

**LEGION BUSINESS PLAN
AN ONLINE CLOTHES COMPANY**

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Dissertation submitted as partial requirement for the conferral of
Master in General Management

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September 2019

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ACKNOWLEDGMENTS

My master's thesis has the contribution of some particular and very important people. People that helped me to stay focused and motivated. The journey was long and not easy at times, so to end it represents a proud moment for me.

To begin with, I would like to thank my wife, Cátia Isabel. The journey was long as I mentioned and her support along the way was absolutely essential. Constant reminders of my obligations in a representation of her stoic attitude helped me focus on what needed to be done. The share of her knowledge in several matters was also very important and contributed a lot to the development of this project. Her love and ambition showed me what I needed to see in order to finish it. The strength to not let her down also kept me going and helped me to face the hurdles I had to face.

I would like to thank to my family, my mom Orlanda, my dad João Pinto and my sister Sara. For the unconditional love and support that keeps me going. For the serious talks that put me on track and laughs together that allow me to maintain my mental health up high. Knowing I would have them by my side no matter what difficulties I might face gives me a solid support which would never let me drop it.

I would like to thank my friends who stood by me when I needed it. Also my co-workers and bosses who facilitate this process. Co-workers who helped me along the way and gave me input to help me get it done.

Finally I would like to show my appreciation to Prof. Luís Martins. A huge part of this accomplishment is due to the call I received from him. After a tremendous disappointment and disbelief on this master's, Prof. Luís Martins gave me a call and said "I am here to help you finish this". That triggered my motivation. The call and whole attitude changed my perspective and gave me an additional motive to end it with success.

ABSTRACT

The thesis is a business plan for an existing Portuguese brand called Legion. Legion is a clothing brand focused on selling upper wear for young boys and girls. As a brand directed to young people, Legion's business plan focuses on digital ways to connect with the target.

The project begins with the literature review. This theoretical background will support the basis of the reasoning behind the brand's decisions. It has 6 crucial chapters which relate with the brand's course of action and ideas.

After placing the reader in perspective, the core of the business plan begins. The first look up is for the external analysis. It is where the external overview is scrutinised starting off by the textile industry, then PEST analysis, competition analysis and then the 5 forces of Porter.

After the bigger picture, it will be analysed the internal analysis starting with the description of the brand. As a primary approach, the brand is described and explained on the first chapters as well as Legion's vision, mission and values.

Afterwards is the SWOT analysis, which will allow the reader to understand overall internal situation of the brand. With that as a basis, with both analysis in mind, starts the marketing strategy. On this section it is evaluated the STP and the marketing mix.

Finally, the finances of the brand are dissected. The financial plan consists on Legion's results and what can be projected on the future. This action is crucial to perceive the feasibility of the business plan.

Keywords: business plan; e-commerce; digital; fashion;

JEL Codes: JEL: M10 General

M13 New Firms; Startups;

M31: Marketing

RESUMO

A presente tese é um plano de negócios para a existente marca de roupa portuguesa, Legion. Legion é uma marca focada na venda de artigos de roupa para a parte superior do corpo para jovens rapazes e raparigas. Como marca jovem direcionada aos jovens, o plano de negócios da Legion foca-se no digital. Consequentemente, o canal prioritário será através do e-commerce.

A revisão da literatura é o primeiro passo. Esta base teórica apoiará a base do raciocínio por trás das decisões da marca. Possui 6 capítulos cruciais relacionados ao curso de ação e às ideias da marca.

Posteriormente, para entender melhor a análise externa, há uma visão geral do mercado com a análise do setor. Com isso, a visão externa é examinada através da análise da indústria, análise PEST, análise da concorrência e por fim com as 5 forças de Porter.

O projeto continua com a análise interna. A marca é descrita e explicada nos primeiros capítulos desta análise, bem como a visão, missão e valores. Depois de colocar o leitor em perspectiva passamos para o próximo passo deste plano de negócios com a análise SWOT. Com as estas análises em mente, dá-se início à estratégia de marketing. Nesta seção, são avaliados o STP e o marketing-mix.

No final do projeto as finanças da marca são dissecadas. O plano financeiro consiste no que a Legion tem vindo a fazer e no que pode ser projetado no futuro. Essa ação é crucial para perceber a viabilidade do plano de negócios.

Palavras chave: plano de negócios; e-commerce; digital; moda;

JEL Codes: JEL: M10 General

M13 New Firms; Startups;

M31: Marketing

EXECUTIVE SUMMARY

The business plan presented came up with the need to dissect the economic and financial viability of this Portuguese clothing brand.

On the past few years Portugal has become to prosper in economic terms on textile industry. Legion intends to take advantage of this positive momentum and use it to create something new and different.

Legion is a clothing brand that sells only online. The decision of selling online was based on the costs a physical store would bring and based on the technology development that would allow it to reach a wider audience.

Legion sells only upper wear for the moment. The upper wear sold is: T-shirts, sweatshirts, hoodies and jackets. The decision of selling only upper wear is due to the fact the owners believe it has a bigger decision impact when compared to clothes from the waist down. Considering the owners would not want to risk full body products, the decision had to be one of those.

The owners did not have any previous experience on this sector. Therefore, the business plan makes even more sense in order for them to understand and analyse the brand in analytical terms. The sense of an appropriate strategy or good practices was not that present at the beginning, but after this business plan it will be.

After analysing Legion's business plan the goal is to set clear and objective strategies for the brand. From the projected financial plan Legion is expected to have net earnings of EUR 56 429,2. This value is something the owners can work with and can build a solid brand.

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LITERATURE REVIEW

1. BRANDING ONLINE

The overall companies' concern on the relationship between brand and consumer has significantly grow. Companies do now focus on understanding how consumers relate and can related to a brand. It is important to understand why consumers choose one brand over the other and why negative feelings are associated to some brands. (Carroll, B. A., & Ahuvia, A. C., 2006)

It is perceived as complex the relationship between consumer and brand. Some studies suggest that attachment-aversion (AA) model perfectly relate on the above-mentioned relationship. The model consists on brand attachment, which defends that a consumer will get attached and relate to a brand when the brand as a way to self-expand. Brand aversion consists on the distancing of the consumer if considered threatening of self-contraction. (Park *et al.* 2009)

Schmitt proposes brand experience as a condition for the relationship between consumer and brand evolution. It can be so due to brand influence or by consumer's behavioural motivations. (Schmitt, B., 2012)

Customer engagement with the brand has been subject of several discussions. Van Doorn *et al.* (2010) believe that it results from motivational drivers such as word of mouth (WOM), interactions in Customer to Customer model (C2C) and when manifesting ideas on blogs. It is also argued to be a relationship beyond the previous mentioned idea. For instance, Verhoef *et al.* (2010) defines as a a manifestation that goes beyond transactions.

The perspective of brand engagement gets broaden in the sense that there are many studies approaching the conceptualization. Bowden approaches the idea that there's a psychological process inherent to these mechanisms. Throughout the process customer loyalty is applied to new customers. It is also presented the idea that loyalty will evolve from new consumers by repurchasing. (Bowden, J., 2009)

Consumer brand engagement is multidimensional and as such it is subject to cognitive, emotional and behavioral dimensions. The psychological process is determinant and plays a crucial role throughout this relationship. The consumer involvement will be determined by the interactive and co-creative features occurring on the psychological process. Consequently, the authors have also concluded that the process is dynamic and takes several phases. (Brodie *et al.*, 2011; Vivek *et al.*, 2012)

The online brand engagement is believed to have particular singularities. Intensive engagement with the community may not directly lead to brand loyalty. The commitment a consumer might show combined with a strong engagement may not be necessary for brand loyalty. (Raïes *et al.*, 2015)

A consuming dimension is considered to be an antecedent of consumers' engagement. It does also contribute with brand related content produced on social media. The authors urge the need to rethink online consumer-brand relationship in order to increase the engagement to online and offline communities. (Hollebeek *et al.* 2014)

Critical factors for brand success are believed to be three: (1) A brand depends on consumer perception. (2) That perception is influenced by the characteristics that will add some value to the final product. (3) These characteristics must be sustainable. So, if a brand holds similar values as the consumers it is likely that the empathy will rise.

Brand is “a deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future, causing repetitive same brand or same brand-set purchasing, despite situational influences or marketing efforts.” (Oliver, R., 1999)

1.1 ONLINE BRAND TRUST

Hameide defines a brand as an entity that comprises a set of experiential and functional features. Both features with value reward to consumers and economic return to producers. (Hameide, K. 2011)

According to Park and Stoel there is over sixty percent of online shoppers that have not purchased yet apparel online. And these online shoppers justified it by arguing that it is still risky to shop online. It is very important therefore to develop strategies that

can mitigate the perception of risk and consequently increase online purchase intention. The authors suggest a creation and promotion of brand familiarity, create experience with format and provide as much as information to possible buyers as well as an effective customer service. (Park, J., Stoel, L., 2005)

Customers are constantly evaluating products and services and technology has evolved in a way it allows them to express their thoughts at any time to everyone. The most common way is through social media or online reviews. And this reviews process can determine others' opinions regarding the purchase intention. (Zhang *et al.*, 2014) It is believed that negative reviews can affect more consumers' intentions and behaviours towards purchase than can positive reviews. (Park, C., & Lee, T. M., 2009)

Social media can be a prolific channel to deliver brand trust. The engagement consumers have with the brand will help them trust more. There are several actions a consumer can take that helps the brand to perceive their engagement, namely: Liking a post, giving a reaction to a post, commenting, sharing the post, or create new content based on an existing one.

Brand trust can be defined as the “feeling of security held by the consumer in his/her interaction with the brand, that it is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the consumer” (Delgado-Ballester, E., 2003)

1.2 SOCIAL MEDIA

The last decade has been particularly rich in social media content. The usage of channels such as Facebook, YouTube, Instagram or Twitter has allowed customers to have a more active role on opinion makers, and receivers. (Henning-Thurau *et al.*, 2010) For Libai *et al.* (2010) the social media is an online platform that allows people in general to create and to share whatever content they are pleased. But also, to communicate with others and build relationships from there.

Social media is defined as a “group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and

exchange of user-generated content” (Kaplan, M.A; Haenlein, M., 2010) It is believed to be a crucial factor in influencing consumer behaviours, as well as post purchase and evaluation. (Mangold,W.G; ; Faulds, D.J, 2009)

Communication between users is essential nowadays. It helps to rapidly spread an information or an opinion worldwide. And it will have a different influence comparing with a normal communication from the brand itself. (Dellarocas, C., 2003) Therefore the social media allowed the speed and simplicity of communication allowing the reach to be infinite. (Duan *et al.*, 2008) It can be proven that social media platforms that allow customer to customer (C2C) communications are cost-effective and might very well be more effective than a communication model business to customer (B2C). (Godes, D. and Mayzlin, D., 2004)

It is believed that there is a pattern that spreads a persuasive behaviour associated with social media platforms. (Weiksner, M., B. J. Fogg, X.,, 2008)

According to Marktest (2014), about seventy percent of internet users in Portugal use social platforms on a daily basis. And about sixty six point two are currently following brands on these social platforms. Due to the ease of access and download Portuguese surveyed people tend to use these platforms on their smartphones.

As per the Search Engine Journal (2016) social media has been segregating people and organising them by groups. Currently are the young people with ages between 18 and 29 that use it the most. Almost 90% of young people within that range do use social media platforms.

2. ONLINE MARKETING

Marketing should not just be confined to a traditional or to a digital strategy. An effective marketing strategy should comprise both approaches. Due to the fact geographical relevance has drastically decreased on this matter we will focus especially on online marketing. “Electronic commerce opened new horizons to reach a global service and has reduced drastically the meaning of distance” argued Czinkota and Ronkainen (Czinkota, M. and Ronkainen, I., 2013)

LEGION – BUSINESS PLAN
JOÃO PAULICO

The internet allowed a company to sell anywhere. The idea of geographical space has been transformed. To this extent it does not really matter the size of the company. To have professional web page allows the company to offer better and faster information. To effectively use web tools will also reduce costs. It is therefore reasonable to say that the internet improves productivity. According to Maciá, F. (2014) we can say so if we idealise a web page holding five crucial points: It needs to be usable; *Indexable*; Sociable; Compatible; Accessible.

By looking at a simple marketing vision we realise internet is present in all 4 P (product, price, place and promotion). Managing those marketing mix variables allows the company to place the product in accordance to the targeted audience. Reaching the targeted audience will end up comprising a two way flow, meaning that both company and targeted audience can benefit from an effective digital communication and/or marketing.

A term, and a tool, that is now used is viral marketing. Viral marketing campaigns can be used to take advantage of Word-of-Mouth WOM on relationships and be consequently trigger product awareness. The idea is to use this marketing tool without customers feeling used or cheated. Make people use word-of-keyboard and making them believe that spreading the word of a product or service has actually came out of them. (Long, C. a.-W. 2014)

Organizations cannot act as a one size fits all approach. Local needs must be satisfied, and particularities must be met. So internationally the approach cannot be the same and marketing strategies must be set up accordingly. (Berthon, P.R., Pitt, L.F., Plangger, K., Shapiro, D., 2012)

Online marketing can be explored through e-marketing (or electronic marketing) as well. E-marketing allows companies to direct the marketing to a specific public. For example, by choosing products or services to be presented to a chosen group of people. And this is done electronically.

3. ENTREPRENEURSHIP

Entrepreneurship is seen as a risk-taking activity where it is aimed to reach a higher reward. Focus and discipline are considered very important on this process in order to transform opportunities in concrete business ideas. Business opportunities can be identified through aspects such as: seeking restlessly opportunities, being on alert to acknowledge them and gaining experience from earlier attempts. (Baron, A., 2006)

There some certain skills that one can perfect, namely: Anticipation, daring, interpret, decide and learn. When an entrepreneur masters these skills, it considered to be able to have a more strategic and clear thought to face future events. (Schoemaker *et al.*, 2013) By having those skills an entrepreneur should be able to set the right strategy to the current situation, and be ready for risk managing and the anticipation of potential risky situations. (Kaplan, R. & Mikes, A., 2012)

According to Bento, P. (2011) “the individual identifies the opportunities on time or in space, when or where those are not clear exploring them in a innovative and value taking way.”

Entrepreneurship, innovation and change are considered to have a bound or a connection on which opportunities will be created allowing the process of innovation and change to occur (Cunha, C., 2004)

The entrepreneur should be the one who finds the opportunities and works the process to get it forward anticipating and projecting his vision to the future of the organization. (Dornelas, J., 2001)

4. INNOVATION

To develop a product one should consider innovation as a crucial characteristic of that product. It should be given as much detail as possible during the process and it should be carefully anticipated any possible setbacks. Setbacks can be of every sort, namely: Strategy errors, process errors, structure errors, competencies errors. (Kanter, R., 2006)

It is very important that there is compromise and involvement from the stakeholders, because innovation requires failed attempts and research so the process can be time and money consuming. Stakeholders should be also receptive to new approaches and new business management strategies. (Hamel, G., 2006)

A company can produce profits through innovation, can create new ideas, products and services. Consequently, it can perfect the processes and reach an organic growth. Innovation on a company can also stimulate economies' growth and raise quality standards on employees, clients and people in general.

Innovation can expand a brand attracting more customers and allowing companies to charge a higher price for a product or service. Innovation can also mean the creation of an exclusive ecosystem. The creation of an exclusive ecosystem will allow a company to start one step ahead of others. (Sirkin, H. & Andrew, J. P., 2008)

Innovation as an invention is the moment the focus is on the usage of resources (people, time and capital) to create or develop a new service, product or a new way of producing or thinking something. (Ahmed and Shepherd, 2010)

Innovation has been all over our history. More particularly, every economic growth since the eighteenth century has occurred mainly due to innovation. So, and many argued, on a long period of time the economic growth will depend on the creation and promotion of an healthy environment in terms of innovation. It is considered a determinant factor on productivity and economic growth. Innovation can overcome major environmental, demographic or even cultural setbacks. (Economist Intelligence Unit, 2007)

A case study from Boston Consulting Group (BCG, 2010) defended that innovation is already a top priority in 26% of studied companies. And on it's top 3 we could identify Apple, Google and Microsoft respectively.

According to McKinsey (2010) about 84% of executive staff consider already innovation as a crucial factor for the strategic economic growth of a company. There are several identified reasons to support it's importance, namely: The ability to overcome change; a fast and effective way to improve business relations; To gain a competitive advantage; To protect its position on the market; To take lead of the market; To explore paths with argued limited potential.

Innovations are believed to have a positive impact on firm, that can lead to a sustainable business. The terms proactivity and risk-taking are also considered important, because by taking those actions opportunities will be created alongside with innovations. (Pérez-Luño et al., 2011)

5. E-COMMERCE

Online credibility has just started to rise. Mass usage of the internet is now a reality, but not for that long. Business has been constantly changing and adapting. It is now undeniable that the internet plays a huge role on today's modern society. By realising the potential of the internet the future of business is more and more digital. There are no longer geographical barriers. One can be in touch with everything and everyone, from home, work, or from everywhere as long as you are connected. With this need to be connected with everyone at all times came social media. It changed many things including the way people interact with one another and the way opinions spread. Information became easier to get and consequently consumption habits shift at a much faster pace. Everything happens in such speed that people became volatile.

Chaffey and Ellis-Chadwick (2014) argued that online commerce refers to financial transactions and information that occurred in an electronic way between an organization and any third party. As companies add tools to keep up, e-commerce seems now an important tool to be competitive in the business world. "E-commerce, the electronic commerce, changes by itself the way a company can reach customers." If millions of people are now connected and have fully access to the internet it is understood that they are exposed to a possibility to purchase products online. The possibility to purchase any product from anywhere is now business strength. Chaffey and Ellis-Chadwick (2014) defend that the online marketing strategy is in fact a marketing channel so it is need to integrate it in a multi-channel strategy. The e-commerce model can include suppliers, retailers and customers in one place: the internet. (Chaffey, D. and Ellis-Chadwick, F., 2014)

By considering that through the internet one can reach the masses it is reasonable that that communication should be effective, concise and powerful with the intent to

strengthen the brand or company's market position. Maciá, F. (2014) believes companies must be aware of several conditions:

- a) To know the company well and has a practical idea on what to reach with the strategy.
- b) The web design should look professional.
- c) Understand what the value on the strategy is.
- d) To know target diversity and how to reach it.
- e) Use search engines.
- f) A web page mustn't be the only communication method.
- g) The web page should be managed by a professional.
- h) The web page should be a complement of other activities.
- i) Be able to give and receive information from customer.

Back in 2004 it was mentioned the term Web 2.0, which states that people can create, control and share whatever content they want. (Turban, E., 2012) With this said it is reasonable that businesses use internet as their advantage. If both people and business are online this created an opportunity for companies to show their products and services massively. (Laudon, K. C., & Traver, C. G., 2014) Already in 1999 Timmers viewed e-commerce rapidly increasing in relevance and potential. He argued that e-commerce had a very low-cost entry. Also e-commerce will evolve throughout the years and follow new technology trends and innovations. (Timmers, P., 1999)

Companies have been witnessing the shaping of competition due to e-commerce. E-commerce made the flow of communication, fulfilment speed and the relationship with customers significantly changed. (Kalakota, R., & Robinson, M. 2001) Turban described as a process of buying or selling services, products or information online (Turban, E., 2012)

E-commerce consists of commercial transactions performed digitally between organizations and individuals. Laudon and Traver inclusively argue that “without an exchange of value, no commerce occurs”.

Laudon and Traver idealised e-commerce features and they characterised it by ubiquity and availability. Ubiquity, because it is available everywhere as long as one as

an online connection. There are no physical boundaries for e-commerce, and this is a huge plus. Availability due to the fact it has a global presence at any time just like a store opened every day and night. (Laudon, K. C., & Traver, C. G., 2014)

A perk that is to be also highlighted is the fact that companies can gather information from current or possible customers from social networks. The information available and flowing has massively increased, which can bring some issues but also a lot of benefits. The gathered information will be cheaper to get, more personalised and accurate, and also easier to process.

E-commerce can be segregated in different points of action. The main ones are: Business to Consumer (B2C) and Business to business (B2B). Laudon and Trevor stress others that may be relevant and are starting to represent an important weight on e-commerce transactions. Business to Business to Consumer (B2B2C), this is characterised by a middle process company that is the intermediary. Consumer to Consumer (C2C) which is provides a way a consumer can sell to other consumers (as for example Amazon or Olx). Consumer to Business (C2B) allows consumers to sell products or services to companies or organizations. They also mention others that still have less importance than the above mentioned, namely: Intrabusiness e-commerce, Social e-commerce, mobile e-commerce, local e-commerce and e-government.

6. LOGISTICS

The consistent growth in e-commerce transactions allowed the overall logistics of a company to shift. Management decisions have been adapted to the new logistic process. New logistic solutions tailored to the needs of the market will be those who win in this process. (Ramanathan R., George J., Ramanathan U., 2014)

According to Kawa there are four forms of organization of logistics:

1. Insourcing logistics
2. Drop shipping
3. Fulfilment service
4. One stop e-commerce

In 1. (Insourcing logistics) “Stores conduct most of the logistics process on their own.” This would mean that if the number of orders increase to a certain level it would require more human capital and possibly a larger warehouse. In 2. (Drop shipping) it consists in shipping directly from the warehouse of an external entity to the client. This would require a “storage products, taking orders and completing them, issuing sales documents and shipping packages to customers:” This form of organisation can be divided in pure drop shipping and partial drop shipping. Pure drop shipping the company does not have a warehouse whilst partial drop shipping may have but products are stored in an outside company’s warehouse. In 3. (Fulfilment service) the company delegates the logistic process to an external provider. In 4. (One stop e-commerce) this form of organisation is an extension of the previous one. One stop e-commerce is the fulfilment service plus customer service, marketing, IT, finance and accounting by a third-party company.

EXTERNAL ANALYSIS

TEXTILE INDUSTRY

Textile industry is one of the most traditional industries in Portugal. Since the early XVIII century Portugal has had history on this matter, and it has been growing ever since. In the XX century it represented over 50% of overall exportations. (Dias, 2004)

Technology has started to play an important role during the 80s and 90s decades. Consequently, organizations’ strategies have significantly changed in order to be competitive on this demanding market. (Vasconcelos, E., 2006)

When analysing the crucial intent of businesses in general, profit, there are some perks that influenced textile industry: (CENESTAP, 2005)

- High quality products and design;
- Significant growth of demand of quality products throughout Europe;
- Cease of production in several factories in EU;

- The channels of distribution started being more effective and worked on with deeper knowledge;
- Building partnerships with clients
- Usage of information technology and electronic commerce.

The textile industry's problems can be overcome by focusing on R&D (research and development). Therefore, the intend is not to hire low income staff but instead developing the design and innovative products and processes. (Pineiro *et al.*, 2010)

According to Bessa e Vaz (2007) companies should focus on some particular points of their strategies in order to stay competitive and sustainable. Therefore, the authors highlighted five important pillars to focus on. Qualification and human capital, they stress the need to better qualify human resources and granting they high end effectiveness. Internationalization, they argue that companies should be taking their know-how advantage and experience in order to enter new markets. Competitiveness and productivity is determined by achieving a certain level of innovation in management, marketing, business strategy, finance, logistics or human resources. Innovation, as the usage of information systems as a way to reduce costs and raise control. The last one is dimension, the authors stress that even a small company can have its' advantages, namely flexibility, adaptation and speed response. (Bessa, D., & Vaz, P., 2007)

PEST ANALYSIS

POLITICAL

EU has been facing serious instability problems. Great Britain is still negotiating the Brexit and the leave deal is still very unclear. This instability has brought several possible scenarios to Europe's economy, and obviously world's economy too. Companies do not yet know how their situation will be changed in UK and new entrants in UK market also do not know the hurdles they will face.¹ This situation can also start a precedent as

¹ Anne-Sylvaine Chassany, Stefan Wagstyl, Duncan Robinson and Richard Milne; How will Brexit result affect France, Germany and the rest of Europe?;

other countries might consider an exit from the EU. Other countries have expressed this concern and could be considering their leave namely Italy and Greece.²

Concerning the current Portuguese situation, the country is now ruled by a center-left party Partido Socialista (PS) and the center-right party Partido Social Democrata (PSD). Both parties have been dividing the course of Portugal's politics since 2015. PS have been supported by major left-wing parties too giving them perhaps a stronger position. Also, to support this position it is the fact the current prime minister belongs to PS party, António Costa. Economically the country is healthier compared this past years. There are many things to consider, namely the world crisis of 2008, but the fact is that the country has been recovering since then.

ECONOMIC

When addressing economic subjects it is important to think of the customers buying power. The households' income "includes income from economic activity (wages and salaries; profits of self-employed business owners), property income (dividends, interests and rents), social benefits in cash (retirement pensions, unemployment benefits, family allowances, basic income support, etc.), and social transfers in kind (goods and services such as health care, education and housing, received either free of charge or at reduced prices)"³

The increase of households' income has been increasing from the past years. Economy, considering *ceteris paribus* theory, has a tendency to follow an overall increase. This has been confirmed in many OECD countries.

OECD countries registered a considerable increase regarding the employment rate. By comparison the employment rate suffered a change from 64.7% in 2009 to 65.7% in 2014 and 67.7% in 2017. The more actively working people the more buying power citizens will have. Therefore if there is more money flowing it is reasonable that more money will be spent. **xlviii**

² Kate Lyons and Gordon Darroch; Frexit, Nexit or Oexit? Who will be next to leave the EU

³ OECD; OECD Better Life Index 2015

The year of 2018 closed with a rise rate of 0.2% in Q4. On **Appendix VII – Eurozone Performance** (Jakeman, M. 2019) we can see that Germany and Italy did actually drag the EU economy down and Spain registered a significant raise on the last quarter of the year. According to the PwC analysis the Germany's slowdown was temporary which should rise on the next quarter. Germany, as a large economy, represents an important part on the EU economy. The bigger concerns lay on the disorderly Brexit which can bring more volatility and instability to the economy.

As per the real GDP was on average (**Appendix VIII - Projections by Country;** Jakeman, M. 2019) 1.7 in 2018 and is expected to lower in 2019 to 1.3. Also the inflation is expected to slowdown in 2019 going from 1.6 on 2018 to the projected 1.4 in 2019. This slowdown can also be justified by the lower exportation from China and USA as we can see on **Appendix IX – Eurozone Economy** (Jakeman, M. 2019). (PwC, 2019)

SOCIAL

Nowadays people are connected in a different way. The connection is more virtual than physical, essentially through the internet. People spend more time online, during their work time and their personal lives. This creates an opportunity to explore any online channel. For instance e-commerce, as our sales channel, can be highly explored and valued. With the internet came also the online social networks. The information flows more freely, faster and with a wide content. It can be a positive or a negative characteristic, as information will spread worldwide at a fast pace and usually with no information confirmation. By focusing on the positive side it can be argued that the brand will have a wide range raising brand awareness, which can generate opinions, reviews and a possible sales raise.

People tend to pay more attention to the human side of the processes of a brand. The corporate social responsibility (CSR) is now a concern people are aware when analysing a brand. These concerns are related to materials used, the human capital and its conditions, the environmental impact.

TECHNOLOGICAL

The textile industry has been constantly evolving. Technology is revealing a crucial determinacy on sustainable clothing brands. Technology influences several

aspects of a branding process, namely the production, design, distribution. For instance Legion has currently the primary focus to sell online. This would not be possible without the evolution of the internet and computers themselves. E-commerce would not exist and customers would only be buying from physical stores.

As mentioned earlier the internet plays a crucial role on modern commerce. The communication and distribution channels were severely changed from the past decades transforming the process completely. Everything is now fast paced and easily reachable, and customers demanded it to be this way.

The massive online offer can be an issue as well. By selling clothes online a brand will compete worldwide which results on a very dispersed and diverse offer. Brands that communicate better with customers and possible customers will have a very important advantage. To do so there are several ways, but currently social media is the most used channel.

A good example of a technology way to communicate with customers is what Burberry did back on 2016. The well-known British brand showed in first-hand the newest collection on a social media channel, Snapchat. This was by choice done one day before their runway show. This is a proof that Burberry, a huge brand, realised the importance of social media and figured a way they could take advantage of it by standing out from the competition.⁴

Taking Apple as example, a highly technology company, we see brands introducing more technology to clothes. Now some brands are exploring the opportunity to embed new tech on clothes also by connecting it to smartwatches.

COMPETITION ANALYSIS

The analysis of the competition reveals itself with great importance. It is crucial for Legion to understand who is in the market and with what advantages. To know who Legion stands with an analysis of direct and indirect competitors was done.

⁴ Christina Passarielo; Snapchat Is in Fashion With Burberry

DIRECT COMPETITORS

By analysing the market and competitors, companies with similar identity came up. The decision, regarding the most direct competitors resulted on the following: Warrior Mata Clothing, Over it and Make it Real.

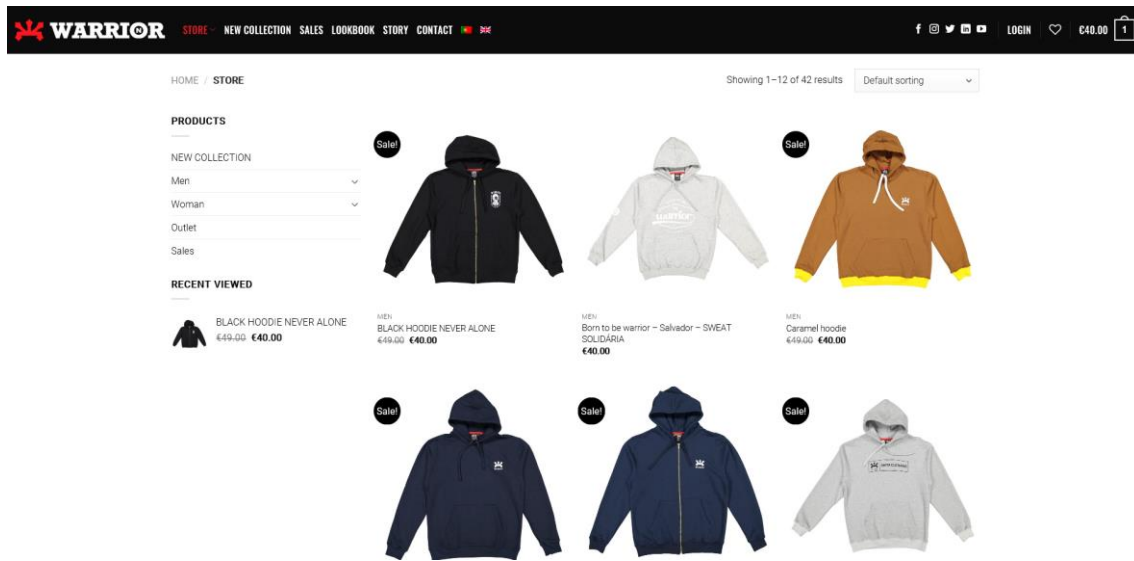
Warrior Mata Clothing

Warrior Mata Clothing is a Portuguese brand that resulted from the history of Nuno Mata, the founder. As they defend, Nuno is the entrepreneur and the dreamer that did not know when to give up. He suffered an accident that made him quadriplegic, but it did not quite instead he created the company. The company is based on his story, “based on unconditional love for life, adventure and its constant state of change.” The brand currently sells t-shirts, sweatshirts and hoodies. (Source: Retrieved from Warrior Mata Clothing, 2019)

Features

- **Shipping:** 3 business days to Portugal. 3-8 business days to Portuguese Islands. Shipping costs are 7€ for Portugal and 13€ to abroad.
- **Return Policy:** The products can be return to the address the brand provides. It can be done respecting the applicable legal norms in Portugal regarding e-commerce (Decree nº 82/2008 of 20 of May). Customers will have 15 days to return products. Package must return in full with the necessary documents.
- **Payment:** Can be done by PayPal, Cash on Delivery (COD) or Credit card
- **Customer service:** Warrior Mata Clothing can be contacted through the form on the website, Facebook, Instagram, mobile phone or e-mail.
- **Online Presence:** The brand has a website, Instagram, Facebook, twitter and a YouTube channel.

Figure 1 – Warrior Mata Clothing webiste



Source: Retrieved from Warrior Mata Clothing, 2019

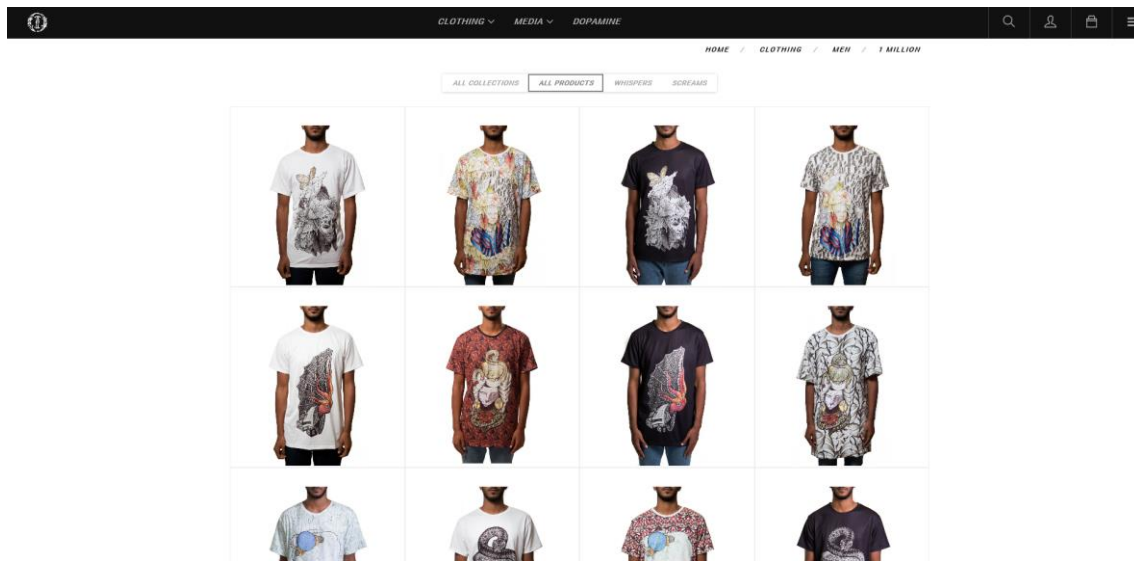
Over It

Over it is also a Portuguese brand that started off with a teenager selling hoodies. The founder went to a Portuguese politics show on tv with the hoodie and got recognised for it. The brand exploded then. Nowadays Over It is a “brand of expression”, a brand you “can connect with our audience communicating messages of peace, love and freedom”. The brand currently sells t-shirts, sweatshirts and hoodies. (Source: Retrieved from Over it, 2019)

Features

- **Shipping:** Portugal – 5€, Europe – 10€ and other international orders 15€.
- **Return Policy:** The products can be return by communicating the problem with their official email hello@overitofficial.com within 15 days to the address the brand provides. Over It reimburses the user within 30 days.
- **Payment:** Credit card, ATM reference, Bank transfer.
- **Customer Service:** Over It can be contacted through the form on the website, Facebook, Instagram, mobile phone or e-mail.
- **Online Presence:** The brand has a website, Instagram, Facebook, twitter and a YouTube channel.

Figure 2 – Over It webiste



Source: Retrieved from Over it, 2019

Make it Real

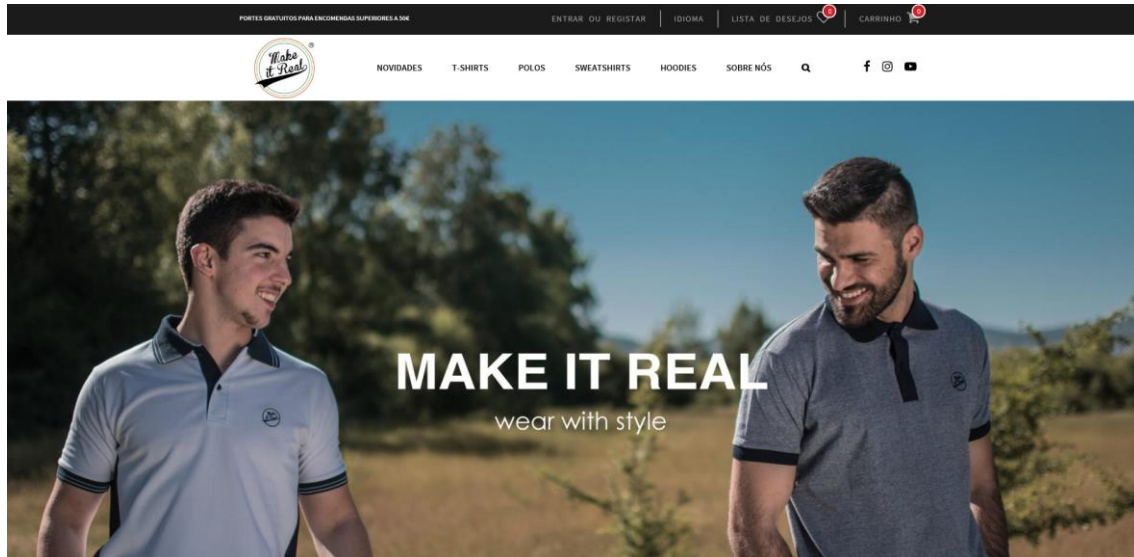
The brand was created in 2005 by a Portuguese entrepreneur. It respects a style of “free spirit, casualwear, relaxed and also a city style. The brand is focused on young relaxed people with high level of quality, experience and design. The products are manufactured in Portugal. The brand currently sells t-shirts, polos sweatshirts and hoodies. (Source: Retrieved from Make it Real, 2019)

Features

- **Shipping:** The brand offers the shipping costs if the order exceeds 50€. Portugal – 3.95€, other international orders are calculated casually.
- **Return Policy:** The products can be return by communicating the problem with their official email hello@overitofficial.com within 5 days to the address the brand provides. The customer must pay for the shipping to return costs. Make it real agrees in returning it within 2 weeks.
- **Payment:** Cash on Delivery, ATM reference, Bank transfer.
- **Customer Service:** Make it Real can be contacted through the form on the website, Facebook, Instagram, mobile phone or e-mail.

- **Online Presence:** The brand has a website, Instagram, Facebook, twitter and a YouTube channel.

Figure 3 – Make It Real webiste



Source: Make it Real, 2019

INDIRECT COMPETITORS

The indirect competitor that could be highlighted is Drope Clothing. Drope Clothing is a Portuguese brand selling swimwear. The company is also manufacturing in Portugal and despite they sold in the past other clothing products, now they focus solely on swimwear.

Their shipping process is currently free. They do also use Facebook, Instagram or e-mail to communicate with their users. They explore the social media to expose the brand and devolved a professional website as well.

5 FORCES OF PORTER

The five forces of Porter seek to identify five competition forces. Of those five forces, three of them are seen as horizontal and two of them vertical. The horizontal competition is the new entrants, the rivalry between companies of the same industry and

the threat of new substitute products. The vertical competition identifies the bargain power of the suppliers and the bargain power of the buyers.

Threat of new Entrants

The threat of possible new entrants is considered **high**.

The fact that any company, or even any idea, can be created and set to directly compete with the brand results on the high classification given. A new entry will not require a huge investment which eases the hurdles of any entrance. Clients can be more dispersed after a new entrant, which does not benefit the brand. Also more competition can start a price struggle, meaning that the price can lower which can reduce profit or product quality. The result of this rating chart was 3.6 and therefore considered high threat.

Table 1 – New entrants threat

	<i>Threat 1 is low and 5 is high</i>				
New entrants threat	1	2	3	4	5
Same Product				X	
High product margins				X	
Different channels distribution					X
Manufacturing origin		X			
Raw material origin		X			
Business experience				X	
Brand uniqueness			X		
Own Capital in comparison					X

Source: The author, 2019

Rivalry between companies from the same industry

The rivalry between other companies from the same industry is considered to have a **high** threat.

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There are already several competitors on both nationally and internationally. This competition raises issues, namely the difficulty of differentiation. At the end of the day a t-shirt will always be a t-shirt. The ways a brand can differentiate are not too many but do exist. The added value that can be implemented is considered low. The result of this rating chart was 3.5 and therefore considered high threat.

Table 2 – Competitors rivalry

	<i>Threat 1 is low and 5 is high</i>				
Competitors rivalry	1	2	3	4	5
Number of competitors					X
Competitors with different main products				X	
Market growth				X	
Fixed costs			X		
Product differentiation		X			
Added value		X			
Product price				X	
Competitors Market share					X
Marketing to be relevant on the market				X	
Products' patents		X			

Source: The author, 2019

Product substitutes

The threat of possible product substitutes in this case is considered **low**.

Legion holds a variety of products, essentially upper wear clothing products. With this being said it is understood the brand can compete with other brands on this matter. It is plausible that other brands hold a different set of products, but it does not mean Legion is not capable of producing the same products. On the clothing sector the product variety will always be a crucial factor, but not necessarily in product shape, technology or

production. With the current possessed information we can infer Legion can match other brands and the risk of product substitutes is barely existent. The result of this rating chart was 2 and therefore considered low threat.

Table 3 – Product substitutes

Product substitutes	<i>Threat 1 is low and 5 is high</i>				
	1	2	3	4	5
Different body focus				X	
Different product shape		X			
Creation of new product		X			

Source: The author, 2019

Suppliers Power

The threat of suppliers bargain power is considered **medium**.

There are several suppliers both nationally and internationally. The variety of suppliers offer, or supply, is believed to lower their bargain power. The abundance of a supply lowers the price according to economy laws. From all this abundance not all the suppliers are the same, being hierarchized in manufacturing quality. The brand's search for quality can raise the price, because suppliers are able to distinguish from one another and in this way set the price accordingly. Also the fact that Legion is an early entrant and the fact that brand's overall budget is very low, when compared to other brands, will lower the product quantities ordered. As manufacturing companies, the suppliers will favourite and benefit larger orders. As a consequence price will go lower when ordered large quantities and higher when ordered lower quantities. The result of this rating chart was 2.9 and therefore considered high threat.

Table 4 – Suppliers

	<i>Threat 1 is low and 5 is high</i>				
Suppliers Power	1	2	3	4	5
Number of suppliers					X
Quality supplier bargain				X	
Suppliers availability		X			
Supplier change Costs			X		
Orders Volume				X	
Suppliers difference		X			
Suppliers substitutes		X			
Own manufacturing	X				

Source: The author, 2019

Buyers Power

The threat of buyers bargain power is considered **medium**.

Any brands' offer that every person is exposed is extremely high. There are a large variety of clothing brands. Some brands do not differentiate that much, not in price, style or targeted audience. The reasoning of earlier subject comes up again, supply and demand law. Products prices will have a reasonable range and within that range there will be an expected product quality. The correlation is perceived by a customer and he will decide on whether he wants a better product or a cheaper product. This will restrict the buyer's power because the range of price is already set. The result of this rating chart was 2.6 and therefore considered low threat.

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Table 5 – Buyers

	<i>Threat 1 is low and 5 is high</i>				
Buyers Power	1	2	3	4	5
Number of industry Clients		X			
Buyers choice by reputation				X	
Price bargaining	X				
Vouchers or discounts			X		
Buyers choice by price		X			
Brands on the market				X	
Choice by patriotism		X			

Source: The author, 2019

Conclusion

The brand faces a tremendous initial hurdle. The fact that the competition is fierce and abundant is considered a major entry problem for the brand. Legion faces a problem when it comes to differentiation. The fact other brands produce very similar products at a similar price will result on a spread of share, even deeper spread. This will not benefit the brand's intentions. The good side of it is that substitutes will be barely existent and Legion will have space for their own products creativity. Legion can try to take advantage of the Portuguese (national) market as a basis to get its own space on the market. The exploration of the Portuguese clothing industry can be seen as an important factor of initial gain regarding brand reputation.

INTERNAL ANALYSIS

BRAND DESCRIPTION

Legion was idealised by a couple, João Paulico and Cátia Matos back in 2017. The brand started to show off and sell their products only in March of 2018. It is a clothing brand having the main selling channel through e-commerce. The primary target audience is young boys and girls with ages between 14 and 25.

The brand started off by selling upper wear clothes namely, t-shirts, sweatshirts, hoodies and jackets. Even though both founders consider the possibility of spreading the offer to other body parts and related products this is for now the focus. The designing is made by the founders who drew the logo and every product. Later on, with a bigger investment the founders wish to get a professional to design their products and be able to launch unique and exclusive products.

Considering that for now the founders do not possess the capital to build their own production centre this process must be outsourced. The founders have then researched on who and where should be the ideal supplier. So, as far as suppliers goes, Legion decided to do the full process indoors. The clothing production is done in Portugal and the stamping is done nationally too.

Legion does not have a particular time of the year when the sales focus is more intense. The effort is the same throughout the whole year as the products are not seasonal.

One of the most difficult tasks faced was to achieve an effective exposure. This process can be costly and it is not easy. Having the main focus online it would surely make sense to expose it more online. Therefore, currently the brand is getting more exposed online through social media essentially. There are other tools used such as the SEO with google ads. The exposure decision was to set a bound between our targeted audience and the exposing page (on Instagram or Facebook mainly). So both founders decided that the social media influencers should be young boys and girls with identical tastes that would show off the products online through their social media pages.

As per the shipping process, the idea was to set an image of a fast and effective delivery. Therefore it was signed a contract with a mailing company to centralise the deliveries on one distribution company only.

The company is represented especially on the social media and on the website. The website was created by the brand founders as well. It is their idea to get a professional to design the website, but for now it still has not been possible.

VISION, MISSION & VALUES

VISION

Our vision is to be the most known clothing brand associated to young boys and girls.

MISSION

To make people comfortable, identified and confident about who they are.

VALUES

Figure 4 – Legion’s Values



Source: The author, 2019

Legion values these values: Quality, Personality, Loyalty and Honesty. It is based on these premises that Legion will be identified. Legion wants to provide quality products that represent its own image and personality by provide a service based on honesty and loyalty.

Legion wants to stand out for the relation it has with customers. Therefore, honesty and loyalty are two good characteristics the brand wishes to show. A relationship B2C is crucial to have honesty otherwise customers might not come for a second turn.

The brand's personality is part of its identity. Doing things Legion's way and combining with all other values, making the customers willing to "Join the Crew" as the Legion's slogan say.

SWOT ANALYSIS

STRENGTHS

The strengths and weaknesses are our internal analysis. So here Legion has some control on what is verified and can have a direct action towards it.

Legion's strengths are essentially based on the accessibility, availability, type of clothing and price. By being a brand selling online, the client can purchase any product anywhere at any time. Through e-commerce there are no physical boundaries, so anyone can buy it anywhere in the world. The products Legion offers are exclusive. The designs are exclusive as well. Therefore, the final product Legion will provide is only provided by Legion.

Legion is currently selling upper wear products. It was understood by the owners that it could be a good starting point. Though, another Legion's strength is that the scope can be wider. Legion can decide at any time to produce other types of clothing having the producers the material to manufacture it.

1. The possibility to have a 24/7 purchasing system.
2. Through e-commerce there will not exist any boundaries. So it is plausible that can be verified a worldwide selling system.

3. Legion offers exclusive clothing products
4. Anyone can access the brand's selling channels everywhere.
5. Legion first started off by producing upper wear, but in fact it can be upgraded to a full body focus widening the product offer.

WEAKNESS

Legion has some weaknesses that the owners need to be aware. It is crucial to understand them and still be able to take advantage of them.

The shipping process can be a weakness. Unlike a physical store where the products are there for anyone to take home, Legion will have them shipped to an address. This will take longer and the client will not be able to feel the product before buying it.

Customers, or possible customers, that do not have access to the internet are automatically excluded from the brand's scope. So anyone who is not online will not be able to purchase Legion's product.

Customers will not be able to try out the products before buying. The inverse process will happen, so the product is shipped, the customer tries it and then decides. Roughly 60% of customers do prefer purchasing physically in-store. They argue with the need to feel and try the products. Customers may opt for a different brand due to the fact they are not able to feel the product straight away.⁵

1. Shipping takes time.
2. Internet unavailability.
3. Customers do not feel the product.

⁵ PwC; Total Retail 2015: Retailers and the Age of Disruption

OPPORTUNITIES

The opportunities and threats are focused on the external analysis. So here Legion doesn't have any control on these matters. Therefore, no direct action can be done towards it.

This is a national made product, and also the textile is fabricated nationally. That can be an opportunity because the textile exportations from Portugal are increasing yearly.

⁶

Consumers now trust more in online shopping. As approached on the literature review millennials tend to rely more and more on this way of purchasing products.

Virality is a phenome that has become possible with the internet. If a product, or the brand itself, goes viral it means that, through the algorithms, the informatics systems will show the product/brand exponentially more times to everyone. If achieved the brand can expect a very high exposure from this. By being a brand that especially explores the possibilities of the internet, Legion has the opportunity to take advantage on this point.

The accessibility is very important to take in consideration. Portable devices such as smartphones or tables can increase the exposure of the brand. Also, countries are devolving new ways to increase mobile phones reach. It is believed that more than 47% of customers purchased products online using mobile devices.⁷

1. National product.
2. Online trust.
3. Viral product or viral brand.
4. Product accessibility.

THREATS

Legion must have several threats into consideration. It is very important to understand the brand's limits and to know what is pointless to fight against.

⁶ ATP; Exportações Têxteis e Vestuário continuam em alta

⁷ ATP; Exportações Têxteis e Vestuário continuam em alta

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A well-known fact that is always a threat is the competition. The competition is fierce. There are already thousands of players on the market. Producing similar products with similar approaches and similar targeted audiences.

Selling only online can be a disadvantage. The internet can be a threat as it is excluding immediately everyone who does not have access to it. So, it is possible that anyone who does not have access to the internet or does not spend much time on it may not know Legion.

Depending on customers' expectations a player with cheaper prices can take a significant share on the market. And there's a sustainable limit a price can be lowered. On the other hand, cheap products can be seen as low-quality products. If this is perceived immediately, Legion can suffer a significant threat on this point.

Portuguese brands are not that well-known. Portugal is not worldwide known regarding clothing manufacturing, despite footwear. This can mean a Portuguese brand would start with a disadvantage regarding other brands producing clothes with a recognised quality country producer.

New designers can create a trend that would revolutionise the industry and the volatility of products could make the costs unsustainable. For instance if a certain characteristic of a product starts to become more expensive, companies that buy those products on small lots can see the product cost rise by an unsustainable margin.

Easy entry for new players. Competition is fierce due to the large number of companies already doing the similar. Though it is always liable to increase the competition fierceness due to how easy it is to start a clothing brand. So any new entry can become an issue on this matter.

1. The fierce competition.
2. Selling only online can be a disadvantage.
3. Low prices are tricky.
4. Portuguese brands are not that known.
5. Revolutionary new designers.
6. Easy entry for new players.

Conclusion

It is believed to be room for Legion. As analysed the market is very vast and competitive, though there should be an opportunity for Legion as clothes are not expensive and the fact it is an online clothing store is believed to be an advantage as Legion is trying to reach mainly youngsters.

There can be some predicted setbacks. It is crucial to fully understand and control threats and weaknesses in order to minimize the damages. Therefore Legion must take advantage of the strengths and opportunities like offering exclusive products or selling 24/7 and worldwide.

MARKETING STRATEGY

STP (Segmentation, Target and Positioning)

Segmentation

Online markets are in constant change. We acknowledge the brand deals essentially online so it is conceivable that the reality changes at a very fast pace. It is important to divide the market in groups so that it is easier to analyse it. The analysis is important to identify customers' needs to segment market.

The segmentation was segregated by Demographics, Behavioural, Geographical and Psychographic.

On the demographics section was considered several crucial factors to determine the segregation. Namely the age, education, gender, marital status and occupation. This segregator factors will help determine our final target.

The behavioural section is meant to set our target's habits and ritual situations. Being this said it was considered the time spent on smart devices, what devices can be used, the visit reasons, the frequency and duration on visit duration.

On the geographical section it is defined where the target can purchase our products. Considering it is a brand selling online it is believed that it can be done basically everywhere in the world with an internet connection. Weather if it is a rural or urban area.

The psychographic section analyses the status of our target. Meaning that it is segregated by the type of used clothes, target income, purchasing power, values and their hobbies.

Market Targeting

On this section the goal is to target our best customers. The intent is to define by categories who is our particular best fit as a customer. The categorisation is segmented by specific characteristics that seemed relevant to get a “face” of our customer, namely: Age, language, gender, area, region, education, occupation, times it can be accessed, purchasing power, income, technology, sports taste, type of upper wear used.

Table 6 –

TARGETING	
Age	14-25
Language	English and Portuguese
Region	Worldwide
Education	Secondary education; Higher Education
Occupation	Students; Professionals
Times it can be accessed	Every time of the day
Visit categorizing	Duration and frequency visits
Visit reasons	Upper wear products shopping or search
Purchasing Power	Low, medium and high
Income	Low, medium and high
Technology	Smartphones, tablets, laptops/desktops
Sports taste	Surf, skate, BTT, radical sports
Hobbies	Hobbies with casual wear clothing
Type of upper wear used	Casual

Source: The author, 2019

All these categories are crucial to determine our target. The age target chosen was between 14 and 25 years old. The reasoning behind it is shaped by the fact that the type

of clothes the brand sells tends to go on youngsters direction. It is a more relaxed, casual and comfortable clothing that young boys and girls usually wear. The language is important as a sales channel and as a client care channel. Therefore, it holds an incisive relevance that the brand can communicate with customers and possible customers the best way possible. Considering the brand's targeted region is Worldwide it felt the need to provide a fluent and effective way to speak the official language. The brand does offer the possibility of purchase on both genders. It seemed important not to discriminate one or the other so clothes for each gender is made. The purchasing power is intertwined with the income category and it is perceived as relevant but not determinant. This is because the clothing offer is at a low-cost price.

Product Positioning

To position Legion, it was crucial to understand what consumers seek to find on a clothing brand. Combined with what Legion is able to offer considering its capabilities and identity it is possible to position the brand. “the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market” (Kotler, P., 2003)

Corporate Social Responsibility

Legion is a brand that sells upper wear products with a focus on young girls and boys via the internet. It is believed that younger consumers are concerned with the CSR (corporate social responsibility). This fact can determine their shopping habits and decide not to purchase a specific product because of the social responsibility background. “Nine in ten Generation Z consumers believe companies have a responsibility to address environmental and social issues.” It can be performed in several ways, also depending on the brand's economical power, status and positioning. Legion's approached is practiced by using as minimum was as possible. By having the it selling online, a lot of the physical objects are non-existent if compared to a physical store. Also by manufacturing in Portugal, Legion is benefiting Portuguese economy which from the national interest point of view it represents a social awareness. Legion wants to keep with the CSR awareness and act accordingly with the most ethical approach possible. This is one of the perks

Legion wants to highlight on their positioning. (The State of Fashion 2019, McKinsey & Company, 2019)

Low Price

Another way Legion wants to differentiate from competitors is by having a reasonably low price. Legion had in consideration the cost of each product and was able to determine a reasonable price that would not scare customers away but would also allow the brand to create profit. The combination of all Legion's perks will allow the construction of a positioning. Price is an important aspect of this positioning. According to a consumer survey, 70% consumers consider price as a determinant aspect when shopping. (Frumkin et al., 2006).

Focused on digital, Legion considers crucial to have a strong presence online. The reason for not placing Legion's products on a physical store, at an initial phase, is because through online marketing Legion will reach more people. "According to a 2017 millennial survey, consumers are more likely to find inspiration from external sources (e.g., influencers, friends, TV) than directly from the brand or retailer (i.e., store website, in-store staff)" That makes Legion believe that it can be positioned as a brand that has a strong presence online and that it will show their products mainly through influencers. This way the marketing would be associated to an influencer which can be a very positive aspect regarding the position of the brand. (The State of Fashion 2019, McKinsey & Company, 2019)

Influencers

The focus on online influencers to strengthen position brings to the next differentiation point: Communication strategy. Legion wishes to be closer to youngsters. One of the ways it can be done is by reaching the target through their influencers. For them, influencers represent a reliable source and a role model. Legion wishes to take advantage of it and identifying themselves to specific influencers.

"Join The Crew"

Legion's signature quote is also a way the brand has to differentiate from competitors. "Join the crew" is Legion's sentence signature and it is a way Legion is

identified. The goal is to create a movement and action when customers listen to it. By associating a sentence to the brand, it is also being created an exclusive identity.

Table 7 – Positioning



Source: The author, 2019

MARKETING-MIX

Marketing-mix is defined by a set of decisions regarding marketing questions. These decisions may come up through the segmentation, position and strategic priorities. It is a set of variables that a company can control in order to get what they want from the market. It can influence the demand of the offered products. Marketing-mix is determined by: Price, Place, Promotion, Process and People. (Lindon, et. al., 2009).

1. PRODUCT

Legion provides the customer a set of upper wear. Legion sells only upper wear for the moment. The upper wear sold is: T-shirts, sweatshirts, hoodies and jackets. The decision of selling only upper wear is due to the fact the owners believe it has a bigger decision impact when compared to clothes from the waist down. Considering the owners would not want to risk full body products, the decision had to be one of those.

The products are all manufactured in Portugal, being this an important matter for the brand. Legion values the quality the suppliers can provide and is willing to pay the fair price for those services and materials. Portugal has most of its' manufacturing warehouses in the north so Legion's manufacturer is also from the north.

Product categories:

- T-shirts
- Sweatshirts
- Hoodies
- Jackets

Legion values the detail so the full process must respect the indications from the brand's board. The variety of products may increase in the future depending on the operational results of the next years.

2. PRICE

The price decision is also a strategic one and as such is decided by the board. By obvious reasons it is an important decision in terms of profit. It must be adequate and set up correctly having in consideration factors like the VAT and promotions which will reduce the final profit.

The VAT in Portugal for these products is 23%. Therefore, when setting the price this must be taking in consideration.

In order to set up the price some initial costs were taking in account. Before setting up the price it was needed to understand the overall costs of each product. By overall costs we understand the whole process of manufacturing, stamping, shipping to our headquarters, add shipping package, and then ship it to the final client.

Legion can use some techniques to look like a price reduction. For example, the common trick to remove shipping costs if client spends more than 40 euros.

Below we can see the current product prices Legion is working with. This is solely the current retail price and the retail price after the VAT. The price may vary depending on certain factors.

Legion has considered to use a penetration pricing strategy that can allow the brand to gain an initial market share. Price is considered one of the easiest ways to get the

market share penetration. So the penetration strategy was used by lowering initially the price of the products

This strategy was used because Legion understand that there is little product differentiation and also because Legion’s products can be used for mass market. This strategy should Legion to be quickly accepted by customers. It would also result in higher sales which can mean a margin reduction.

Table 8 – Product price

	Retail Price	Price before VAT
T-shirts	15,99 €	12,31 €
T-shirts	14,99 €	11,54 €
Sweatshirts	22,99 €	17,70 €
Sweatshirts	20,99 €	16,16 €
Hoodies	24,99 €	19,24 €
Hoodies	26,99 €	20,78 €
Jackets	35,99 €	27,71 €

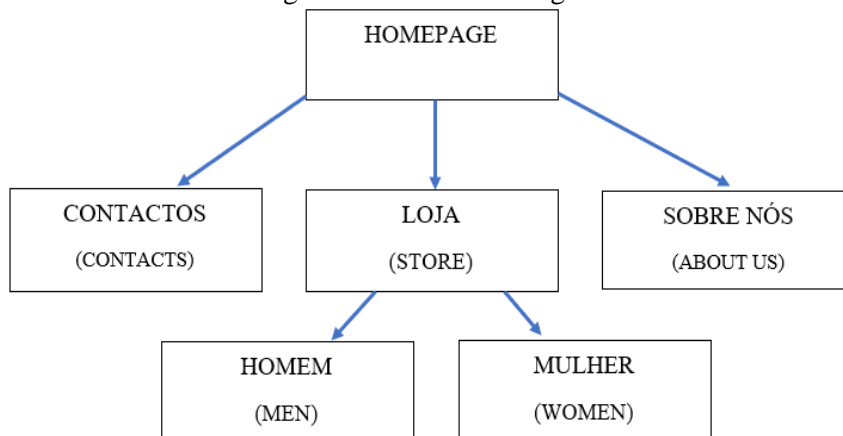
Source: The author, 2019

3. PLACE

Legion will have, as a prime place of sell, its website. The goal is to create and optimize a website that reflects the real image of Legion. The customer must feel the website is Legion like, running smoothly with no issues. It must be visually appealing all the time.

The website must always be updated and on constant update. By constant update it is understood to be changing models, scenarios and stories. Always seeking the innovation. It will follow the below structure:

Figure 5 – Website configuration



Source: The author, 2019

Homepage:

The home is the face of the website. This will be the first impact anyone, client or not, will have. It must look nice, young and modern. On this page there will be a big image with the logo of Legion. (Homepage)

Store:

On this section there will be the store. It is one of the most important places on the website. Here is where customers will be able to see the products and purchase them. It will be divided in men's clothes and women's clothes. The products will have different colors and sizes, and the client will be able to choose on this area. It will be shown with the image, description, color, size and price.

Whenever there are promotions they will be shown here. On this area Legion will set available older products with reduced price. It will have an identical look as the store page. (Store)

Contacts:

Legion's contacts will be here. The client will have the means to contact Legion on this page. (Contacts)

About us:

On this page Legion shows a little of who they are. The goal is to show that behind the brand and company there are real people with simple goals. (About us)

4. PROMOTION

Legion wants to stand out as a modern and young brand. With this being said it is crucial the brand reaches their target in an effective way. It was decided as a strategy that the vast majority of the promotion would occur online.

Newsletter:

A distribution channel to be used is the e-mailing. It consists on a direct marketing tool that through online mail allow the brand to communicate with the targeted public.

After the newsletter subscription the customer will be automatically set to be notified whenever a new information about Legion comes out.

The mailing list should include both customers a media in general. This is because the information will also liable to be spread on other social channels besides Legion's.

Website:

On the website Legion does part of its promotion. By not spending more than scheduled Legion gets to promote the brand and products the way they wish to. Customers will find all the products here and will be able to buy right away. The website's design is meant to please young customers and be catchy with a modern approach.

Social Media:

This is a very important channel for Legion. The brand values online social media and wishes to take it as their advantage. By knowing the targeted audience lives on an online era, it will be put a massive effort to please the customers via online social media.

With a special focus on Facebook, Instagram and Twitter, Legion does frequent posts and updates online. The brand is very active on all these platforms and engage with customers and possible customers frequently. These platforms allow the customers to be on a constant contact with the brand. This creates a proximity that is essential to promote client loyalty and credibility. Therefore, the customer care will also be in its majority done through these channels.

Partnerships:

Legion seeks the opportunity to partner up with brands of other sectors namely magazines, general stores, sports stores. This allows the brand to spread its exposure and also gives it a new business opportunity which is mostly valued at this stage.

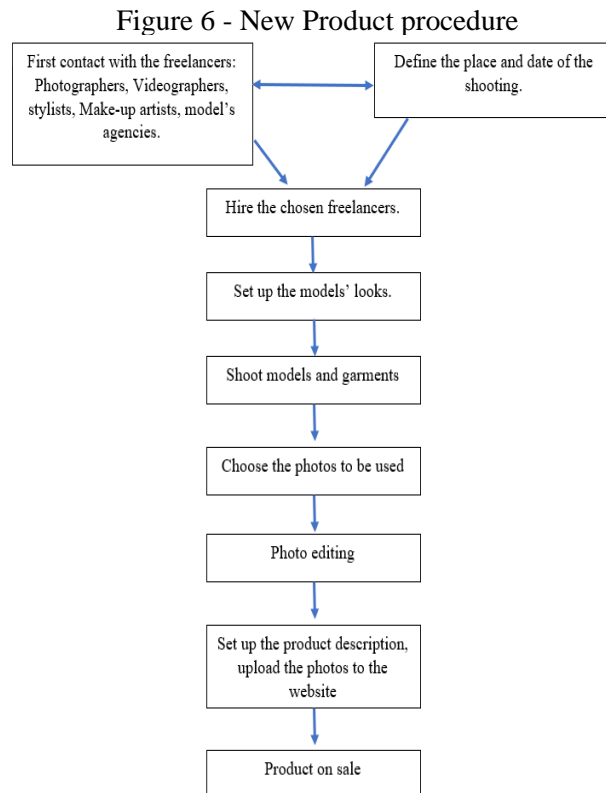
5. PROCESS

There are some processes that Legion understands are crucial on the activity. Therefore, it may require a more detailed explanation.

New products

To be able to set available new products Legion needs to set the course of action. This course of action is first set by hiring the freelancers services'. Contact the

photographers, stylists, make-up artists and a model and/or model's agency. Then define the place and date for shooting. After this process, it starts the set-up of model look and the photo shooting. Then comes the photo editing and photo picking. Afterwards the products' photos need to be placed on the website with the correspondent price and description. The process can be checked on figure 2.

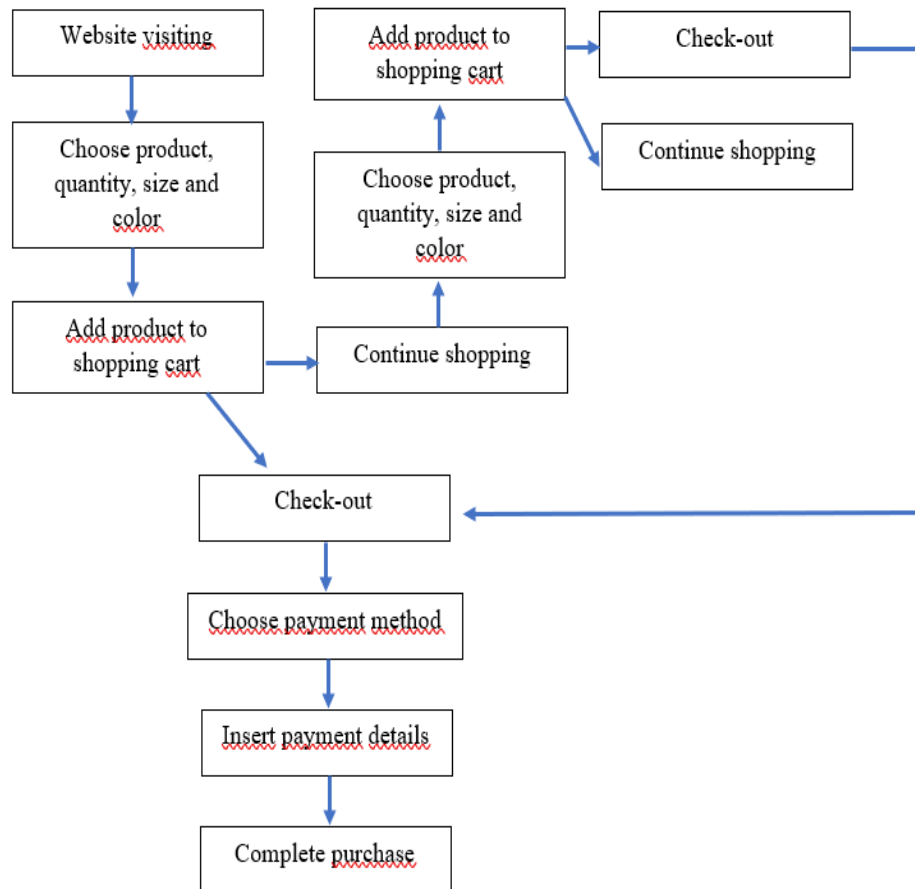


Source: The author, 2019

Purchasing:

The purchasing process, as an online based brand should start with the website. So first comes the website visiting, where the customer will choose the product, color, size and quantity. After choosing the product will be placed on the shopping cart. Now two possibilities come up. A) The client is satisfied with the purchased, so he chooses the payment method, insert payment details and completes the order. Or B) he continues shopping. So he can add more products or edit the order and repeat the process.

Figure 7 – Purchasing process

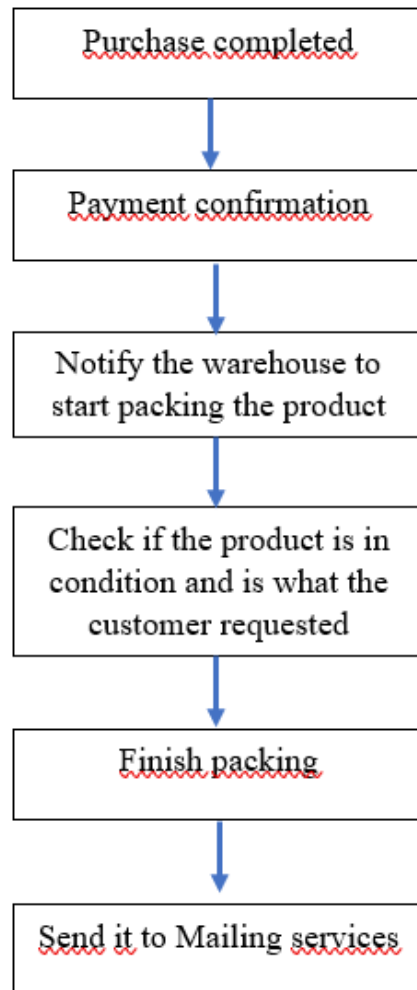


Source: The author, 2019

Shipping:

The shipping process starts after the client finishes the purchase process. Legion will then confirm the payment and notify the warehouse to start packing the product. By starting this process the warehouse will confirm the product is available and in conditions. Then the package will be finished and sent to the mailing services.

Figure 8 – Shipping process



Source: The author, 2019

Product returns:

On this process it will be determined the hypothesis of a return product. It will start by a contact from the client claiming the product return. Legion will confirm the claim process started within 30 days from the product purchase. Then Legion will receive and check the product. A) Everything is ok, the client will be notified by email or SMS confirming the product has arrived and the return process is running. B) The product was used or does not have the label the client will be informed that the product will be given to him because it does not match the return criteria.

Continuing the scenario everything is ok, the client can have two choices: Wants the money or exchange for a different product, size or color.

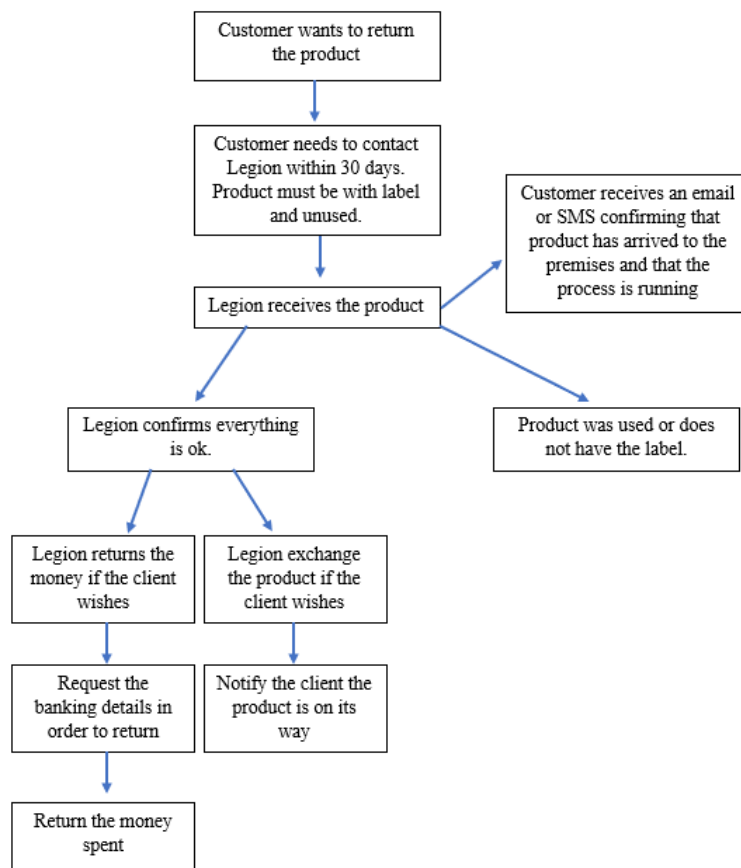
Client wishes to receive the money back:

- Legion requests the banking information in order to return
- Money back to the clients bank account.

Client wants to exchange for a different product, size or color:

- Ask what client wants to change.
- Confirm the product with client
- Notify the client the product is on its way.

Figure 9 – Product return process



Source: The author, 2019

6. PEOPLE

Legion is a young brand with a small structure. In terms of organization the brand is mainly operated by the two founders. Until this moment every process and every decision was idealised by the two. Both founders do understand that growth will be

accompanied by a re-design of the structure. The goal is to have different specialists on different areas of action. Therefore, the idealised structure would be as follows:

The Chief Executive Officer (CEO):

Starting from the very top, it is important to define a main leader on the structure. On Legion's case it would be the CEO who would be the main responsible for the strategy and for setting the objectives on a medium/long term.

By understanding the goal of any company is to generate profit, the CEO would be responsible to ensure the fulfilment of that goal. The goals would have to be defined within different deadlines which would be set by the board as well. He would also be responsible to define any deals and partnerships that are to contribute to the growth and profitability of the brand. The financial area would have a different manager (The CFO) but he would work in coordination with the CEO.

The Chief Financial Officer (CFO):

The CFO is on constant coordination with the CEO. As previously mentioned, the profit plays a crucial part on a company, therefore a financial officer has a determinant role on the goal. The strategy would have to be approved by the CFO from the financial point of view. If it is not sustainable or won't generate profit it is the CFO's responsibility to block the CEO's strategy decision.

These two leading roles must be in full coordination in order to provide a good service to the company. They will be the main responsible for the success or for the failure of the company in overall terms.

Innovation and marketing department:

Legion wants to be seen as a modern brand. As such it is very important the it keeps on innovating of every level. A business strategy would have to be on a constant evaluation in order to allow it to be flexible and shaped accordingly. It is seen as an important perk to have this flexibility and capability to innovate.

There is also a very important focus on the innovation. As previously mentioned, by defining itself as a modern brand the innovation must be present. Also, because the targeted audience is very young. Teenagers and young adults pay more attention to the way messages are delivered. So, the communication must be innovative in order to reach

our audience. By innovative communication the brand understands the innovation of several visual items, namely: Products, website, photography, video, models and make up, social media, public relations, internal communication, events.

This is also where the marketing side enters. The marketing team will execute this strategy with innovative and new ideas.

Web Developers:

The web developer will follow the strategy set above. The goal is to create and optimize a website that reflects the real image of Legion. The customer must feel the website is Legion like, running smoothly with no issues. It must be visually appealing all the time. The platform will be the image of the brand before a customer purchases anything, so the client must feel pleased with the design but most importantly must feel that everything went well, he bought what he wanted with no problems, it was easy and fast. With these conditions it is believed the client would return, which is crucial as a loyalty awareness strategy.

The website must always be updated and on constant update. By constant update it is understood to be changing models, scenarios and stories. Always seeking the innovation.

Freelancers:

Freelancers are an important factor on the brand's strategy as well. With the innovation and creativity always in mind, the company must seek freelancers for the most varied areas that will deliver the idealised work. These professionals will represent the brand in areas such as photography, video, models, stylists, hairdressers, make-up artists, bloggers or influencers. It is the Innovation and Marketing department's responsibility to set the course, strategy and guidance, as well as the final image idealised, to these freelancers as they will not have a full-time contract with the company. So these freelancers will be contacted upon request as needed.

Customer:

The customer will play a fundamental role on the company's strategy by obvious reasons. The offer and demand will be determined by this party and that will define the vitality of the company. It will allow both the CEO and CFO to define prices and stocks, but also the production of new products or different selling approach.

FINANCIAL PLAN

The data starts in 2017 as this was the year when Legion started selling. It will then be forecasted from 2019 until 2023. The analysis will show the sales forecast which will allow us to understand the possible units sold and be a tool to predict the future growth.

Having the sales forecast completed we will show the results of the cost of goods sold and services. The expenditure forecast and the forecast of the expenditures with personnel are also two important analysis to be taken. After completing the expenditures and costs of goods it will be analysed the investment and ways of financing future investments. The final analysis will determine income statement, the map of cash flows and the balance sheet.

1. Profits and Losses

Legion's profits and losses table shows the results of 2017 and 2018, as well as the projected values until 2023. These values have in consideration growth over revenues in returns, refunds or discounts from 2020 on. The 5% is determined with the basis of the growth in production and sales.

Legion is expected to have an increase in sales. The first three years were managed in a conservative way with very low investment and consequently low income. From 2020 on the investment grows and the sales will follow. Legion has entered the market and has been consolidating its position on clothing marketing. By rising the advertising and promotions on marketing and expenses on events it is expected to rise brand awareness and consequently rise sales.

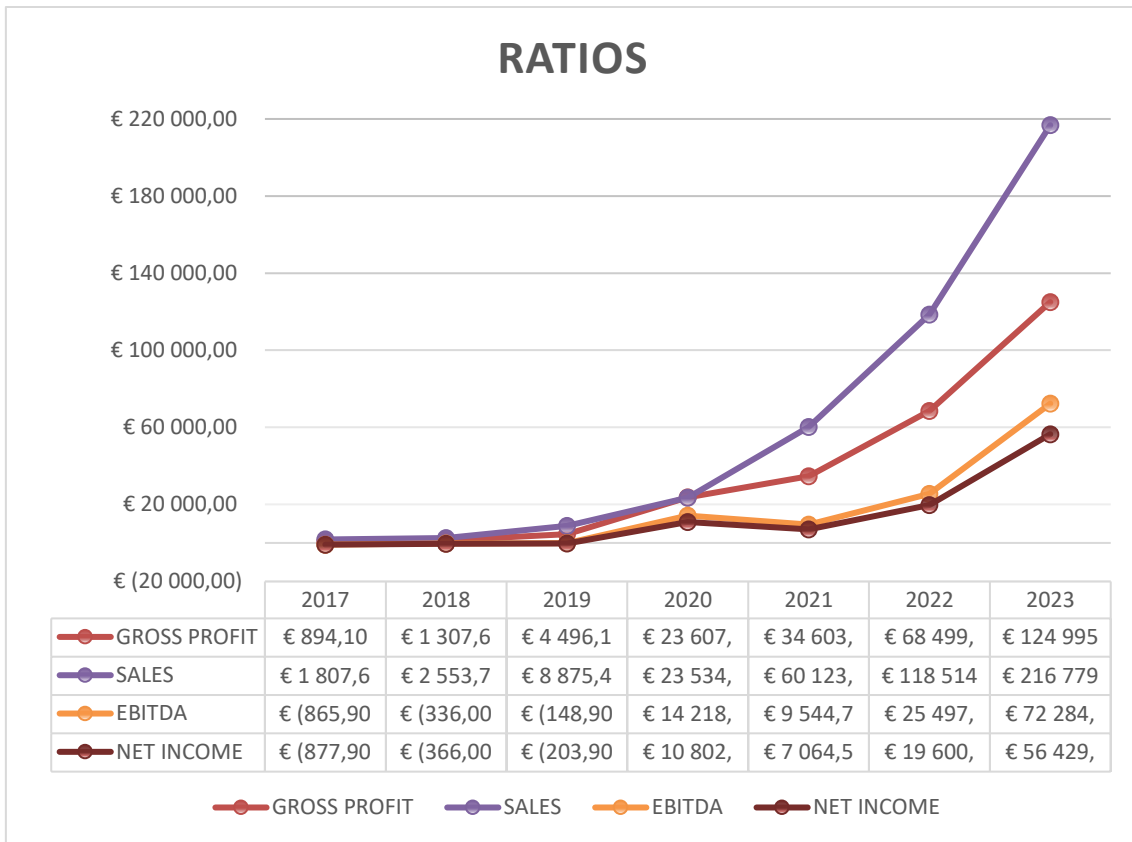
The gross profit is projected to keep on increasing throughout the years. Despite the increase in investment, it is projected that gross profit keeps on rising due to the rise in sales. From 2019 to 2020 it suffers a considerable peak in gross profit due to the projected raise in sales.

After the deductions applied the net earnings show a retraction in 2020 and 2021. This is justified especially with the increase of cost of goods sold. The investment is drastically increased in 2020 and it is reasonable to verify a support area where the earnings are negative in order to impulse the coming years.

When analysing relevant ratio pairs it is perceived the impact it does represent. The sales are constantly rising and are considered to be used on these three pairs' comparison. From 2017 until 2019 all ratios are pretty close. It makes sense as the investment was low, therefore the maximum possible profit would have to be low as well. From 2020 on sales will increase by a large margin. This will all the other ratios rise too. Sales will continue to rise throughout the years, for obvious reasons, consequently all other ratios will rise with it. EBITDA and Net Income will always have similar results, and from 2020 by having in consideration the positive results Legion will pay income taxes. This will result on a distance between these 2 ratios because on EBITDA it is not considered these taxes. Consider the below chart to understand the evolution of the mentioned ratios.

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Figure 10 – Ratios



The author, 2019

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Table 9 – Profit and Loss

Profit and Loss (P&L) Statement							
	2017	2018	2019	2020	2021	2022	2023
Sales	1,807.7	2,553.7	8,875.5	23,534.9	60,123.5	118,514.9	216,779.9
Returns, Refunds, Discounts	-	-	-	1,176.7	3,006.2	5,925.7	10,839.0
Total Net Revenue	1,807.7	2,553.7	8,875.5	24,711.7	63,129.7	124,440.6	227,618.9
Cost of Goods Sold	913.6	1,246.1	4,379.4	1,104.7	28,525.9	55,940.8	102,623.1
Gross Profit	894.1	1,307.6	4,496.1	23,607.0	34,603.8	68,499.8	124,995.8
Expenses							
Advertising & Promotion	80.0	180.0	450.0	816.0	1,632.0	3,468.0	4,590.0
Insurance	-	-	-	-	60.0	100.0	175.0
Office Supplies	60.0	90.0	125.0	1,940.0	320.0	420.0	925.0
Branding	350.0	50.0	50.0	50.0	50.0	50.0	50.0
Salaries, Benefits & Wages	270.0	650.0	600.0	2,650.0	16,730.0	30,550.0	34,625.0
Meal Subsidy	-	-	-	-	620.0	880.0	1,250.0
Travel	-	-	120.0	250.0	800.0	1,200.0	1,200.0
Packaging and Transportation	460.0	493.6	3,080.0	3,017.6	3,727.1	4,614.3	6,211.8
Events	-	60.0	100.0	480.0	1,000.0	1,600.0	3,500.0
Website	540.0	120.0	120.0	185.0	120.0	120.0	185.0
Total Expenses	1,760.0	1,643.6	4,645.0	9,388.6	25,059.1	43,002.3	52,711.8
Earnings Before Interest & Taxes	(865.9)	(336.0)	(148.9)	14,218.4	9,544.7	25,497.5	72,284.0
Depreciation & Amortization	12.0	30.0	55.0	544.3	602.3	686.3	854.7
Interest Expense	-	-	-	-	-	-	-
Earnings Before Taxes	(877.9)	(366.0)	(203.9)	13,674.0	8,942.4	24,811.2	71,429.3
Income Taxes	-	-	-	2,871.5	1,877.9	5,210.4	15,000.2
Net Earnings	(877.9)	(366.0)	(203.9)	10,802.5	7,064.5	19,600.8	56,429.2

The author, 2019

2. Sales Forecast

The sales forecast (**Appendix XI – Price Change**; The Author, 2019) represents the products Legion currently sells. It counts with real results of 2017 and 2018 and with projected results from 2019 on. The projected years express a growth in number of sells and unit price. Considering the low initial investment the founders figured sales would not be great too. Therefore for the first three years were seen as try-out years and practical experience gaining.

The products mentioned are t-shirts, sweatshirts, hoodies and jackets. Due to the products' cost of production it is reasonable to say that t-shirts will have the lowest final client price. As shown in **Appendix X - Produced Volumes** (The Author, 2019) the t-shirts' overall production cost was between 6.90€ having a final gross margin of 55%. The t-shirts are sold with a retail price of 14.99€ or 15.99€. The price difference depends on the product itself, if it is embroidered or stamped. The prices were determined according to what other competitors were offering. Founders might have set the price a little bit lower when compared with bigger competitors in order to enter the market. It is a price that is expected to grow with the growth of the brand. It is already expected a price growth of 5% from 2020 until 2023. It is still a reasonable price that allows the brand to keep on functioning a project profits in coming years.

Accompanying the t-shirts' lower cost of production and lower price it is expected that t-shirts are the product that sells the most. It is expected a cool down in sales growth rate in 2019 and after that it is projected a considerable (roughly 210%) growth yearly from that point on.

The second product are the sweatshirts. Sweatshirts distinguish from hoodies due to the hood it doesn't have. The designs and formats are usually the same. As per the price the sweatshirts are sold with a retail price of 20.99€ and the hoodies are sold by 27.99€.

The last product that Legion sells are jackets. Due to the higher price, this product is expected to sell less units compared with the others. Also the seasonal characteristic can help decreasing the number of sells.

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Table 10 – Sales Forecast

Sales Forecast							
Sales	2017	2018	2019	2020	2021	2022	2023
T-shirts	387,25	1084,3	2710,75	7387,52	12383,99	30275,64	52553,63
Units Sold	25	70	175	448	751	1836	3187
Average Unit Price	15,49	15,49	15,49	16,49	16,49	16,49	16,49
Sweatshirts	629,7	566,73	1973,06	4661,88	13062,06	26036,16	50445,06
Units Sold	30	27	94	212	594	1184	2294
Average Unit Price	20,99	20,99	20,99	21,99	21,99	21,99	21,99
Hoodies	475,83	447,84	2127,24	5160,22	15886,52	28468,18	54153,32
Units Sold	17	16	76	178	548	982	1868
Average Unit Price	27,99	27,99	27,99	28,99	28,99	28,99	28,99
Jackets	314,91	454,87	2064,41	6325,29	18790,92	33734,88	59627,88
Units Sold	9	13	59	171	508	912	1612
Average Unit Price	34,99	34,99	34,99	36,99	36,99	36,99	36,99
Total	1807,69	2553,74	8875,46	23534,91	60123,49	118514,86	216779,89

The author, 2019

3. Cost of Goods sold

On the year of 2017, Legion had a bigger investment when compared to the following two years. The need of a creation of a consistent stock made the Legion invest an extra ordinary amount on this first year. After 2019 it was understood that it was needed to raise production in order to raise dramatically sales. Therefore in 2020 the overall investment in production is about 10 times bigger that it was in 2019. Having a gross margin higher than 50% (except for sweatshirts) it is expected to have a significant growth in sales and consequently in profit.

Table 11 – Cost of Goods Sold

Cost of Goods Sold									
	Gross Margin	Price (un)	2017	2018	2019	2020	2021	2022	2023
T-shirts	55%	6.9	172.5	483	1207.5	3091.2	5181.9	12668.4	21990.3
Sweatshirts	44%	11.8	354	318.6	1109.2	2501.6	7009.2	13971.2	27069.2
Hoodies	52%	13.4	227.8	214.4	1018.4	2385.2	7343.2	13158.8	25031.2
Jackets	49%	17.7	159.3	230.1	1044.3	3026.7	8991.6	16142.4	28532.4
Total			913.6	1246.1	4379.4	11004.7	28525.9	55940.8	102623.1

The author, 2019

4. Expenditure forecast

To project the expenditures of the activity we considered an inflation of 2%. The inflation is considered from 2020 onwards with a focus on photography, advertising, packaging and transportation. The other expenditures were not considered for the inflation as they hired upon need or with longer term contracts. It was considered all the expenditure predicted as well as the evolution across the years. Considering that Legion works with an online system, costs are slightly reduced compared with companies operating on a physical premise. Legion does not use storage warehouse because the products are still allocated on an unused house of one of the owner's family. Therefore there are no costs concerning a physical office as well no inherent costs that come with it, namely water, electricity, rent or internet.

The first year held the highest expenses due to the creation of everything from scratch. Basic creations had to be done on year 1, namely the website or branding. The website complies the designing, server hosting and domain. As the products and logo were designed by the owners it is not accountable as there was no money spent.

Table 12 – Expenditure forecast

Expenditure forecast							
	2017	2018	2019	2020	2021	2022	2023
Events		60	100	480	1000	1600	3500
Models	120	300	280	1200		1800	
Photography	50	100	300	663		1020	
Advertising	80	180	450	816	1632	3468	4590
Website annual costs	120	120	120	120	120	120	120
Webdesign	420			65			65
Branding	350	50	50	50	50	50	50
Packaging	280	310	1480	1283.16	1585.08	1962.48	2641.8
Transportation	180	185	1600	1734	2142	2652	3570
Total	1600	1305	4380	6411.16	6529.08	12672.48	14536.8
Total + VAT	1968	1605.15	5387.4	7885.73	8030.77	15587.2	17880.3

The author, 2019

5. Personnel expenditure

Legion values the possibility of reducing costs on some strategic areas in order to invest on others. The owners decided to take charge of all duties regarding the management of the brand. It is done with no salary coming out of it for the first three years. That way it allows the money to be canalised to other important investments. From 2021 on it is predicted that both owners would receive a wage as result of their work.

The rest of the investment regarding personnel is basically focused on the collaborations. The payment on collaborations are processed as a single act of payment.

The payments to collaborations would be done upon need, meaning that there may be more payments with the years passing.

The economic obligations are fulfilled. It was considered married coupled with no dependents. So for the year of 2021, for the total amount of 12000 euros paid to the Board,

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it would be deducted 13.6% for withholding tax and 11% for social security. The social security paid by a company to the state is 11% + 23.75%. On 2022 the withholding tax would be 17.8% and on 2023 would be 21.6%. The withholding tax depends on the overall amount of wage.

Table 13 – Personnel Expenses

Personnel expenses							
	2017	2018	2019	2020	2021	2022	2023
Salaries							
Board					9048	14240	16176
Collaborations	100	250	140	800	1200	2000	3500
Withholding Tax					1632	3560	5184
Social Security					4170	6950	8340
Insurance					60	100	175
Meal subsidy					620	880	1250
Total	100	250	140	800	16730	27730	34625

The author, 2019

6. Investment forecast

Legion decided not to invest largely on physical assets except for the products themselves. The initial low investment was decided according to the available money at the time detained by both owners. Both founders would not borrow a large amount of money on this stage. Therefore the investment on tangible and intangible assets are severely reduced and low. The decision was to spend strictly on what was essential on this matter. As it is an online project it is given the liberty to proceed in such way.

Important to remind is the fact that Legion does not use storage warehouse because the products are still allocated on an unused house of one of the owner’s family. The available space on the owner’s family should be enough to store at least 10 to 15 thousand items. Therefore, despite the fact it might needed in the future, for now the space should work ok.

The decision was to have the essentials: Microsoft Office (which is paid yearly). This was the first investment. The clothing design was processed on Adobe Photoshop previously owned by one of the brand owners as well as the printer. Later the brand would need to invest on a new computer and a new printer. It is possible that a new software becomes necessary with the years to come. So it in the long term it is expected that the assets and the inherent costs rise.

Table 14 – Investment Forecast

Investment forecast							
	2017	2018	2019	2020	2021	2022	2023
Tangible Fixed Assets							
Computers				1600			
Printer				160			250
Office tools	60	90	65	180	200	220	225
Total tangible fixed assets	60	90	65	1440	200	220	475
Intangible Fixed Assets							
Software			60		120	200	200
Total intangible fixed assets			60		120	200	200
Total Investment	60	90	125	1940	320	420	675

The author, 2019

7. Financing

The financing decision was to proceed with own capital. The two owners considered important to use own capital on the initial phase. Therefore the combined initial investment was 7500 euros that both owners contributed. In 2018 another 5000 were added and the same in 2019. Due to the projected growth it is still expected that both

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owners have to invest another 1500 roughly in 2021 to balance finances. The brand is 100% owned by the owners and solely investors.

Table 15 – Financing

Financing							
	2017	2018	2019	2020	2021	2022	2023
Own Capital	7500	5000	5000		1500		
Operational Results							
Total	7500	5000	5000	0	1500		

The author, 2019

8. Cash Flow

The depreciation was defined (Table Depreciation and amortization) as 25% for computers, 20% for office tools, 33.33% for the printer and 20% for the software. It was calculated having in consideration the average “life period” of each item. Consequently it was deducted the depreciation to the amount invested on those items.

Regarding the above values, the recorded values “depreciation and amortization” were determined as figures on tables “Depreciation & amortization” and “Depreciation & amortization I”.

The operational results are the values we got from the net earnings of the P&L (Profit and Loss statement)

The fixed capital are determined by the total investment made on tangible and intangible assets.

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Table 16 – Cash

Cash Flow							
	2017	2018	2019	2020	2021	2022	2023
Operational Results	-5102.9	-685.5	2134.8	-3688.3	-16.9	18866.8	84394.6
Depreciation and amortization	12	18	13	363.8	58	139.99	168.325
Subtotal	-5090.9	-667.5	2147.8	-3324.5	41.1	19006.79	84562.925
Income taxes	-	-	-	-2871.54	-1877.9	-5210.35	-15000.15
Total							
Fixed Capital	-60	-90	-125	-1940	-320	-420	-675
Free Cash flow	-5150.9	-757.5	2022.8	-5264.5	-278.9	18586.79	83887.925
Accumulated Cash flow	-5150.9	-5908.4	-3885.6	-9150.1	-9429	9157.79	93045.715

The author, 2019

9. Balance Sheet

Table 17 – Balance Sheet

Balance Sheet	2017	2018	2019	2020	2021	2022	2023
Assets							
Current assets:							
Cash	7 500	12 500	17 500	17 500	19 000	19 000	19 000
Accounts Receivable	(5 103)	(686)	2 135	(3 688)	(17)	18 867	84 395
Prepaid expenses	1 968	1 603	5 387	7 886	8 031	15 587	17 880
Inventory	4 950	1 540	2 022	2 046	2 496	2 932	4 174
Total current assets	9 315	14 958	27 044	23 743	29 510	56 386	125 449
Equipment	60	90	125	1 940	320	420	675
Staff	100	250	140	800	16 730	27 730	34 625
Total Assets	9 475	15 298	27 309	26 483	46 560	84 536	160 749
Liabilities							
Current liabilities:							
Accounts Payable	4 950	1 603	5 387	7 886	2 496	2 932	4 174
Accrued expenses	2 068	1 790	2 162	2 846	24 761	43 317	52 505
Unearned revenue	60	90	125	1 940	320	420	675
Total current liabilities	7 078	3 483	7 674	12 672	27 577	46 669	57 354
Long-term debt							
Other long-term liabilities							
Total Liabilities	7 078	3 483	7 674	12 672	27 577	46 669	57 354
Shareholder's Equity							
Equity Capital	7 500	12 500	17 500	17 500	19 000	19 000	19 000
Retained Earnings	(5 103)	(686)	2 135	(3 688)	(17)	18 867	84 395
Shareholder's Equity	2 397	11 815	19 635	13 812	18 983	37 867	103 395
Total Liabilities & Shareholder's Equity	9 475	15 298	27 309	26 483	46 560	84 536	160 749

The author, 2019

CRITICAL REVIEW

Legion's intent is to be able to sell quality clothes at a reasonable price via e-commerce. This conjuncture is not common, companies tend to prioritise other aspects. This can be a positive aspect of what Legion is, what it can offer and how it is offered.

Legion is in fact a Portuguese brand, with Portuguese owners and Portuguese products. But by selling online, the brand does actually obtain a different connotation regarding nationality. It can be seen as a universal brand and that can deteriorate the advantage it has by being a national brand with national products. That needs to be highlight and used as a proud perk in order to still have that connotation.

Clothing, accessories and shoes are believed to be one of the best selling categories concerning e-commerce. Reports stated that price is a very important factor as well as the shipping process. So by opting for a low price product Legion fits and is in accordance with this trend.

By exploring the digital trends Legion is in accordance with the recent technological and social media changes. Younger generations, our main target, are imbedded in this digital world. It is already so familiar that these youngsters would not know how to live without it.

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LEGION – BUSINESS PLAN

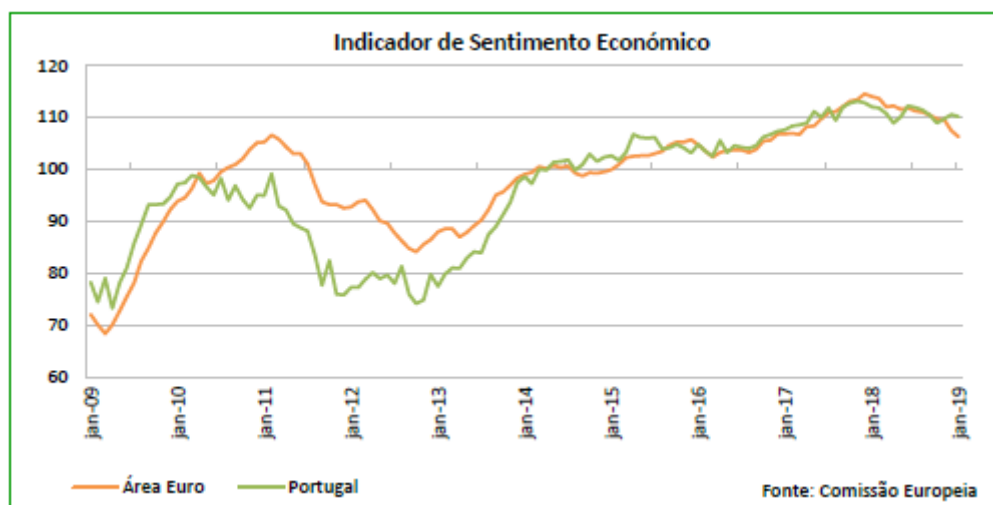
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APPENDIXES BIBLIOGRAPHY

Appendix I – Economic indicators



Source: Confederação Empresarial de Portugal, 2019

http://cip.org.pt/wp-content/uploads/Documentos/Assuntos%20Econ%C3%B3micos/02.%20Informa%C3%A7%C3%A3o%20Econ%C3%B3mica/Envolvente%20Empresarial%20-%20S%C3%ADntese%20de%20Conjuntura/2019/2019-02_fevereiro_CIP_EnvolventeEmpresarial.pdf

Appendix II – Portugal industry Index – Annual variation

Índice de Produção Industrial - Variação média anual		
	2017	2018
Bens de consumo	4,4%	-0,5%
Bens intermédios	2,9%	-1,9%
Bens de investimento	4,4%	5,6%
Energia	4,7%	-0,3%
Indústria transformadora	3,9%	-0,5%
Indústria	3,9%	-0,1%

Fonte: INE

Source: Confederação Empresarial de Portugal, 2019

http://cip.org.pt/wp-content/uploads/Documentos/Assuntos%20Econ%C3%B3micos/02.%20Informa%C3%A7%C3%A3o%20Econ%C3%B3mica/Envolvente%20Empresarial%20-%20S%C3%ADntese%20de%20Conjuntura/2019/2019-02_fevereiro_CIP_EnvolventeEmpresarial.pdf

Appendix III – International commerce – Exportation of goods

Comércio Internacional - Exportação de bens				
2018				
NC	Descrição	milhões de euros	vh %	Peso no total %
87	Automóveis e outros veículos terrestres	7 842	27,9	13,5
85	Máquinas e aparelhos elétricos	4 735	-4,5	8,2
27	Combustíveis e óleos minerais	4 031	1,1	7,0
84	Máquinas e aparelhos mecânicos	3 551	2,3	6,1
61+62	Vestuário	3 195	1,4	5,5
72+73	Ferro fundido, ferro e aço e suas obras	3 066	6,3	5,3
39	Plástico e suas obras	3 011	2,7	5,2
48	Papel e cartão, e suas obras	1 965	6,6	3,4
64	Calçado	1 958	-2,4	3,4
94	Móveis, anúncios, cartazes	1 938	0,1	3,3
40	Borracha e suas obras	1 232	-0,3	2,1
90	Instrumentos e aparelhos de ótica	1 241	29,1	2,1
22	Bebidas, líquidos alcoólicos e vinagres	1 095	1,4	1,9
45	Cortiça e suas obras	1 068	8,1	1,8
	Sub-total	39 927	6,3	68,9
	Total	57 925	5,3	100,0

Fonte: INE

Source: Confederação Empresarial de Portugal, 2019

[http://cip.org.pt/wp-](http://cip.org.pt/wp-content/uploads/Documentos/Assuntos%20Econ%C3%B3micos/02.%20Informa%C3%A7%C3%A3o%20Econ%C3%B3mica/Envolvente%20Empresarial%20-%20S%C3%ADntese%20de%20Conjuntura/2019/2019-02_fevereiro_CIP_EnvolventeEmpresarial.pdf)

[content/uploads/Documentos/Assuntos%20Econ%C3%B3micos/02.%20Informa%C3%A7%C3%A3o%20Econ%C3%B3mica/Envolvente%20Empresarial%20-%20S%C3%ADntese%20de%20Conjuntura/2019/2019-02_fevereiro_CIP_EnvolventeEmpresarial.pdf](http://cip.org.pt/wp-content/uploads/Documentos/Assuntos%20Econ%C3%B3micos/02.%20Informa%C3%A7%C3%A3o%20Econ%C3%B3mica/Envolvente%20Empresarial%20-%20S%C3%ADntese%20de%20Conjuntura/2019/2019-02_fevereiro_CIP_EnvolventeEmpresarial.pdf)

Appendix IV – Provisional data from INE

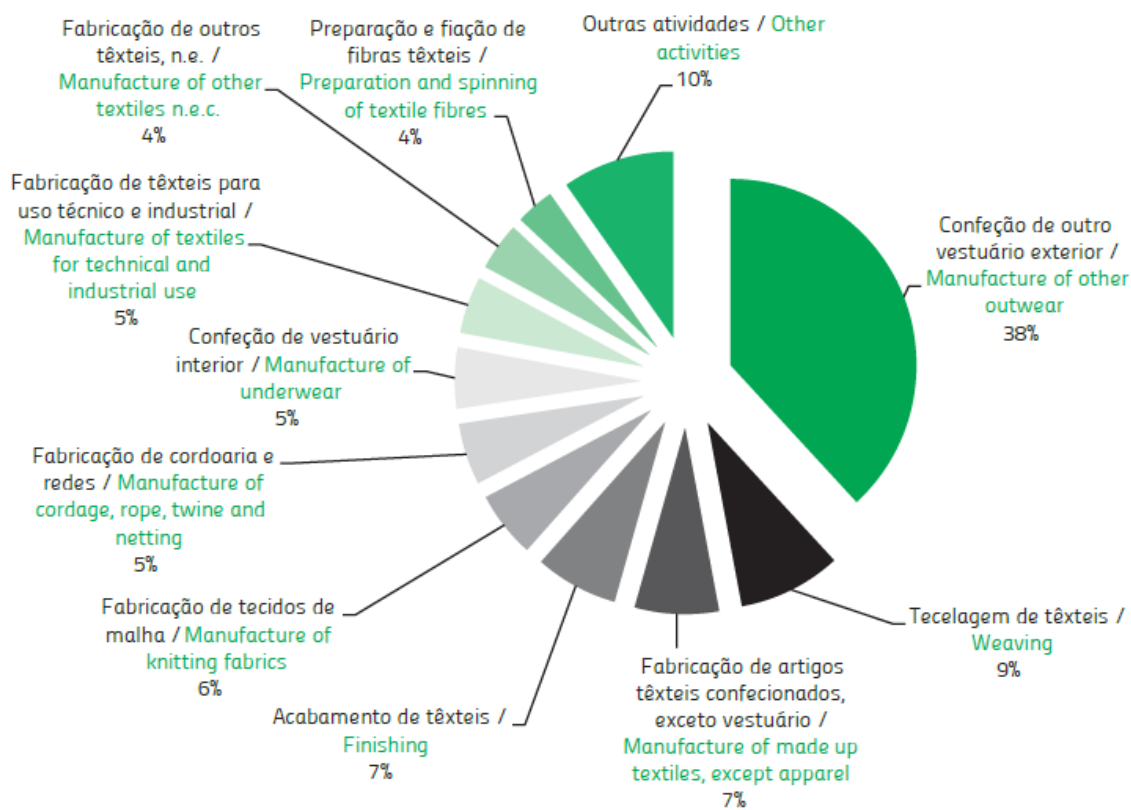
	2013	2014	2015	2016	2017
Produção (milhões €)	6.028	6.485	6.767	7.136	7.400
Volume de Negócios (milhões €)	6.296	6.712	6.942	7.347	7.500
Exportações (milhões €)	4.288	4.620	4.811	5.035	5.237
Importações (milhões €)	3.343	3.608	3.835	3.932	4.138
Emprego	124.147	128.414	131.513	135.197	137.000

Source: INE, 2016 dados provisórios INE/ 2017: estimativas ATP

<http://www.atp.pt/gca/index.php?id=18>

Appendix V – Turnover by activity

VOLUME DE NEGÓCIOS POR ATIVIDADE / TURNOVER BY ACTIVITY



Source: Associação Têxtil e Vestuário de Portugal, 2019

<http://www.atp.pt/fotos/editor2/2019/ATP%20Diretorio%202019.pdf>

Appendix VI – Turnover by Country

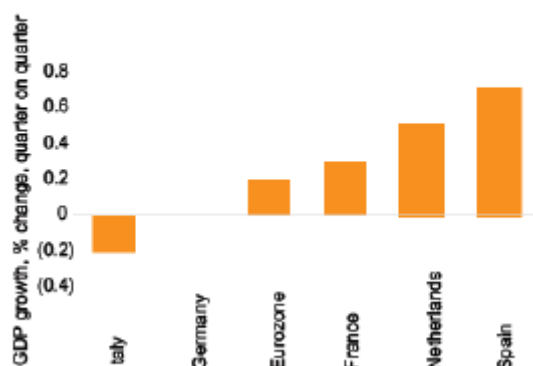
Volume de Negócios / Turnover	Quota / Share 2016	Empresas / Companies	Quota / Share 2016	Emprego / Employment	Quota / Share 2016
Itália / Italy	31%	Itália / Italy	28%	Itália / Italy	24%
Alemanha / Germany	17%	Polónia / Poland	9%	Roménia / Romania	11%
França / France	13%	Rep. Checa / Czech Rep.	9%	Polónia / Poland	9%
Reino Unido / UK	7%	Portugal	8%	Portugal	8%
Espanha / Spain	6%	Reino Unido / UK	5%	Alemanha / Germany	7%
Portugal	4%	Espanha / Spain	5%	Reino Unido / UK	6%
Bélgica / Belgium	3%	Alemanha / Germany	4%	França / France	6%
Polónia / Poland	3%	Grécia / Greece	4%	Bulgária / Bulgaria	6%
Roménia / Romania	2%	Hungria / Hungary	4%	Espanha / Spain	5%
Áustria / Austria	2%	Roménia / Romania	4%	Rep. Checa / Czech Rep.	3%

Source: Associação Têxtil e Vestuário de Portugal, 2019

<http://www.atp.pt/fotos/editor2/2019/ATP%20Diretorio%202019.pdf>

Appendix VII – Eurozone Performance

Eurozone: A strong performance from Spain, in particular, in late 2018 helped to offset weakness in Italy and Germany



Source: Eurostat

Surce: Jakeman, M. 2019. **Global Economy Watch - Is demography still destiny?** Japan's surprisingly expanding workforce
<https://www.pwc.com/gx/en/issues/economy/global-economy-watch/assets/pdfs/is-demography-still-destiny.pdf>

Appendix VIII – Projections by Country

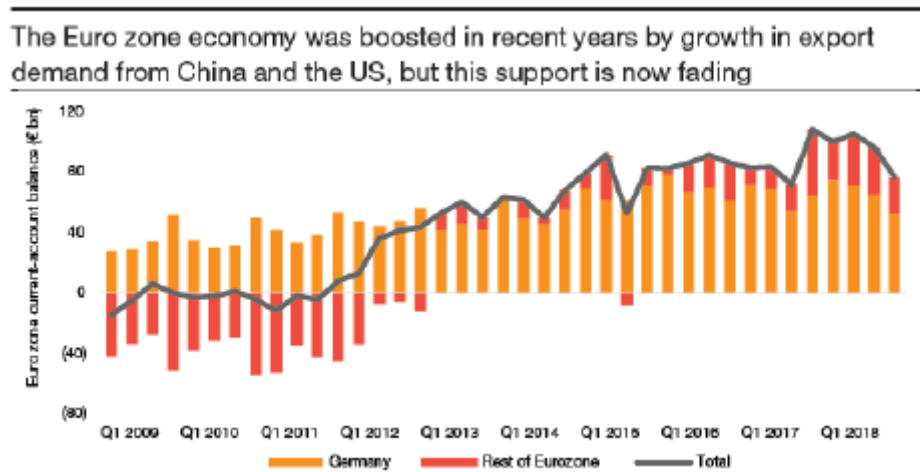
Projections: March 2019

	Share of 2017 world GDP		Real GDP growth				Inflation			
	PPP	MER	2018e	2019p	2020	2021-2025p	2018e	2019p	2020p	2021-2025p
Global (Market Exchange Rate ("MER"))		100.0%	3.3	3.0	2.9	2.8	3.0	2.5	2.5	2.6
Global (Purchasing Power Parity ("PPP") rates)	100.0%		3.8	3.6	3.5	3.4	3.5	3.1	3.0	3.0
G7	30.6%	46.0%	2.1	1.8	1.6	1.5	2.1	1.8	1.8	1.9
OECD	37.6%	26.6%	5.4	5.2	5.3	5.1	3.6	3.8	3.8	3.8
United States	15.3%	24.3%	2.9	2.4	1.9	1.8	2.4	1.9	1.8	1.9
China	18.2%	15.0%	6.8	6.3	6.2	5.9	2.2	2.4	2.7	2.9
Japan	4.3%	6.1%	0.8	1.0	0.3	0.6	1.1	1.7	1.7	1.2
United Kingdom	2.3%	3.3%	1.4	1.1	1.6	1.8	2.5	1.8	2.0	2.0
Eurozone	10.2%	13.9%	1.7	1.3	1.6	1.5	1.6	1.4	1.8	2.0
France	2.2%	3.2%	1.5	1.3	1.5	1.8	1.9	1.2	1.7	1.9
Germany	3.3%	4.6%	1.5	1.0	1.6	1.4	1.9	1.7	2.0	2.3
Greece	0.2%	0.3%	2.1	2.0	2.2	1.5	0.6	0.6	1.5	1.8
Ireland	0.3%	0.4%	6.4	3.5	3.7	3.0	0.5	1.1	1.5	1.9
Italy	1.8%	2.4%	0.8	0.5	0.9	0.8	1.1	1.0	1.5	1.7
Netherlands	0.7%	1.0%	2.5	1.9	2.3	1.9	1.7	2.4	1.8	2.0
Spain	1.4%	1.6%	2.5	2.3	1.8	2.0	1.7	1.5	1.9	1.9
Poland	0.9%	0.7%	5.0	3.8	3.0	3.0	1.8	2.2	2.5	2.5
Russia	3.2%	1.9%	1.7	1.5	1.8	1.5	4.0	4.5	4.8	4.7
Turkey	1.7%	1.1%	3.0	(0.3)	2.6	2.4	16.3	19.3	14.2	13.0
Australia	1.0%	1.7%	3.2	2.8	2.7	2.8	2.5	2.5	2.5	2.5
India	7.4%	3.3%	7.4	7.6	7.7	7.7	4.8	5.0	4.6	4.1
Indonesia	2.6%	1.9%	5.3	5.2	5.1	5.2	4.0	3.7	4.3	4.1
South Korea	1.6%	1.9%	2.8	2.8	2.8	2.8	1.6	1.9	2.0	2.0
Brazil	2.6%	2.6%	1.3	2.4	2.1	2.1	3.7	4.0	3.9	4.0
Canada	1.4%	2.1%	2.1	2.0	1.8	1.7	2.3	2.1	2.0	1.9
Mexico	1.9%	1.4%	2.1	2.3	2.7	2.7	4.7	4.0	3.5	3.0
South Africa	0.6%	0.4%	0.8	1.6	1.7	1.8	5.3	4.8	5.4	5.5
Nigeria	0.9%	0.5%	2.0	2.5	2.5	2.5	16.3	11.9	13.0	14.0
Saudi Arabia	1.4%	0.9%	2.7	1.9	1.9	2.1	3.5	3.1	3.0	3.0

Sources: PwC analysis, National statistical authorities, Datastream and IMF. All inflation indicators relate to the Consumer Price Index (CPI). Note that the tables above form our main scenario projections and are therefore subject to considerable uncertainties. We recommend that our clients look at a range of alternative scenarios. UK and Ireland numbers are contingent on a reasonably smooth Brexit.

Source: Jakeman, M. 2019. **Global Economy Watch** - Is demography still destiny?
Japan's surprisingly expanding workforce
<https://www.pwc.com/gx/en/issues/economy/global-economy-watch/assets/pdfs/is-demography-still-destiny.pdf>

Appendix IX – Eurozone Economy



Source: Jakeman, M. 2019. **Global Economy Watch** - Is demography still destiny?
Japan's surprisingly expanding workforce.

<https://www.pwc.com/gx/en/issues/economy/global-economy-watch/assets/pdfs/is-demography-still-destiny.pdf>

Appendix X – Produced volumes

Year 1				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	240	€ 6.90	240	€ 1,656.00
Sweatshirts	116	€ 11.80	116	€ 1,368.80
Hoodies	102	€ 13.40	102	€ 1,366.80
Jackets	40	€ 17.70	40	€ 708.00
Year 2				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	80	€ 6.90	320	€ 552.00
Sweatshirts	36	€ 11.80	152	€ 424.80
Hoodies	32	€ 13.40	134	€ 428.80
Jackets	10	€ 17.70	50	€ 177.00
Year 3				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	115	€ 6.90	435	€ 793.50
Sweatshirts	43	€ 11.80	195	€ 507.40
Hoodies	38	€ 13.40	172	€ 509.20
Jackets	13	€ 17.70	63	€ 230.10
Year 4				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	530	€ 6.90	965	€ 3,657.00
Sweatshirts	442	€ 11.80	637	€ 5,215.60
Hoodies	364	€ 13.40	536	€ 4,877.60
Jackets	268	€ 17.70	331	€ 4,743.60

Year 5				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	1250	€ 6.90	2215	€ 8,625.00
Sweatshirts	808	€ 11.80	1445	€ 9,534.40
Hoodies	682	€ 13.40	1218	€ 9,138.80
Jackets	574	€ 17.70	905	€ 10,159.80
Year 6				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	2100	€ 6.90	4315	€ 14,490.00
Sweatshirts	1284	€ 11.80	2729	€ 15,151.20
Hoodies	1078	€ 13.40	2296	€ 14,445.20
Jackets	996	€ 17.70	1901	€ 17,629.20
Year 7				
Product	Quantity	Price Unit	Total Accumulated Units	Total Inventory
T-Shirts stamped	3300	€ 6.90	7615	€ 22,770.00
Sweatshirts	1822	€ 11.80	4551	€ 21,499.60
Hoodies	1536	€ 13.40	3832	€ 20,582.40
Jackets	1428	€ 17.70	3329	€ 25,275.60

Source: The Author, 2019

Appendix XI – Price Change

Price Change							
	2017	2018	2019	2020	2021	2022	2023
Price Change	0	0	0	5%	5%	5%	5%

Source: The Author, 2019

Appendix XII – Depreciation and Amortization

Depreciation and amortization	
Tangible fixed assets	
Computers	25.00%
Office tools	20.00%
Printer	33.33%
Intangible fixed assets	
Software	20.00%

Source: The Author, 2019

Appendix XIII - Depreciation and Amortization compounded

Depreciation and amortization							
	2017	2018	2019	2020	2021	2022	2023
Total	12	18	13	363.8	58	139.99	168.325

Source: The Author, 2019

Appendix XIV - Depreciation and Amortization by asset

Depreciation and amortization							
	2017	2018	2019	2020	2021	2022	2023
Tangible Assets	12	30	43	532.328	566.328	610.328	738.653
Intangible Assets	0	0	12	12	36	76	116
Total	12	30	55	544.328	602.328	686.328	854.653

Source: The Author, 2019