choice to settle a MARYPAZ store: it has 73.800 m² of GLA and, in 2018, it received around 12 million visits.

➤ **NorteShopping** (Porto, Porto)

- Currently “NorteShopping” is the largest shopping center in the North area. It is located in one of the areas with the highest traffic between Porto and Matosinhos, having a combined 389.004 population
- *Sonae Sierra* will invest 77 million euros on expanding “NorteShopping”. Until 2020, the shopping center will have more 13.000 m² of (GLA), which gives a total of 84.738 m², allowing, therefore, the establishment of more stores.

Table 5

MARYPAZ current locations & future locations

Current Locations	Future Locations
<ol style="list-style-type: none"> 1. MaiaShopping 2. Dolce Vita Ovar 3. Glicínias Plaza 4. Palácio de Gelo 5. Fórum Coimbra 6. LoureShopping 7. Loures Continente 8. Dolce Vita Tejo 9. Spacio Shopping 10. Barreiro Retail Planet 11. Aqua Portimão 12. Albufeira Shopping 13. Tavira Gran-Plaza 	<ol style="list-style-type: none"> 1. Strada Outlet 2. Centro Comercial Colombo 3. Centro Comercial Vasco da Gama 4. CascaiShopping 5. NorteShopping

Source: The author, 2019

8.2.4. Promotion

According to our survey, only 28% of the respondents said that they have once bought footwear at MARYPAZ, which is a low number. Therefore, our goal is, through the promotion of a new layout of the store, to be able to raise the brand's awareness and generate traffic. We are going to use three tools to promote our product/ service:

1. **Social media marketing:**

- The use of social media platforms (e.g. Facebook, Instagram, Twitter, Youtube, Pinterest, among others) to connect with our audience to build our brand, increase our sales and drive website influx (Buffer, 2019). “The main objective we have is to grow our brand. *Social* is a place where we can own our brand and promote it” (Heather Muse – Franchises and Social Media Editor, *Fortune*, 2019).
- International Digital Hub Team (2019) listed several important advantages of social media marketing:

✓ **Connecting with your customers**

Social media is a great opportunity that companies have to connect directly with the customers. Accordingly, this will enrich the brand's relationship with its customers/followers and build a more personal connection with them, contrary to traditional marketing methods.

✓ **Branding**

Besides increasing financial values, branding also enables to gather customers, create trust and obtain recognition, which will, consequently boost our brand value and loyalty.

✓ **Cost-Effective Marketing**

Comparing with traditional marketing, social media marketing is a more profitable way of reaching out to people. There are many low-cost advertising options offered by social media platforms that can be used to promote our content in a very effective way. Besides, we can measure the amount of money we invest and the correspondent results we get.

Given that *Facebook* is the social media platform most used in Portugal: 80,15% (Annex IX – “Social Media Stats Portugal: May 2018 – May 2019” – figure 18, GlobalStats: Statcounter Portugal: May, 2019), great part of our investment will be on *Facebook* Ads. Through *Facebook*'s custom audience tool, we are able to target the audience we want to see our page. Then we just have to choose how much we want to invest on it (Annex IX – “Simulation of our *Facebook* ad” – figure 19, *Facebook* Ads, 2019 (adapted)).

2. **Discounted Pricing and Retailer Events**

We will inaugurate the store with the new layout/ design the day it starts the new Autumn/ Winter or Spring/Summer Collection in order the clients perceive that our new store concept marks a new start for our brand. Throughout the country, in all MARYPAZ stores, we will prepare a simple reception for our customers with music, food and many discounts, to get them to know the new layout/ design of the store. The discounts will be until -50% in all the products of the new collection (bags included).

3. **Celebrity Branding**

Celebrity branding or celebrity endorsement is a marketing strategy that uses public figures' status and fame to help to promote a product or service. The great advantage of this strategy is that will lift the brand awareness and bring recognition. As part of our strategy, we selected the 18 years old' Portuguese singer, **Bárbara Bandeira**, to be the face of our brand: her “coolness” and sense of fashion fit perfectly in what we want for our brand's image.

She is already considered an “influencer”. Currently, she sums up almost 700.000 followers in all social media (Twitter, Facebook & Instagram), and, therefore, she can bring visibility and recognition to our brand. Furthermore, as she is a young celebrity, she will be able to reach the youngest segments (18-30 years old).

Besides being part of MARYPAZ's campaigns (Annex IX – “Simulation of a MARYPAZ campaign with Bárbara Bandeira” – figure 20, 2019), Bárbara would have to share during one year, at least, 10 photos on Instagram wearing MARYPAZ's shoes, and using the hashtag #marypazcollection21. In exchange, MARYPAZ would be committed to deliver to her, every two weeks, products from the new collection. Additionally, the Spanish brand would pay her 1% royalties, paid in full, in quarter annual payment periods ending March 31, June 30, September 30 and December 31.

8.2.5. People

Employees are the foundation of a company since they are the ones who deliver the service. The success of it depends, mostly, if their employees are efficient and professional, and also, highly committed and motivated.

As our stores will be medium size (72 m² the main area, warehouse not included) it is necessary to have a considerable number of employees to guarantee a high-quality service delivery. Each store will have, then, six employees with rotating shifts: 1 employee for each 12m². Given that the old MARYPAZ stores had an area of 36 m² and 3 employees in total, we decided to double proportionally the number.

One of the employees will be the store manager, the person responsible for them and the store. He reports directly to the supervisor from Portugal (Annex IX – “MARYPAZ’s organigram: Portugal” – figure 21, 2019).

The first step is to hire the right people and train them accordingly. Hence, our employees, as soon as they join MARYPAZ, will be immediately integrated: we will provide them with a uniform to identify them as MARYPAZ employees – a blue shirt with MARYPAZ logo and a pair of sneakers from the store (Annex IX – “MARYPAZ new uniform” – figure 22). Afterward, all the employees, even those with retailing experience, will receive a 2 weeks’ training where they will learn everything about the company:

- How it is supposed to organize the shoes in the shelves;
- How many times do we clean store;
- Which size number do we dispose on the shelves;
- How our warehouse is organized;
- How many times do we have shoes’ and bags’ reposition;
- When do we have special promotions and season sales;
- How do we register the sales;
- How it is done the cashier deposit;
- What is supposed to do after opening the store and before closing it;
- What is the company policy regarding exchanges and returns;
- How do we check the availability of the shoes on our stock;

Besides, they will also learn everything about customer service (e.g. how to serve the customers properly) and will acquire some sales techniques that will be important in their daily work. After two weeks, they would be already familiar with all the company's procedures and fully capable of performing their job effectively.

The second component for the employees having a remarkable performance is to provide them with a good salary and monetary compensations to make them feel recognized by their work, and, therefore, motivated (see table below).

Table 6

MARYPAZ employees' monetary rewards

#	Employees' Rewards
1	<ul style="list-style-type: none"> - Base salary: 720€ (+20% than the national minimum wage) - Meal allowance: 5,50€/ day (+15% than the Portuguese minimum meal allowance)
2	<ul style="list-style-type: none"> - Sales bonuses according to the sales objectives defined: 150€/ each employee
3	<ul style="list-style-type: none"> - Employee discount (on every MARYPAZ's products): <ul style="list-style-type: none"> • 65% discount for employees (once a month) • 20% discount for an employee's family member (once a month)

Source: The author, 2019

8.2.6. Process

First of all, we have to define to develop the store concept taking into account our public preferences. Once we have a solid plan for our store layout, we can then focus on designing our shoes and bags' collection according the latest trends, and set the prices for the products. Finally, we send our designs for our factories to start manufacturing the footwear and bags.

Acquisitions

- The next step is to purchase the necessary materials to start to construct the new store, namely wood floor, shelves material, tint for painting the walls, lights, diverse decoration, etc.

Store Management

- With the materials required, we begin to build our store according to the concept we idealized. Once the store is complete, we can now order the products to sell to our customers. Our employees, as soon as they receive the products should start tagging them with the final prices. Then, they should follow MARYPAZ's procedures regarding the arrangement of the shoes on the shelves.

Sales Management

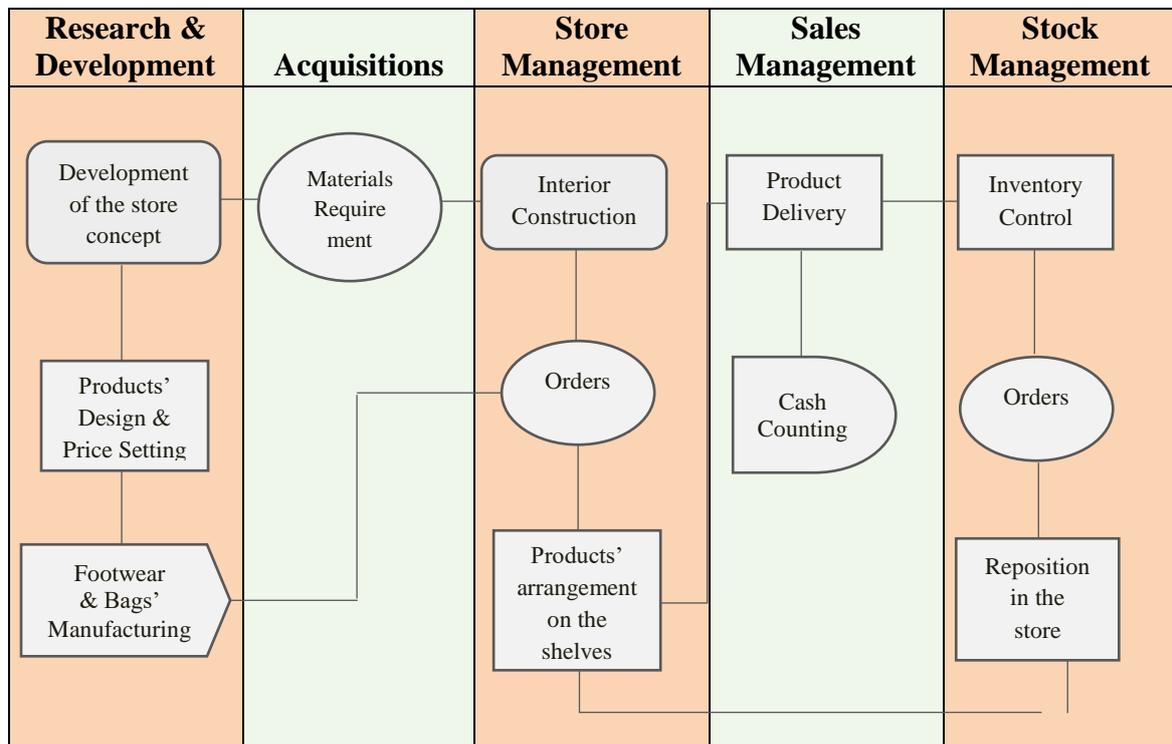
- Everything is set to open our store to the public. Our employees are now trained to welcome kindly the customers, help them find the right size, by picking it up from the warehouse, and finally, register the purchase.
- At the end of the day, our employees from the night shift must count the cashier and make an extraction of the ATM movements to find out the revenues of the day. Then, they should make the cashier deposit, which will be then deposited in the bank by the manager.

Stock Management

- Whenever we register our sales, the system recognizes which products and shoe sizes are missing in the inventory, and orders them automatically. We have to wait 1-2 weeks until a new stock arrives the store. A distribution company delivers the pallets with the shoes/ bags and our employees replace them in the store.

Figure 4

MARYPAZ’s process flow chart



Source: The author, 2019

8.2.7. Physical Evidence

The aesthetics in retailing is fundamental since people only take interest in something if they find it appealing. For that reason, we must organize tidily our shoes/bags on the shelves. MARYPAZ has an universal procedure of arranging the shoes that we will follow: all the shoes exhibited in the shelves are size **38** since it's the most sought-after shoe size. The higher heels must be in the top shelf, the medium heels in the middle ones and the low heels/ flat shoes must be in the bottom shelf (Figure 5 – “Shoes’ arrangement in the shelves”). Additionally, there must not be repetitive positions in the same shelf, that is, the shoes must be all arranged in a different manner in order to be visually more pleasant (Figure 5 – “Shoes’ arrangement in the shelves”).

Figure 5

Shoes’ arrangement in the shelves



Source: The author, 2019



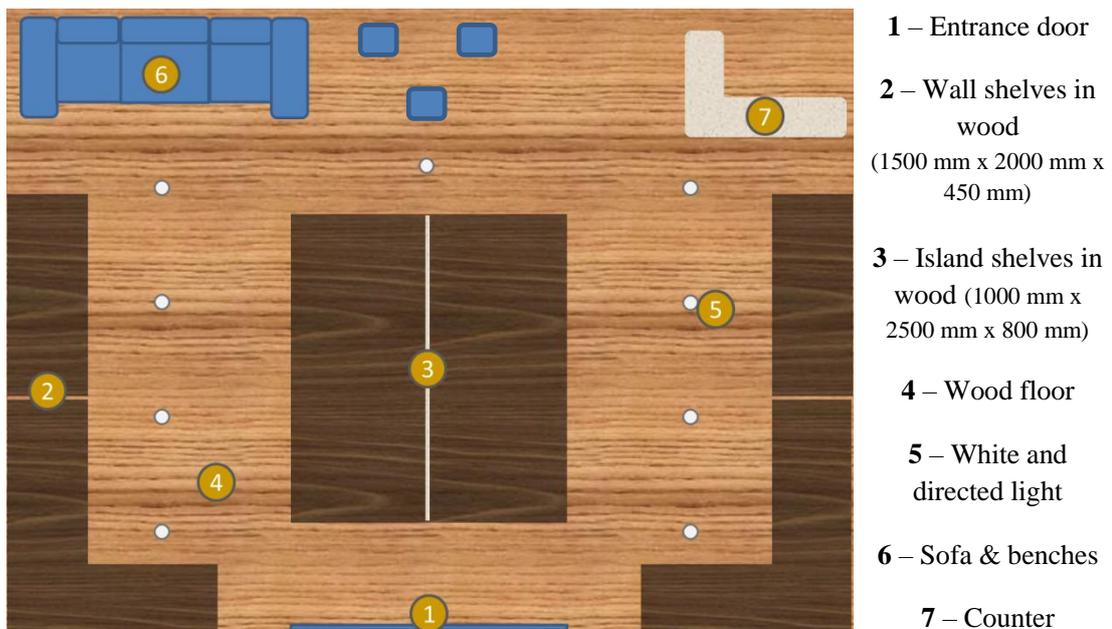
5 different positions
in the same shelf

Source: The author, 2019

Visually, our new store will follow the structure below:

Figure 6

Physical Evidence of the New Store



Source: The author, 2019

Our store will have a minimum area of 72 m² (excluding the warehouse), the double size that it previously had. As we can see in the image, both the **floor** and **shelves** will be in wood. The store will have three wall shelves (four floors each) on both sides. The shelves will have 1500 mm of height, 2000 mm width and 450 mm depth. Additionally, there will be in the center two shelves that form an “island” with three floors (height: 1000 mm; width: 2500 mm; depth: 800 mm). The number of the

shelves will be enough to cover our audience needs of having a great variety and quantity of products available in the store.

There will not be any specific coating for the **walls**, only white tint and some posters regarding MARYPAZ collection.

Regarding the **lights**, they will be 32W LED ceiling lights, cool white and directed.

At the back of the store, we will have an area with a **sofa** (4-pax. capacity) and 3 square **benches** for the clients to try the shoes. Both the sofa and the benches will be in blue: the same color as MARYPAZ logo.

Finally, next to the sofa and benches, there will be the **counter** with two cash registers, twice as much there was before.

9. Implementation Forms

To implement this project we built a chronogram that will guide us through the different steps that we have to take into account to launch our product/ service in the market. The product will be launched in June 2021, but the plan starts on January 2020.

Table 7

Implementation Chronogram

Action	2020												2021											
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Marketing Plan Development	█	█	█	█																				
International Approval				█	█																			
Consumer Research			█	█	█																			
Marketing-Mix Development						█	█	█	█															
Plan Implementation										█	█	█	█	█	█									
- Assembly of the new stores													█	█	█									
Sales Force Training																█								
Promotion																								
- Social Media Marketing																█	█	█	█	█				
- Discounted Pricing & Retailer Events																█								
- Celebrity Branding																			█	█	█	█	█	
Sales																					█	█	█	

Source: The author, 2019

Marketing Plan Development

- The first stage of our project will be the Marketing Plan conception. We will start by the external analysis, mainly, the competition analysis. It's important to have a clear and wide view on our competition and to know what our competitors' positioning is in the market. Then, we will have to identify our main strengths/ weaknesses and opportunities/ threats in order to assess how are we going to establish in the market. The Marketing plan will start on January 2020 and it will be concluded on April, 2020.

International Approval

- The Marketing Plan must be approved by MARYPAZ Spain since it's where it is located the brand's headquarters and, therefore, from where it comes the main decisions. The product launching depends on this approval. If it's negative, we will not be able to launch our product in the Portuguese market.

Consumer Research

- Before taking any actions, we need to listen our public in order to get to know what exactly are their needs, concerns and preferences. That's why we will develop a questionnaire to find out how we can make our store more pleasant and appealing for the consumers. Our consumer research will be performed between March 2020 and May 2020.

Marketing-Mix Development

- The Marketing Mix will be developed between June 2020 and September 2020. During this process, our marketing department will work hardly conceiving all the marketing mix elements:
 1. Product – We will need to order all kind of materials to remodel our store: illumination, pavement, furniture, painting materials, electronic equipment, decoration items, etc.
 2. Price – Along with our finance department, we will have to set a price for our products (footwear & bags) that can cover our remodeling expenses, but at the same time, that be affordable for our clients.
 3. Place – Apart from the existing MARYPAZ stores throughout the country, we will search for new strategic locations.
 4. Promotion – Based on our needs and the full costs regarding promotion, we will have to prioritize and choose the best options to relaunch ourselves in the market.

5. People – Our employees are the baseline of our company since they are the ones who represent our store. If we want to offer a quality service to our customers, we need to invest on the workforce. Therefore, we will have to set a reasonable number of employees per store to meet our customers’ needs; to give them an intense training in order them to be able to offer a good customer service; and, finally, to keep them monetarily motivated.
6. Process – In this stage, we will develop MARYPAZ’s process flow chart so as we have everything delineated and organized.
7. Physical Evidence – Alongside with our design department, we will create the final plant of our new store, with the new design. This will be the plant we are going to use to renew our existent stores and build new ones.

Plan implementation

Our remodeling works will start on October 2020, in the old stores, and starting on January 2021 we will starting the works in MARYPAZ new stores.

Sales Force Training

Our employees will have one month training as soon as the remodeling works will be concluded. The provision date for the training to start is on the beginning of May 2021.

Promotion & Sales

The product launching will take place in June 2021. However, we will start to promote it earlier:

- Social Media Marketing

We will apply this kind of promotion three weeks before we open our stores to the public. Through social media, we are going to be able to cause awareness to what is coming and, therefore, people will start wondering what to expect. From

the moment we launch our product, we will use Social Media Marketing until the end of the promotion phase, that is, 30th of September 2021.

- Discounted Pricing & Retailer Events

We want to have, at least, two moments for this type of promotion. One, in the same day the product is launch and the customers get to know our product, which will be on June 2021. The other one on August 2021, a time where the majority of people are on vacation and can be interested on a retailer event aiming the summer theme.

- Celebrity Branding

Our star, Bárbara Bandeira, will start promoting MARYPAZ one month after the great opening, that is, on July 2021. We want to give one month for people to get more familiar with our new image and then, Bárbara will reinforce it as a social media influencer until the end of the year, publishing occasionally photos wearing MARYPAZ shoes.

10. MARYPAZ Results Forecast

Table 8

Profit & Loss Statement (2019-2022) – Portugal

In euros (€)	2019	2020	2021	2022
Revenue				
Total of Net Sales	2.340.0000	2.340.000	4.680.000	5.500.000
Cost of Goods Sold				
Materials	442.000	442.000	884.000	884.000
Labor Costs	451.500	451.500	1.355.592	1.355.592
Total Cost of Goods Sold	893.500	893.500	2.239.592	2.239.592
Overhead				
Rent	20.000	20.000	35.000	35.000
Store Supplies	5.200	5.200	7.500	7.500
Remodelling Works	0	266.500	102.500	0
Advertising & Marketing	0	0	69.800	78.000
Total of Overheads	25.200	291.700	214.800	120.500
Total of Expenses				
	918.700	1.185.200	2.454.392	2.360.092
Net Operating Profit				
	1.421.300	▼ 1.154.800	▲ 2.225.608	▲ 3.139.908

Source: The author, 2019

In 2019, before our plan implementation, we foresee to obtain 2.340.000€ in revenues if we estimate 15.000€/ monthly in sales for each store (13 in total). Our total expenses are about 918.700€, a low number since we pay the minimum wage to our employees and we don't invest on advertising. This means that our profit will be 1.421.300€ on that year.

In 2020, we start to put our plan in action, namely the remodeling works at our existent stores. We will invest 266.500€ on remodeling the 13 stores in Portugal (an estimation of 20.500€ for each store). We predict to have the same revenues as the previous year and, since we are going to have more expenses this year, our net operating profit will be 19% lower comparing with 2019 (1.154.800€).

In 2021, we will implement the rest of the plan: we expect that our revenues will double compared to the previous year, and will reach the 4.680.000€. Concerning the cost of the materials (shoes and bags), we expect it double, as well, since we will have more variety and more quantity at our stores. The labor costs will also increase, more than double, since we will pay a salary of 841€ (including meal allowance and holiday & Christmas subsidy) to our employees, who are now 108 in total (6 employees each store; 18 stores in total), and we will have one more supervisor, who are now 3 for all stores. The rent expenses will be higher, because we have now 5 new stores, two of them – Colombo and Vasco da Gama – are the most expensive ones. The store supplies' expenses will be higher (7.500€) since we will need to order more material for the new stores. Concerning the remodeling works, they will cost, approximately, 102.500€ (20.500€ x 5). For advertising and marketing, we will invest 3.000€ in social media and 20.000€ in discounted pricing & retailer events. Additionally, we will have to pay 1% royalties to Bárbara Bandeira based on our revenues, which gives 46.800€/ annually. Summing up the royalties with the costs with social media and events we will spend, in total, 69.800€ in advertising & marketing. Subtracting the revenues to our expenses, it gives us 2.225.608€ in profit, an increase of 48% over 2020.

In 2022, we believe we can reach the 5.500.000€ in sales. The materials and labor costs will be the same as in 2021: 2.239.592€. In terms of overheads, they will be lower this year since we won't have any expenses with remodeling, only the usual expenses with rent and with ordinary store supplies (e.g. cleaning products, office supplies, plastic bags, etc), and also, the fixed expenses with advertising and marketing. They will be a little bit higher, because, as our sales will rise, also the royalties will proportionally rise: 55.000€ of 5.500.000€ in revenues. After subtracting it to our expenses (2.360.092€) we will obtain a net operating profit of 3.139.908€, a 29% increase over the previous year. It's not as high as in 2021 since we believe there will be a slowdown in revenues as there is no longer the “surprise effect” as it happens at the year when the new store concept was launched.

11. Project Conclusions

This project aims to develop marketing solution for the Spanish brand MARYPAZ through a store renovation. In fact, our survey respondents find very important the organization and arrangement of a store (69,2%), as well, as the ambience (36,4%). Therefore, we designed a marketing plan to put in place the transformation of MARYPAZ physical stores in order to meet our consumer needs and to boost the sales.

Externally, we concluded that footwear consumption in Portugal has been increasing, especially women footwear, which gives MARYPAZ a good opportunity to penetrate the Portuguese market, even though it has a fierce competition along the way.

Internally, we went through MARYPAZ portfolio, including shoes and bags, and analyzed the company's business performance, which has been inconstant, facing in 2016 a pre-insolvency and slowly recovering from that.

We were able, through an online questionnaire, to analyze our final consumer and his/ her preferences and needs, which allowed us to put in place proper merchandising strategies to better respond to those needs. Accordingly, we designed a product/ service marketing-mix.

With this project, we expect to rise our revenues by 50% at the end of 2021 (4.680.000 €) and by 15% at the end of 2022 (5.500.000€). As our expenses will be the same the next years, as we believe, we need to focus on increasing our net sales, even by a lower margin, in order to obtain a growing profit each year.

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13. Annexes

Annex I – Online Questionnaire

Mandatory*

Age*

In a year, how many times do you go to a shopping center to shop or just to window shop?*

- a) Once a year
- b) From 4 to 4 months
- c) From 3 to 3 months
- d) From 2 to 2 months
- e) Every months
- f) Every weeks

In a scale from 1 to 5 (1 = not at all important; 5 = very important), what do you consider important in a store?*

Organization & Arrangement

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

Decoration

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

Ambience (music, illumination, smell...)

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

Dimension

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

Accessibility (e.g. reach easily the shelves)

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

If you walk into a store that is messy and unorganized (e.g. shoes heaped or out of place), would you lose the urge to shop at this store?*

- a) In the majority of times yes, because it looks bad.
- b) I lose a little bit the urge to shop there, but I try to ignore it and I do my shopping there.
- c) It rarely happens to me since it doesn't hold me down from shopping in that store.

Tell us your preferences regarding the design, organization and ambience of a store:*

Area

- a) Small
- b) Midsize
- c) Wide

N° of products in store

- a) Great variety, great quantity
- b) Great variety, little quantity
- c) Little variety, great quantity
- d) Little variety, little quantity

Shelving Material

- a) Wood
- b) Glass
- c) Acrylic

Flooring Material

- a) Wood
- b) Tile
- c) Marble
- d) Carpet

Wall Material

- a) Wood
- b) Tile
- c) Marble
- d) Acrylic
- e) None

Illumination

- a) White and directed light
- b) White and diffuse light
- c) Warm and directed light
- d) Warm and diffuse light

Music

- a) Calm and low volume
- b) Calm and high volume
- c) Shaken and low volume
- d) Shaken and high volume

Store System

- a) Shoe boxes arranged in the store: the customer tries the shoes without asking
- b) The shoes are exhibited on the shelves: the customer asks the sales assistant for his size and she brings to him.

Have you ever bought shoes at “MARYPAZ”?*

- a) Yes
- b) No

**In case you have answered “yes”, why do you choose to buy footwear at this store?
(use the scale from 1 to 5 where 1 = not at all important; 5 = very important)**

I like the quality of the shoes

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

The footwear is cheap

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

I like the design of the shoes

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

I like the arrangement of the store (overall organization, decoration, ambience, etc)

	1	2	3	4	5	
Not at all important	<input type="radio"/>	Very important				

Annex II – Results from Online Survey

Chart 1

Age of the Respondents

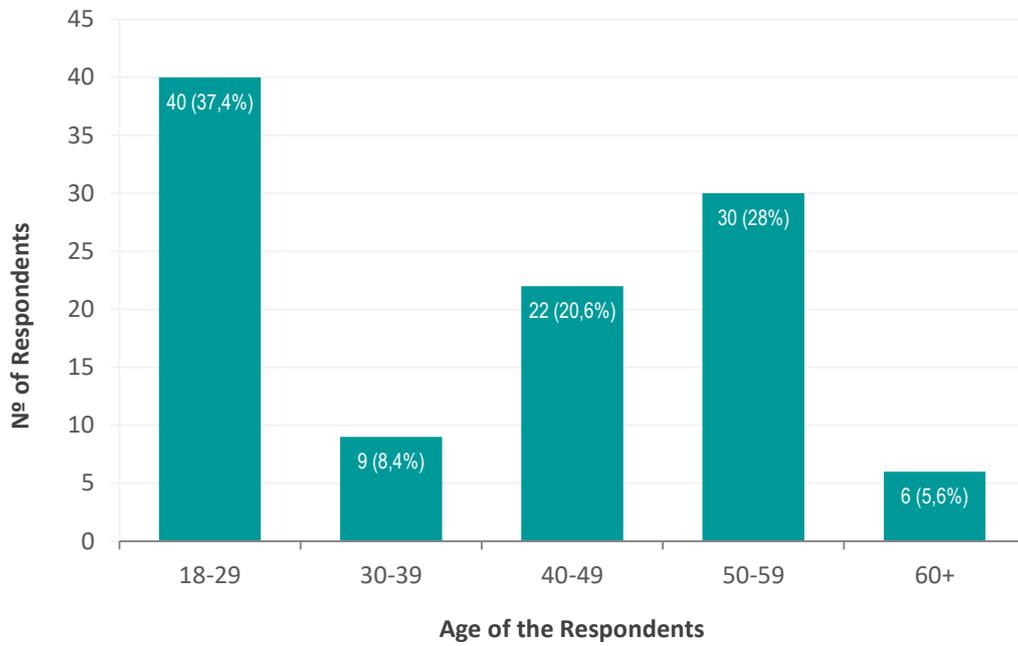


Chart 2

Age of the respondents who have already bought shoes at MARYPAZ

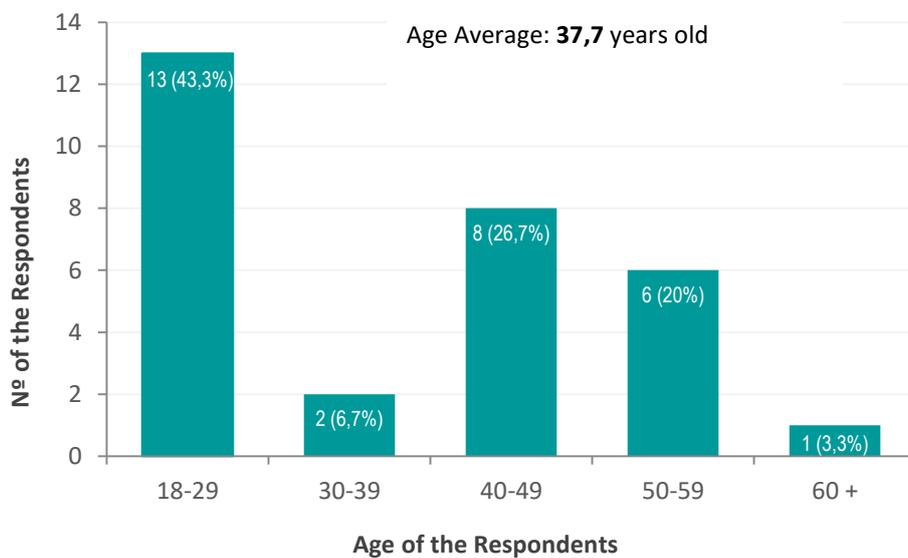
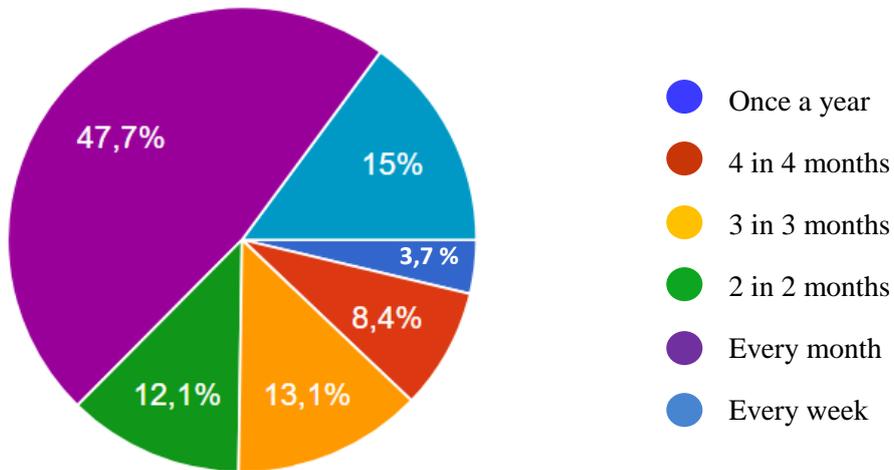


Chart 3

In a year, how many times do you go to a shopping center to shop or just to window shop?



In a scale from 1 to 5 (1 = not at all important; 5 = very important), what do you consider important in a store?

Chart 4

Importance of the organization & arrangement

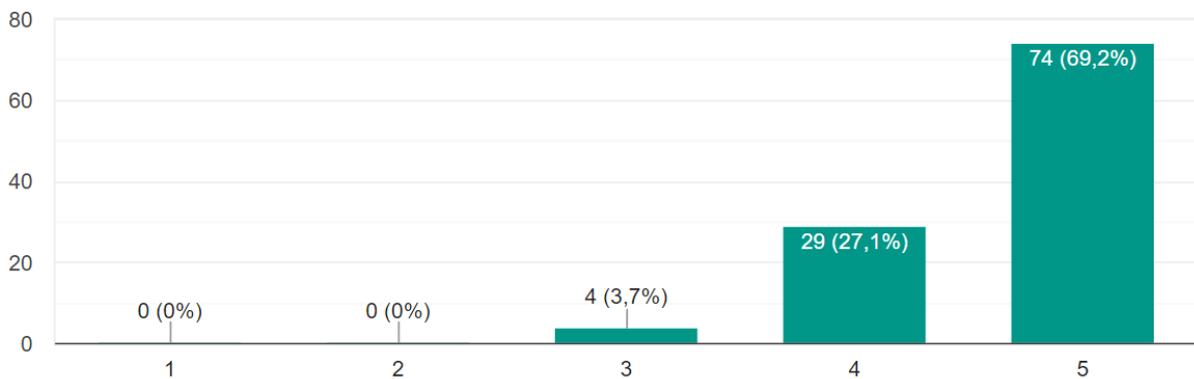


Chart 5

Importance of the decoration

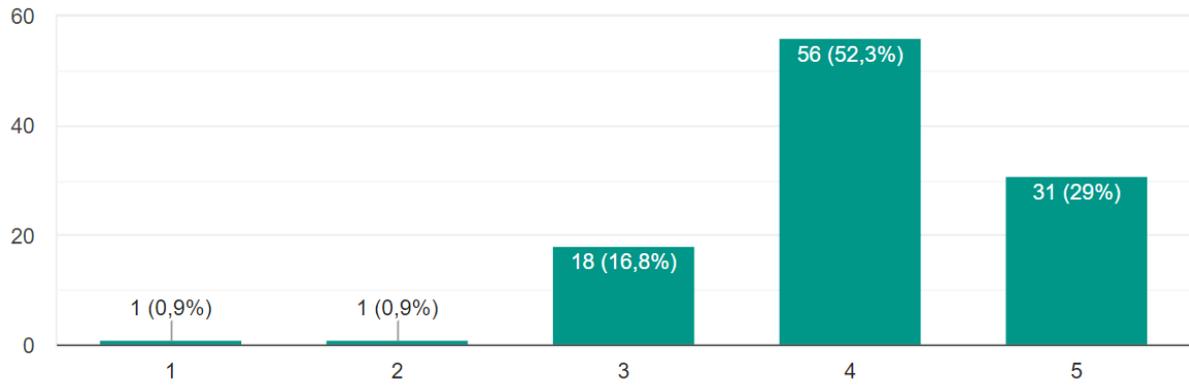


Chart 6

Importance of the ambience (music, illumination, smell...)

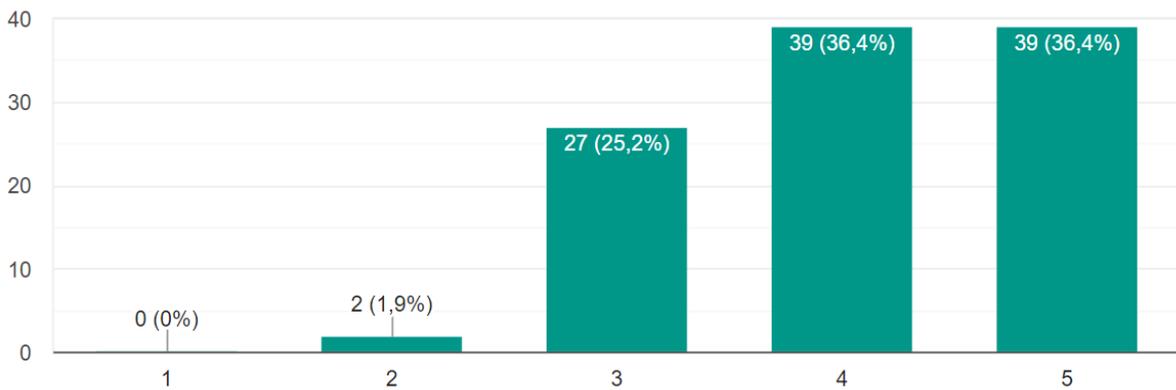


Chart 7

Importance of the dimension

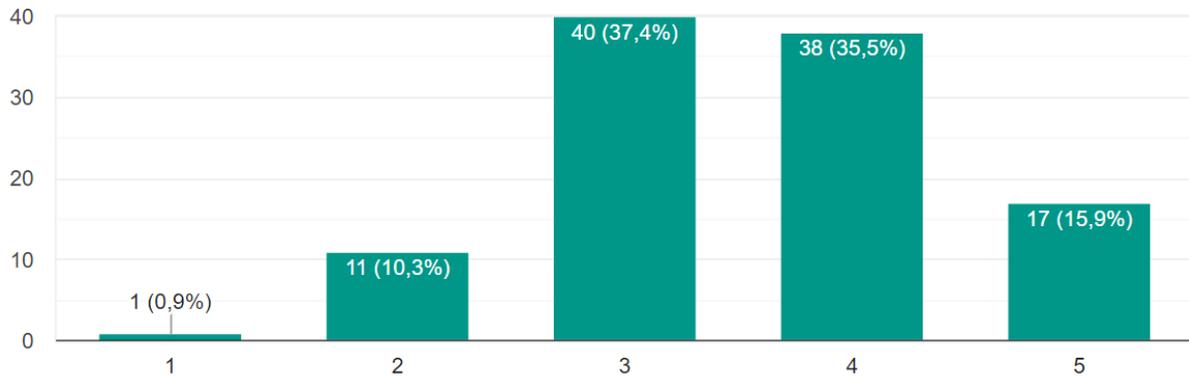


Chart 8

Importance of the accessibility (e.g. reach easily the shelves)

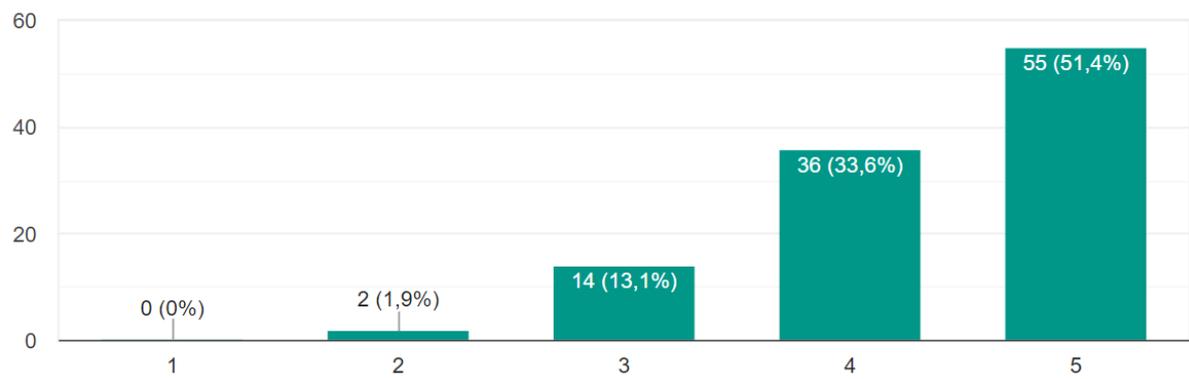
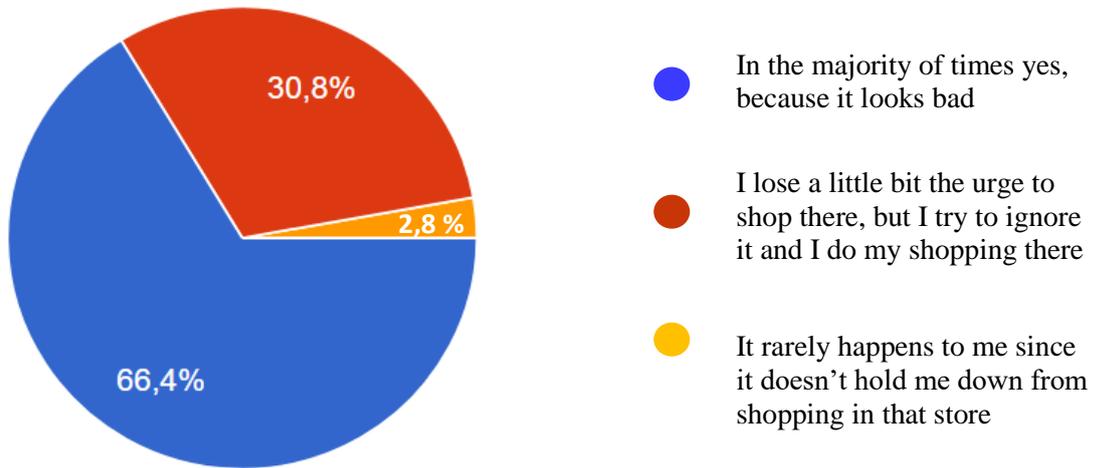


Chart 9

If you walk into a store that is messy and unorganized (e.g. shoes heaped or out of place), would you lose the urge to shop at this store?



Tell us your preferences regarding the design, organization and ambience of a store:

Chart 10

Preferences regarding the area

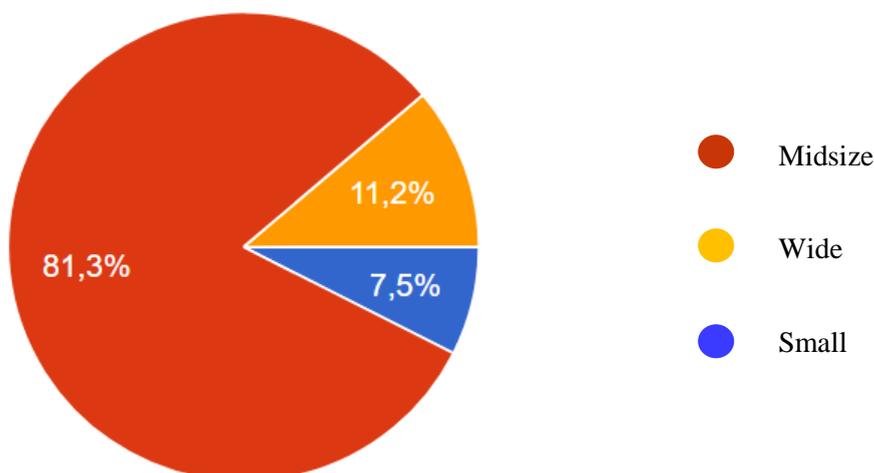


Chart 11

Preferences regarding the n° of products in store

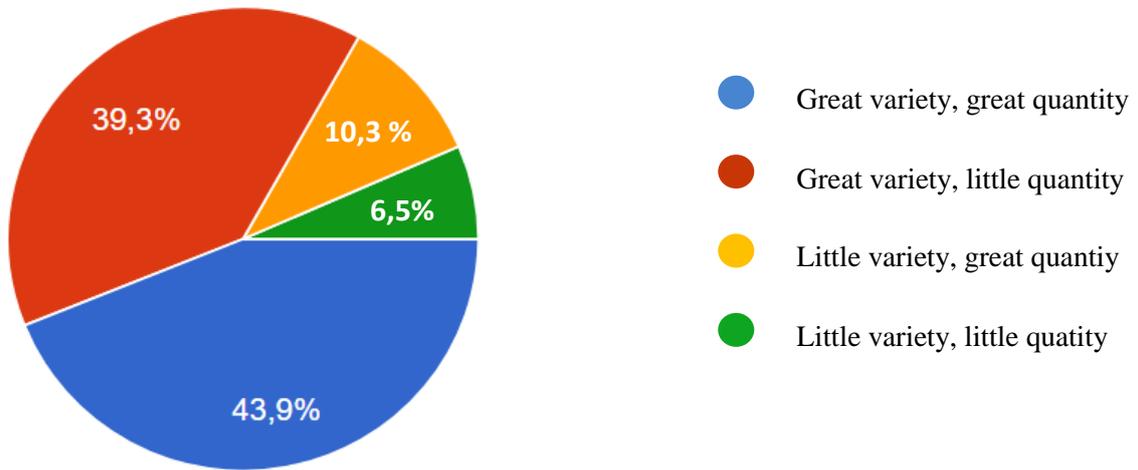


Chart 12

Preferences regarding shelving material

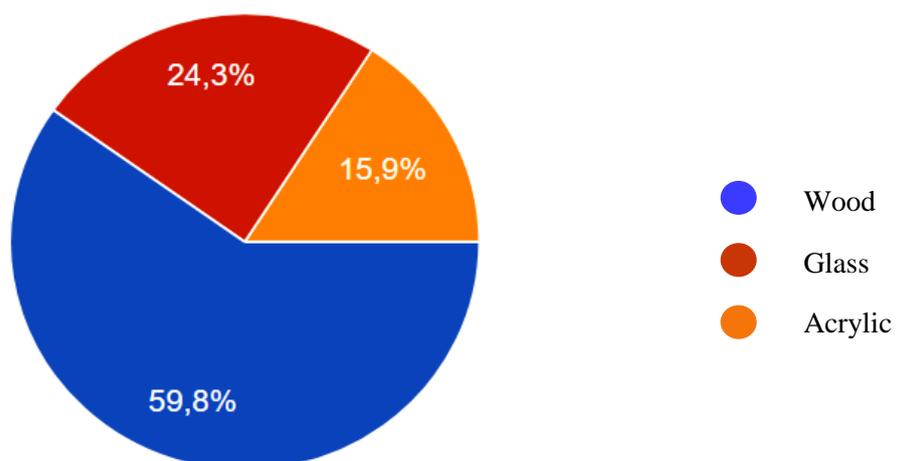


Chart 13

Preferences regarding flooring material

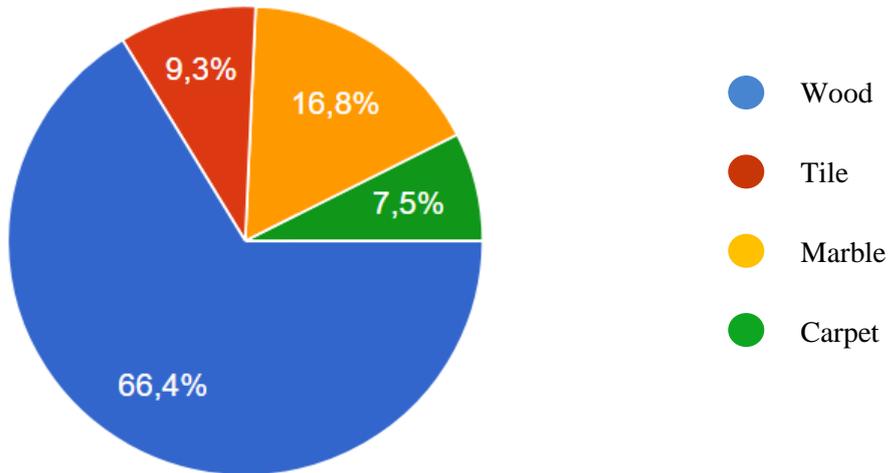


Chart 14

Preferences regarding wall material

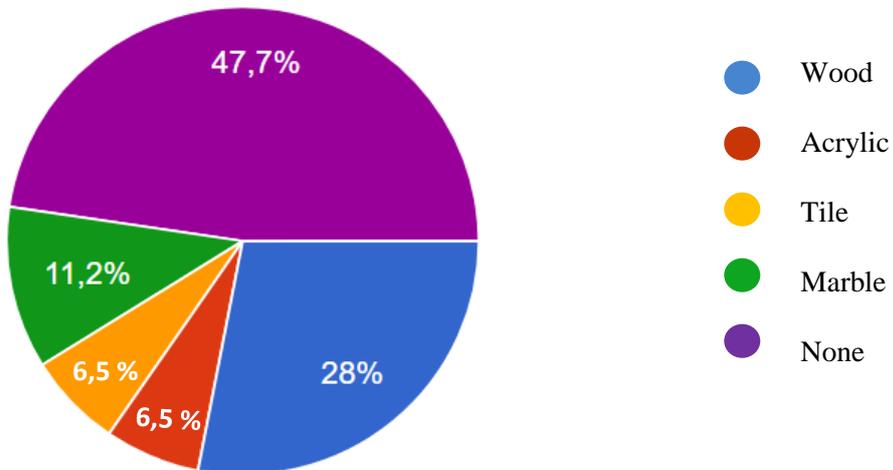


Chart 15

Preferences regarding illumination

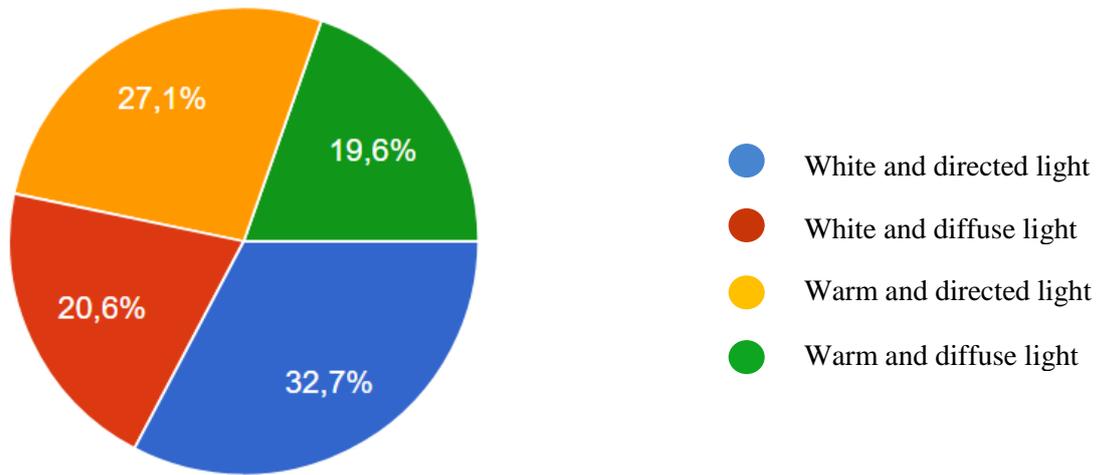


Chart 16

Preferences regarding music

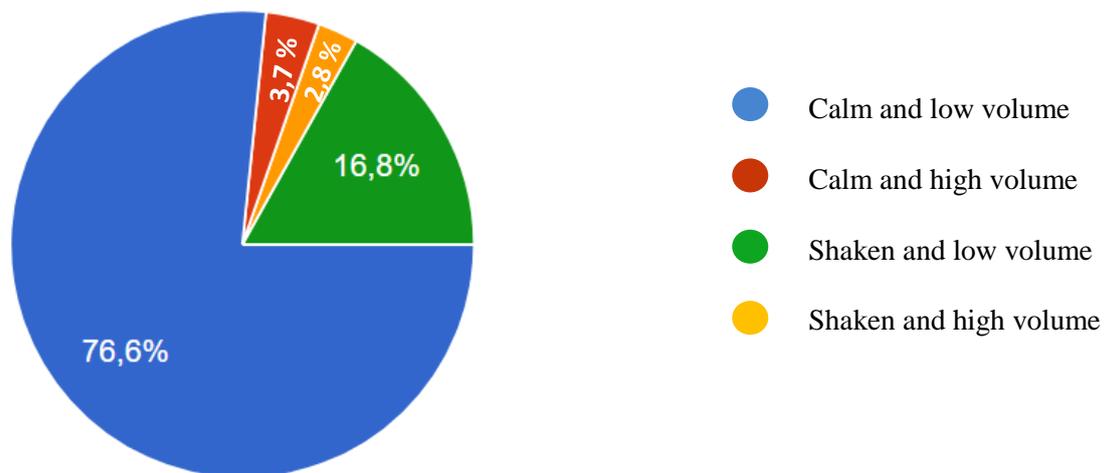


Chart 17

Preferences regarding store system

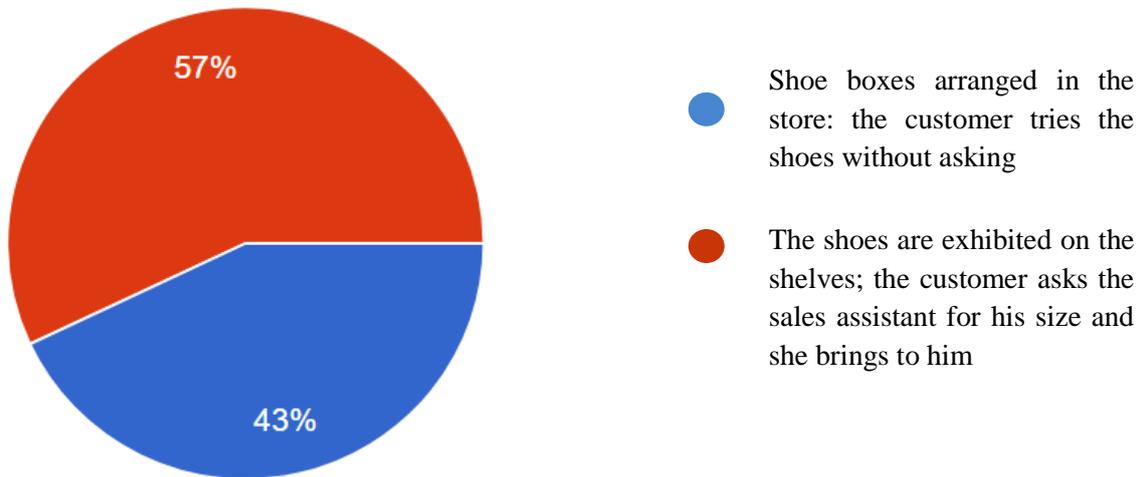
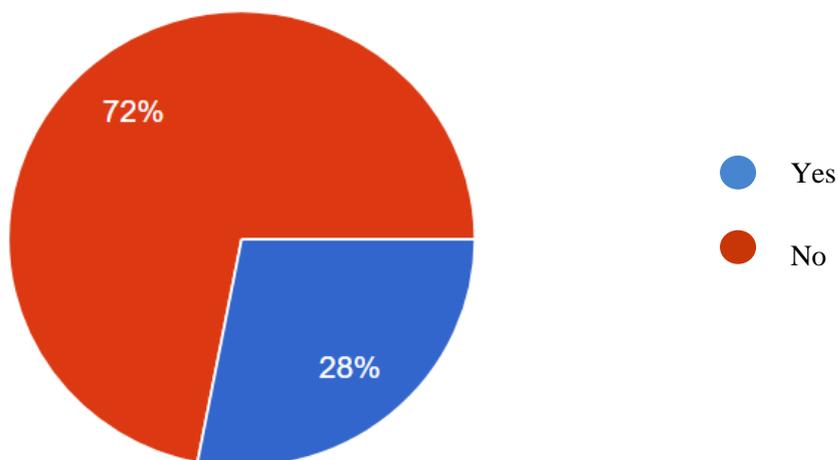


Chart 18

Have you ever bought shoes at “MARYPAZ”?



**In case you have answered “yes”, why do you choose to buy footwear at this store?
(use the scale from 1 to 5 where 1 = not at all important; 5 = very important)**

Chart 19

Why do you choose MARYPAZ: I like the quality of the shoes

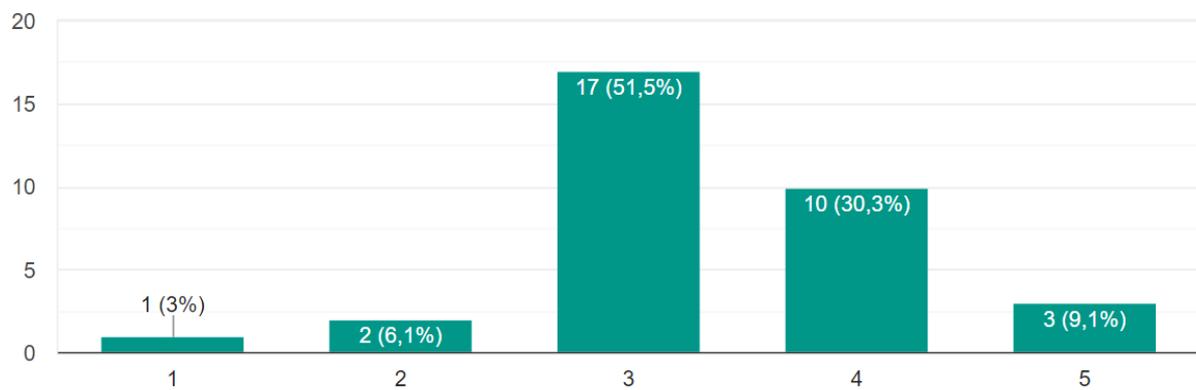


Chart 20

Why do you choose MARYPAZ: the footwear is cheap

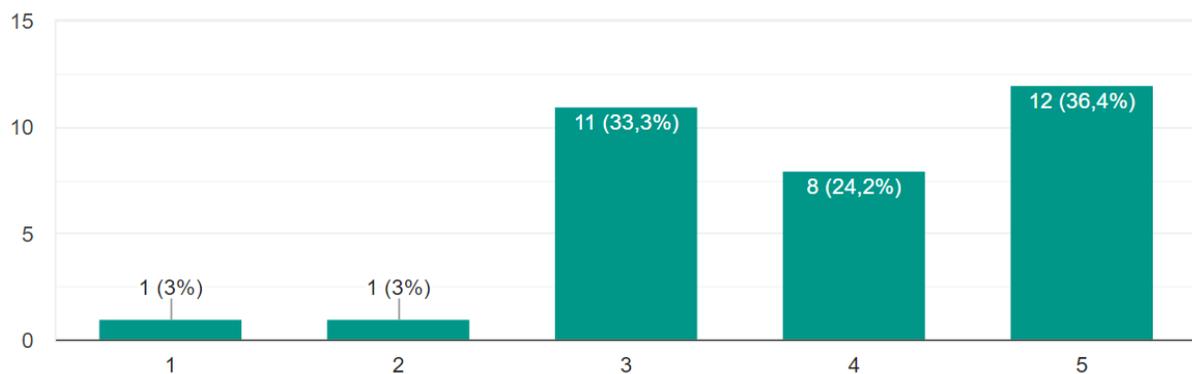


Chart 21

Why do you choose MARYPAZ: I like the design of the shoes

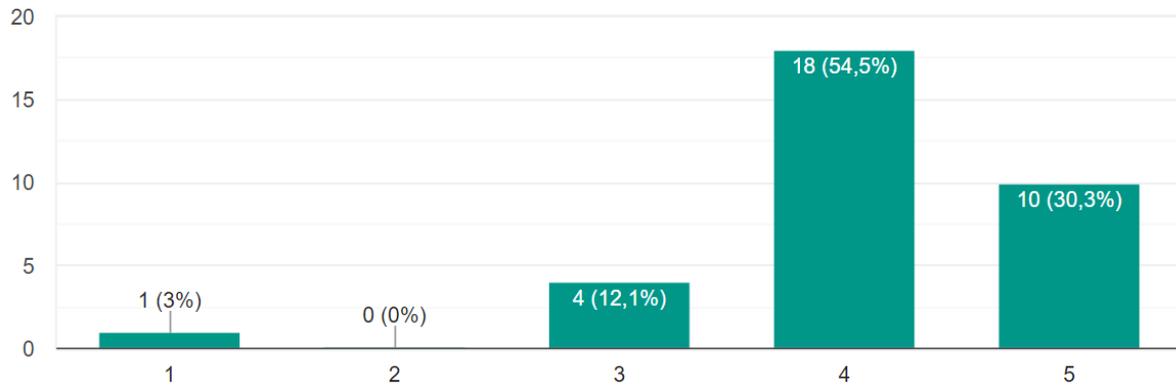
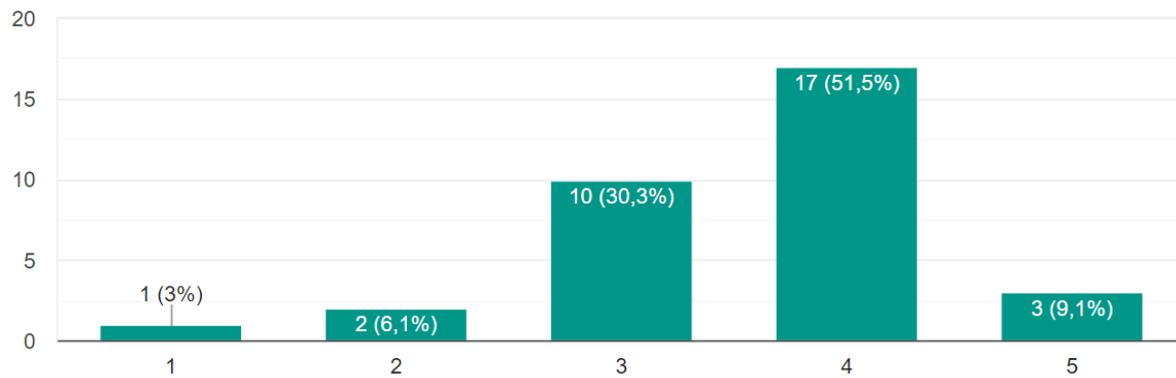


Chart 22

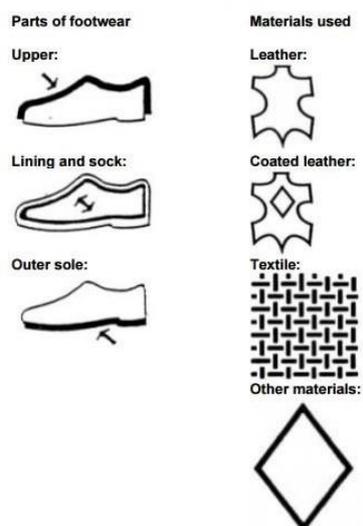
Why do you choose MARYPAZ: I like the arrangement of the store (overall organization, decoration, ambience, etc)



Annex III – External Analysis: Political and Legal Factors

Figure 7

Definition of components and correspondent pictograms



Source: “Bureau Veritas Consumer Products Services”, 2012

Annex IV – External Analysis: Economic Factors

Chart 23

Euro Area and Portugal: Real GDP growth rate (2009-2018)

Rate of change - %

Years	GDP growth rate		
	EU28	Euro Area (19 countries)	Portugal
2009	-4.3	-4.5	-3.0
2010	2.1	2.1	1.9
2011	1.8	1.6	-1.8
2012	-0.4	-0.9	-4.0
2013	0.3	-0.2	-1.1
2014	1.8	1.4	0.9
2015	2.3	2.1	1.8
2016	2.0	2.0	1.9
2017	2.4	2.4	Pro 2.8
2018	1.9	1.8	s 2.1

Source: PORDATA, 2019

Chart 24

Portugal: Material living conditions Index (2009-2017)

Index (number)

Years	Well-being Index	Material living conditions Index			
		Total	Economic wellbeing	Economic vulnerability	Work and pay
2009	106.5	96.1	108.3	90.1	89.8
2010	107.4	94.9	108.4	93.0	83.1
2011	108.6	88.9	105.8	85.3	75.7
2012	107.7	84.8	103.3	79.5	71.7
2013	111.3	83.6	103.9	75.9	71.1
2014	115.2	85.3	105.9	77.0	73.1
2015	119.9	88.6	107.9	83.0	74.9
2016	126.6	92.5	110.3	88.7	78.5
2017	Pre 131.4	Pre 97.5	Pre 113.1	Pre 94.3	Pre 85.2

Source: PORDATA, 2019

Chart 25

Consumption by families in Portugal as total of consumption (%) – 2009-2017

Years	% of consumption by families
2009	75.3
2010	76.3
2011	77.1
2012	78.5
2013	77.8
2014	78.5
2015	78.9
2016	79.2
2017	Pro 79.6

Source: PORDATA, 2019

Chart 26

Portuguese household final consumption expenditure by types of goods and services (2009-2017)

Euro – Millions

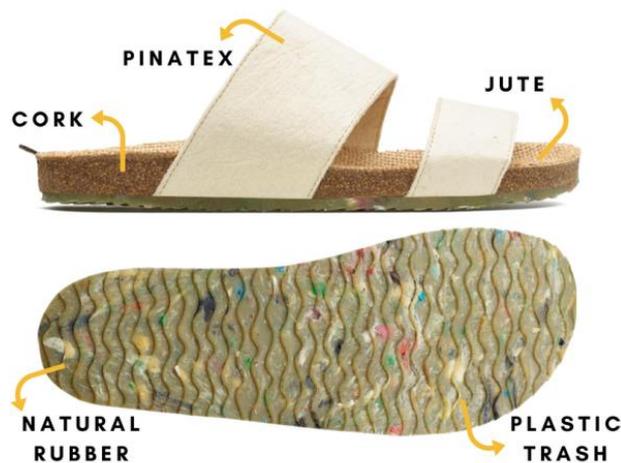
Years	Household final consumption expenditure by type...	
	Total	Clothing and footwear
2009	114,599.2	7,011.5
2010	119,862.0	7,309.9
2011	117,888.0	6,972.8
2012	113,880.3	6,418.6
2013	113,836.0	6,642.6
2014	117,561.4	7,326.9
2015	121,819.7	7,845.8
2016	126,745.1	8,163.8
2017	Pro 132,947.6	x

Source: PORDATA, 2019

Annex V – External Analysis: Environmental Factors

Figure 8

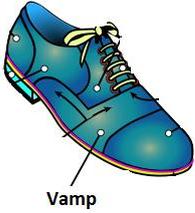
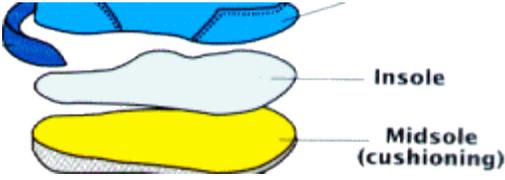
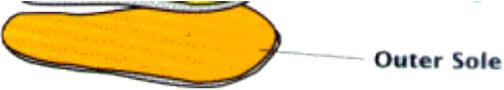
Zouri's shoes illustration



Source: INDIEGOGO, 2018

Figure 9

Composition of Zouri's shoes

<p>1) Vamp</p>  <p>A diagram of a blue and green athletic shoe. A line points from the word 'Vamp' to the upper part of the shoe, which is the vamp.</p>	<p>Piñatex:</p> <p>Piñatex is an innovative natural tissue made of pineapple leaves fiber. It is a natural and sustainable material, cruelty-free.</p>
<p>2) Midsole and Insole</p>  <p>A diagram showing three layers of a shoe's interior. The top layer is blue and labeled 'Insole'. The middle layer is light blue and labeled 'Midsole (cushioning)'. The bottom layer is yellow.</p>	<p>Cork and Latex:</p> <p>Cork is extracted from <i>Quercus Suber L.</i>, which means is 100% natural. Every nine years the bark is removed, without chopping any tree during the process. The surplus of the stopper production is used as a raw-material for the production of Zouri's insoles.</p> <p>Latex is a natural rubber originating from the so called <i>hevea brasiliensis</i>. Latex works as a cork aggregator for the Zouri's midsole.</p> <p>Midsole's coating is made of jute, a vegetal textile fiber, which belongs to Tilioideae family.</p>
<p>3) Sole</p>  <p>A diagram of a shoe sole, which is orange and yellow. A line points from the words 'Outer Sole' to the sole.</p>	<p>Natural Rubber and Recycled Plastic:</p> <p>Natural latex works as a plastic aggregator for the production of Zouri's sole.</p> <p>All the plastic used is collected at Northern Portugal beaches by partners and volunteers.</p>

	A sole of size 38 weights 80g, in which 30g is plastic, representing about 3 plastic bottles. A pair goes around 60g of plastic, that is, between 5 to 6 plastic bottles.
--	---

Source: The author, 2018

Annex VI – External Analysis: General Sector Overview

Chart 27

Portuguese Footwear Industry Trend (1974-2016)

	1974	1984	1994	2004	2006	2008	2010	2012	2014	2015	2016**
Industry / Indústria											
Companies / Empresas											
number / número	673	971	1 635	1 432	1 448	1 407	1 245	1 322	1 441	1 475	1 473
Employment / Emprego											
number / número	15 299	30 850	59 099	40 255	36 221	35 398	32 132	34 624	38 594	38 723	38 661
Production / Produção*											
thousand Pairs / milhares de Pares	15 000	48 000	108 866	84 897	71 643	69 101	62 012	75 178	75 249	79 202	82 057
Gross Production Value / Valor bruto de produção*											
thousand Euros / milhares de Euros	12 330	318 891	1 620 001	1 471 214	1 338 555	1 397 617	1 283 475	1 823 989	1 885 794	1 945 031	2 029 008
Foreign Trade / Comércio Externo											
Exports / Exportações											
thousand Pairs / milhares de Pares	5 200	31 100	89 368	75 159	63 784	64 651	68 671	70 635	76 913	79 395	81 599
thousand Euros / milhares de Euros	3 093	164 060	1 283 867	1 273 252	1 166 116	1 290 991	1 296 919	1 600 458	1 845 568	1 862 737	1 923 101
Imports / Importações											
thousand Pairs / milhares de Pares	2 800	200	15 005	33 154	41 209	50 900	65 647	47 244	53 795	54 323	56 602
thousand Euros / milhares de Euros	324	738	97 087	271 126	318 277	431 662	425 270	403 499	449 137	528 308	597 705
Trade Balance / Balança Comercial											
thousand Pairs / milhares de Pares	2 400	30 900	74 362	42 005	22 575	13 751	3 023	23 391	23 118	25 073	24 997
thousand Euros / milhares de Euros	2 769	163 321	1 186 781	1 002 126	847 838	859 329	871 650	1 196 959	1 396 431	1 334 429	1 325 397
Apparent Consumption* / Consumo Aparente											
thousand Pairs / milhares de Pares	12 600	17 100	34 503	42 892	49 069	55 350	58 989	51 787	52 131	54 129	57 060
thousand Euros / milhares de Euros	9 561	155 570	433 200	469 088	490 716	538 288	436 127	637 643	504 351	624 382	719 084

Source: APICCAPS, 2017

Chart 28

Portuguese Footwear Industry - General Data 2015

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Thousand Pairs / Milhares de Pares				
Ladies' Footwear / Calçado de Senhora	28 967	27 361	2 947	4 553
Men's Footwear / Calçado de Homem	23 302	21 850	1 543	2 995
Children's Footwear / Calçado de Criança	5 625	5 403	1 466	1 688
Unisex Footwear / Calçado Unisexo	2 272	2 227	1 043	1 088
Safety Footwear / Calçado de Segurança	738	766	871	843
Sports Footwear / Calçado de Desporto	927	963	1 111	1 076
Other Leather Footwear / Outro Calçado em Couro	709	709	466	466
Sub-total Leather Footwear / Sub-total Calçado em Couro	62 540	59 278	9 446	12 708
Textile Uppers Footwear / Calçado em Têxtil	3 043	4 244	18 068	16 867
Water Resistant Footwear / Calçado Impermeável	4 764	4 671	665	758
Other Plastic Footwear / Outro Calçado em Plástico	6 067	8 461	22 684	20 290
Other Materials Footwear / Calçado em outros materiais	2 788	2 742	3 460	3 506
Total / Total	79 202	79 395	54 323	54 129

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Thousand Euro / Milhares de Euros				
Ladies' Footwear / Calçado de Senhora	847 232	789 890	68 132	127 177
Men's Footwear / Calçado de Homem	669 283	620 284	48 434	98 038
Children's Footwear / Calçado de Criança	130 562	123 813	27 203	34 632
Unisex Footwear / Calçado Unisexo	53 824	52 349	21 673	23 690
Safety Footwear / Calçado de Segurança	20 614	21 124	10 474	9 964
Sports Footwear / Calçado de Desporto	30 747	31 508	25 595	25 464
Other Leather Footwear / Outro Calçado em Couro	19 958	19 847	11 526	11 925
Sub-total Leather Footwear / Sub-total Calçado em Couro	1 772 219	1 658 815	213 036	331 312
Textile Uppers Footwear / Calçado em Têxtil	29 778	40 990	148 849	140 343
Water Resistant Footwear / Calçado Impermeável	38 242	37 787	6 102	7 061
Other Plastic Footwear / Outro Calçado em Plástico	57 701	79 439	143 191	126 705
Other Materials Footwear / Calçado em outros materiais	47 081	45 707	17 129	18 961
Total / Total	1 945 031	1 862 737	528 308	624 382

Source: APICCAPS, 2016

Chart 29

Portuguese Footwear Industry - General Data 2016

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Thousand Pairs / Milhares de Pares				
Ladies' Footwear / Calçado de Senhora	30 187	28 215	3 352	5 324
Men's Footwear / Calçado de Homem	23 855	22 111	1 584	3 327
Children's Footwear / Calçado de Criança	5 711	5 402	1 278	1 587
Unisex Footwear / Calçado Unisexo	2 127	2 085	1 208	1 250
Safety Footwear / Calçado de Segurança	706	724	841	823
Sports Footwear / Calçado de Desporto	881	886	730	724
Other Leather Footwear / Outro Calçado em Couro	868	864	628	631
Sub-total Leather Footwear / Sub-total Calçado em Couro	64 334	60 289	9 261	13 666
Textile Uppers Footwear / Calçado em Têxtil	3 033	4 180	19 604	18 456
Water Resistant Footwear / Calçado Impermeável	5 065	4 869	580	776
Other Plastic Footwear / Outro Calçado em Plástico	7 146	9 851	23 675	20 970
Other Materials Footwear / Calçado em outros materiais	2 479	2 410	3 122	3 191
Total / Total	82 057	81 599	56 602	57 060

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Thousand Euro / Milhares de Euros				
Ladies' Footwear / Calçado de Senhora	884 026	812 990	70 514	143 313
Men's Footwear / Calçado de Homem	687 032	627 936	47 366	107 054
Children's Footwear / Calçado de Criança	141 591	131 986	25 477	35 718
Unisex Footwear / Calçado Unisexo	52 687	51 305	27 018	29 075
Safety Footwear / Calçado de Segurança	20 153	20 370	10 831	10 614
Sports Footwear / Calçado de Desporto	28 353	28 456	21 315	21 745
Other Leather Footwear / Outro Calçado em Couro	24 532	24 314	15 981	16 599
Sub-total Leather Footwear / Sub-total Calçado em Couro	1 838 373	1 697 356	218 501	364 526
Textile Uppers Footwear / Calçado em Têxtil	35 017	45 544	181 762	172 373
Water Resistant Footwear / Calçado Impermeável	37 125	36 559	6 757	7 881
Other Plastic Footwear / Outro Calçado em Plástico	70 421	95 613	173 033	154 152
Other Materials Footwear / Calçado em outros materiais	48 071	46 030	17 651	20 152
Total / Total	2 029 008	1 923 101	597 705	719 084

Source: APICCAPS, 2017

Chart 30

Portuguese Footwear Industry - General Data 2015 (Average Price/ Pair)

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Average Price (Euros) / Preço Médio (Euros)				
Ladies' Footwear / Calçado de Senhora	29,25	28,87	23,12	27,93
Men's Footwear / Calçado de Homem	28,72	28,39	31,40	32,74
Children's Footwear / Calçado de Criança	23,21	22,92	18,56	20,51
Unisex Footwear / Calçado Unisexo	23,69	23,51	20,78	21,78
Safety Footwear / Calçado de Segurança	27,94	27,58	12,03	11,83
Sports Footwear / Calçado de Desporto	33,16	32,73	23,03	23,67
Other Leather Footwear / Outro Calçado em Couro	28,16	28,00	24,75	25,61
Sub-total Leather Footwear / Sub-total Calçado em Couro	28,34	27,98	22,55	26,07
Textile Uppers Footwear / Calçado em Têxtil	9,79	9,66	8,24	8,32
Water Resistant Footwear / Calçado Impermeável	8,03	8,09	9,18	9,31
Other Plastic Footwear / Outro Calçado em Plástico	9,51	9,39	6,31	6,24
Other Materials Footwear / Calçado em outros materiais	16,89	16,67	4,95	5,41
Total / Total	24,56	23,46	9,73	11,53

Source: APICCAPS, 2016

Chart 31

Portuguese Footwear Industry - General Data 2016 (Average Price/ Pair)

	Production / Produção	Exports / Exportações	Imports / Importações	Consumption / Consumo
Average Price (Euros) / Preço Médio (Euros)				
Ladies' Footwear / Calçado de Senhora	29,29	28,81	21,04	26,92
Men's Footwear / Calçado de Homem	28,80	28,40	29,91	32,17
Children's Footwear / Calçado de Criança	24,79	24,43	19,93	22,51
Unisex Footwear / Calçado Unisexo	24,77	24,60	22,36	23,26
Safety Footwear / Calçado de Segurança	28,56	28,13	12,87	12,90
Sports Footwear / Calçado de Desporto	32,20	31,11	29,21	30,03
Other Leather Footwear / Outro Calçado em Couro	28,27	28,13	25,46	26,29
Sub-total Leather Footwear / Sub-total Calçado em Couro	28,58	28,15	22,71	26,67
Textile Uppers Footwear / Calçado em Têxtil	11,55	11,37	9,27	9,34
Water Resistant Footwear / Calçado Impermeável	7,33	7,51	11,65	10,16
Other Plastic Footwear / Outro Calçado em Plástico	9,85	9,71	7,31	7,35
Other Materials Footwear / Calçado em outros materiais	19,39	19,10	5,65	6,32
Total / Total	24,73	23,57	10,56	12,60

Source: APICCAPS, 2017

Figure 10

Most Popular Types of Female Footwear

Stiletto		
Sandal		
Flip flop		
Ballerina		
Moccasin		
Sneaker		



Source: The author, 2018

Annex VII – External Analysis: Direct Competitors

Figure 11

Bershka Windows Display: Spring Collection 2017 (theme: “Back to nature”)



Source: daun.com.my, 2017

Annex VIII – Internal Analysis

Figure 12

Where MARYPAZ is located in Portugal



Source: The author, 2019

Locations:

North:

1. *MaiaShopping* (Maia, Porto)
2. *Dolce Vita Ovar* (Ovar, Aveiro)
3. *Glicínias Plaza* (Aveiro)
4. *Palácio de Gelo* (Viseu)
5. *Fórum Coimbra* (Coimbra)

South Center:

1. *LouresShopping* (Loures, Lisboa)
2. *Loures Continente* (Loures, Lisboa)
3. *Dolce Vita Tejo* (Amadora, Lisboa)
1. *Spacio Shopping* (Olivais, Lisboa)
2. *Barreiro Retail Planet* (Barreiro, Lisboa)

South:

3. *Aqua Portimão* (Portimão, Faro)
4. *Albufeira Shopping* (Albufeira, Faro)
5. *Tavira Gran-Plaza* (Tavira, Faro)

Figure 13

MARYPAZ's promotions



“Half-boot week – 20% discount”



“30% discount on the second item”



“Mid-Season Sale – 30% discount on the flagged items”



“Weekend sale – 20% discount on all products”

Source: MARYPAZ billboards, 2018

Figure 14

Exemplification of MARYPAZ's shoes portfolio

Autumn/ Winter Collection (2018/ 2019)

TYPES OF SHOES	WOMAN	TRENDY
Platform Shoes		
Heeled Shoes		
Flat Shoes		
Ballerina Shoes		
Sneakers		

Boots		
Half-Boots		

Source: The author (images from Marypaz.com, 2018)

Spring/ Summer Collection (2019)

TYPE OF SHOES		
Heeled Shoes		
Flat Shoes		

Espadrilles		
Ballerina Shoes		
Wedge Sandals		
Heeled Sandals		
Flat Sandals		
Sneakers		

Source: The author (images from Marypaz.com, 2019)

Figure 15

Exemplification of MARYPAZ's bags portfolio

Autumn/ Winter Collection (2018/ 2019)

TYPES OF BAGS	
Bag with cross strips (15x29x3)	
Purse bag with metallic closure (13x17x4)	
Envelope clutch (16x27x2)	
Square bag (13x18x4)	

Source: The author (images from Marypaz.com, 2018)

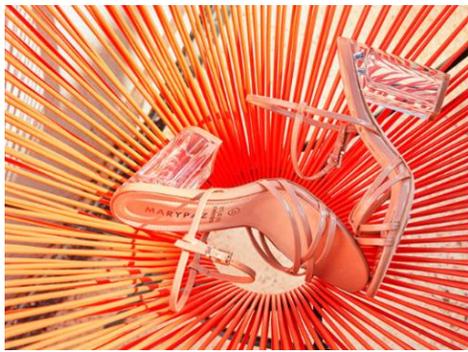
Spring/ Summer Collection (2019)

TYPES OF BAGS		
Round bag (16x17x7)		
Purse bag with metallic closure (16x12x7)		
Envelope clutch (22x14x5)		
Square bag (18x12x8)		
Rectangular bag (22x12x4)		

Source: The author (images from Marypaz.com, 2019)

Figure 16

MARYPAZ Spring/ Summer Collection – 2019



Source: MARYPAZ.com, 2019

Figure 17

MARYPAZ front store with *Beeline* display at the right

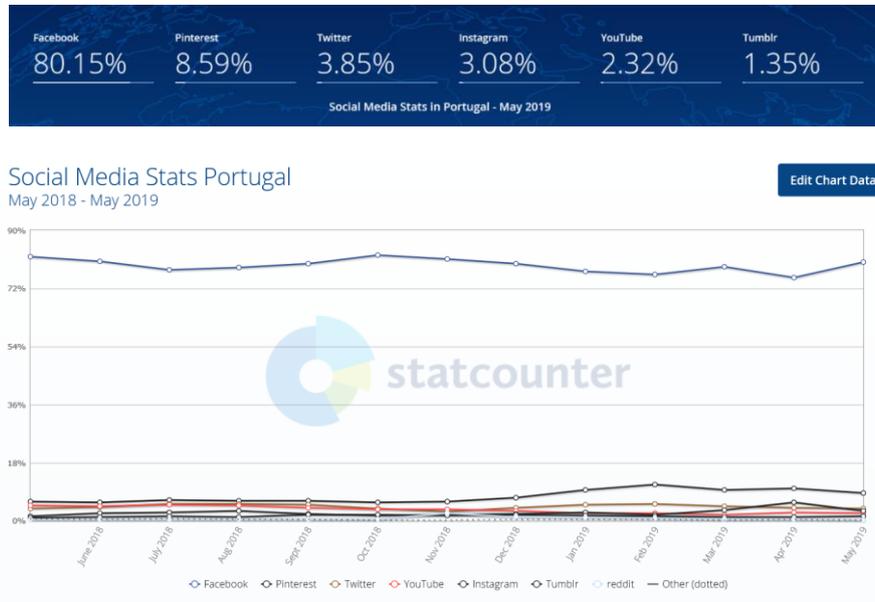


Source: alamy.com (2018)

Annex IX – New Product Launching: Promotion

Figure 18

Social Media Stats Portugal: May 2018 – May 2019



Source: “GlobalStats: Statcounter Portugal”: May, 2019

Figure 19

Simulation of our Facebook ad

Source: Facebook Ads, 2019 (adapted)

Figure 20

Simulation of a MARYPAZ campaign with Bárbara Bandeira

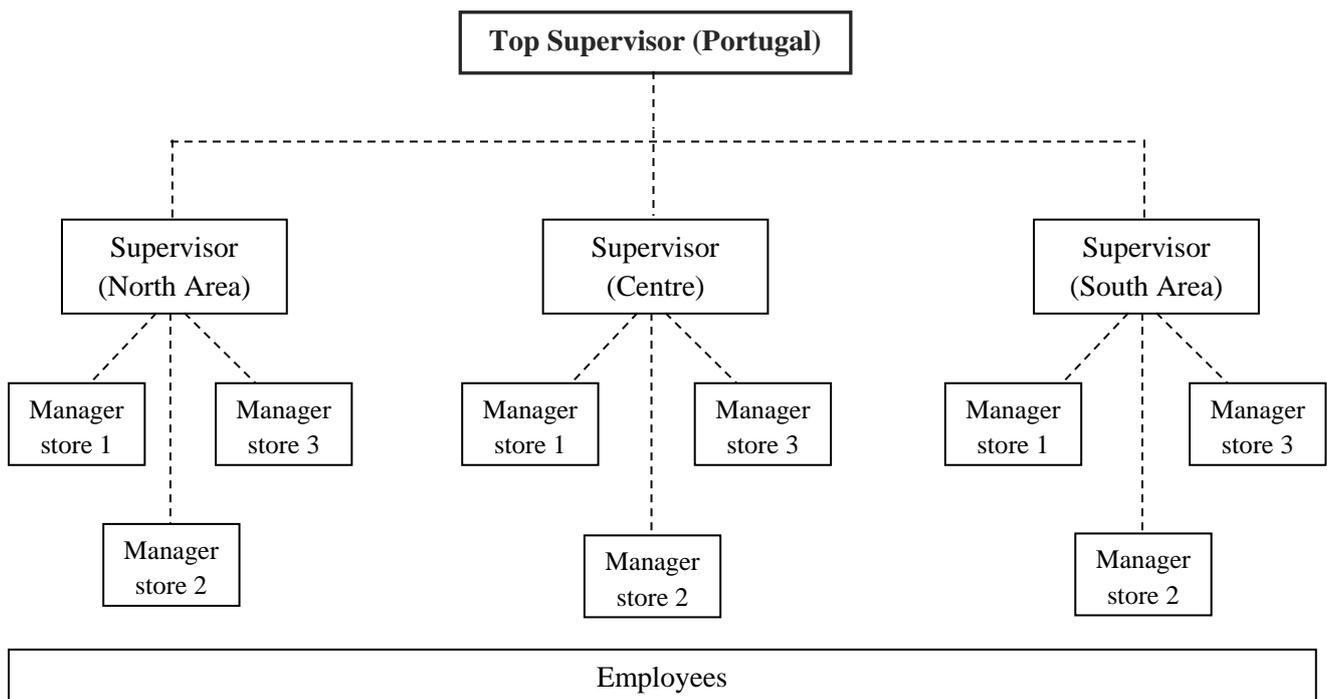


Source: Bárbara Bandeira's Instagram (taken on 28th of May, 2019); full image created by the author, 2019

Annex X – New Product Launching: People

Figure 21

MARYPAZ's organigram: Portugal



Source: The author, 2019

Figure 22

MARYPAZ's new uniform



Source: shirt image: confrariadoazeite.pt, 2019; sneakers: MARYPAZ website, 2019 – full uniform: simulated by the author