

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“



RIDING THE WAVE OF THE EMERGING SURF MARKET:  
BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURF  
ACCESSORIES BRAND “ESCUDO”

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**Project submitted as partial requirement for the conferral of Master’s in International Management**

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## Abstract

The objective of this master thesis is the elaboration of a viable Business Plan for the surfboard cover brand ESCUDO. This business plan studies the viability of the creation of a company competing in the surf accessories industry in Portugal, producing sustainable, high-quality surfboard covers made out of ocean waste.

In order to develop the business plan, the methodology of strategic business planning<sup>1</sup> is used with the sub steps containing

1. Conducting strategic business review
2. Business visioning
3. Business strategy development
4. Implementation formulation

Primary and secondary sources are used to gather insights about the surf industry as well as customer behavior in the target region before creating the business plan. Quantitative and qualitative research was conducted in the form of questionnaires, addressing the surfing community as well as expert interviews to gather deeper insights and expert knowledge from the surf industry.

This plan aims to serve the foundress as a guide for the implementation of the venture as it plays an important role in a company's well-being due to its high impact on profitability, stability and finding the most suitable position for the business in the market. The analysis reveals a gap in the surfboard cover market and the research results as well as the thorough market study clearly indicate that the creation of the surfboard cover brand ESCUDO can result in a lucrative business idea to pursue. The plan contains in detail all relevant intermediate steps needed to be undertaken in order to enter the market with this innovative product.

**Keywords:** Business plan, Surf Industry, Sustainability, Surfboard cover

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<sup>1</sup> Bütüner, Hakan. (2014)

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Resumo

O objetivo desta tese de mestrado é a elaboração de um Plano de Negócios viável para a marca de cobertura de pranchas ESCUDO. Em particular, este plano de negócios estuda a viabilidade da criação de uma empresa concorrente na indústria de acessórios de surf em Portugal, produzindo capas de pranchas de surf sustentáveis e de alta qualidade feitas a partir de resíduos oceânicos.

Para desenvolver o plano de negócios, a metodologia de planeamento estratégico de negócios<sup>2</sup> foi utilizada com as sub-etapas contendo

1. Realização de revisão estratégica de negócios
2. Visão de negócios
3. Desenvolvimento de estratégia de negócios
4. Formulação da implementação

Além disso, para coletar dados de mercado adicionais e de apoio, pesquisas quantitativas e qualitativas foram conduzidas na forma de questionários, abordando a comunidade de surfistas e entrevistas com especialistas para coletar informação profunda e conhecimento especializados da indústria do surfe.

O desenvolvimento deste plano vai servir à fundadora como guia para a implementação do empreendimento, uma vez que desempenha um papel importante no bem-estar da empresa, devido ao seu alto impacto na rentabilidade, estabilidade e encontrar a posição mais adequada para o negócio no mercado. A análise revelou uma lacuna no mercado de cobertura de pranchas de surfe e os resultados da pesquisa indicam claramente que a criação da marca de capa de pranchas de surf ESCUDO pode resultar numa lucrativa ideia de negócio a ser seguida. O plano mostra detalhadamente todos os passos intermediários relevantes necessários para entrar no mercado com este produto inovador.

**Palavras-chave:** Plano de negócios, indústria de surf, Sustentabilidade, Cobertura de Surf

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<sup>2</sup> Ibid.

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Table of content

<b>1. Executive Summary</b>	<b>1</b>
<b>2. Market Analysis</b>	
2.1. Changing retail landscape and consumption patterns	7
2.2. Sports industry overview	8
2.3. Origins of surfing	9
2.4. The surf industry	10
2.4.1. Underlying reasons for growth and trends in surfing	11
2.4.2. The surf retail market	11
2.4.3. Primary research in the surf market	12
2.4.4. Primary research results	13
2.4.5. Limitations of the study	13
2.5. Surfers as consumer group	14
2.5.1. Trends within the consumer group	16
<b>3. External Analysis</b>	
3.1. PESTEL Analysis	19
3.2. Porters 5 Forces	25
3.3. Competitive Analysis	28
3.3.1. Analysis of surf brands	28
3.3.2. Analysis of stores in the greater Lisbon area offering surf products	34
3.4. SWOT Analysis	36
3.5. Unique Value Proposition of ESCUDO	38
3.6. Conclusion and rationale for attractiveness	39
<b>4. Marketing Plan</b>	
4.1. Customer relationship management	40
4.2. Marketing Mix – The four P’s	41
4.2.1. Product	41
4.2.2. Place	44
4.2.3. Price	44
4.2.4. Promotion	45
4.3. Communication Mix	46

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## **5. Organizational Set up**

- 5.1. Location of the headquarter 50
- 5.2. Legal structure 52

## **6. Operational process overview**

- 6.1. Logistics and operations plan 53
- 6.2. Production, Shipping and fulfillment 54

## **7. Financial Analysis**

- 7.1. Set up costs and funding 57
- 7.2. Forecasted sales 59
- 7.3. Cash-flow forecast 59
- 7.4. 3-Year profit and loss projection 61
- 7.5. Break-Even Analysis 62
- 7.6. Compound Annual Growth Analysis 63
- 7.7. Risks of the business 64

## **8. Milestones for the implementation of the business**

- 8.1. Milestones for operations 66
- 8.2. Milestones for marketing 67

## **9. Conclusion and discussion**

- 9.1. Key findings 69
- 9.2. Future outlook 70
- 9.4. Recommendations for further research 70

## **References 72**

## **Annexes 80**

## List of Figures

Figure 1: The average surfer profile (Source: Theseus.fi. (2019))	15
Figure 2: The consumer profile of the core-influenced surfer (Source: SIMA (2016))	16
Figure 3: Description of the consumer profile of the core-influenced surfer (Source: SIMA (2016))	16
Figure 4: Overview of the existing gyres worldwide (Source: Parley (2019))	18
Figure 5: Evolution of the number of surfers in Portugal (Source: Bicudo, P, Horta, A. (2009))	21
Figure 6: Different competitors within the surf industry (Source: Surfd. (2019))	28
Figure 7: Quicksilver Surfboard Sock (Source: Quicksilver.pt. (2019))	30
Figure 8: Ripcurl Surfboard Sock (Ripcurl.eu. (2019))	31
Figure 9: Aliexpress Surfboard Sock (Source: aliexpress.com. (2019))	31
Figure 10: Ripcurl Surfboard bag (Source: (Ripcurl.eu. (2019))	31
Figure 11: Aliexpress Surfboard bag (Source: aliexpress.com. (2019))	32
Figure 12: Five steps of customer relationship Management (Source: own research)	41
Figure 13: ESCUDO brand logo (Source: own research)	42
Figure 14: Comparison Funboard and Fishboard shape ((Deutsch, 2019))	51

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Figure 15: CAGR of ESCUDO after 3 years (Source: own research)	54
Figure 16: Map of surfing spots in the Lisbon area (Source: own research)	64
Figure 17: Milestones for the establishment of the brand ESCUDO (Source: own research)	66



# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## List of Tables

Table 1: Pricing structure of surfing brands (Source: own research)	29
Table 2: SWOT Analysis on ESCUDO (Source: own research)	38
Table 3: Set up costs and funding (Source: own research)	58
Table 4: Cash-flow forecast first year (month 1-5) (Source: own research)	60
Table 5: Cash-flow forecast first year (month 6-12) (Source: own research)	61
Table 6: 3-year profit and loss projection (Source: own research)	62
Table 7: Break-Even Calculations (Source: own research)	63
Table 8: Compounded Annual Growth Rate over 3 years (Source: own research)	63

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

## List of Annexes

Annex 1: Expert interview Transcripts	80
Annex 2: Survey Questionnaire	92
Annex 3: Survey Results	100

## 1. Executive Summary

The surfing industry has long ceased to be a niche market, but over the last few decades it became a multi-million-dollar industry offering high growth potential. For the last three decades the number of surfers has been growing at a nearly constant rate.<sup>3</sup> Surfing is trendy. It is increasingly in the focus due to social media and more and more people inspire and identify with this partly as subculture designated lifestyle or practice of sport. The main product to practice this sport is the surfboard. In order to achieve a long board life, surfboards need suitable protective covers, in order to prevent damages from sun or transport. The market for protective surfboard covers is little exploited and available alternatives are often expensive, at the same time low in quality and designs show a lack of innovativeness. Currently only a hand full of brands offer surfboard covers, none offering products out of sustainable materials, creating a lucrative market entry nice. ESCUDO is a new surfboard cover brand that caters to the Portuguese surf community. The focus of the brand is to provide, stylish, high-end, sustainable surfboard covers and position itself as the top brand tapping in this particular market niche. ESCUDO products will only contain the raw materials produced by SEAQUAL™, an initiative collaborating with fishermen, NGO'S, local communities and authorities cleaning the oceans of marine litter and preserving ocean life. This collected is turned in an upcycling process into 100% recycled SEAQUAL™ polymer, being certified and traceable as 'upcycled marine plastic'.<sup>4</sup> ESCUDO is headquartered in the City of Lisbon and the products are manufactured in the north of Portugal. Portugal, with special focus on Lisbon, is strategically chosen as entry market since it is known amongst surfers as a surfer's paradise, offers easy access to surf destinations and is well known as a tourism hotspot.

### Mission

The mission statement of ESCUDO is to offer sustainable, high quality fabric designer surfboard covers at reasonable prices. ESCUDOs designs aim to showcase a unique and individualistic flair, with each piece of the collection being made from eco-friendly fabrics out of ocean waste.

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<sup>3</sup> Bicudo, P, Horta, A. (2009), P. 1

<sup>4</sup> SEAQUAL. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

ESCUDO combines sustainable values with smart branding in order to engage the next generation of buyers and answering to market demands. Sustainability is placed at the core of ESCUDO's brand identity not only to differentiate itself from competitors, but to make an important contribution to the protection of the planet. By buying ESCUDO products future customers can outwardly express their values through the usage of the products.

### Mission Statement

*“ESCUDO – At the heart of our brand we place the sustainability imperative: Building products out of ocean waste aiming to protect the surfers most valuable asset: the sea.”*

### Vision Statement

*“ESCUDO aims to become the global, sustainable leader in the surfboard cover market, inspiring and enabling our customers to contribute to the fight to protect and save our world's most wild and beautiful force of nature.”*

### The product

Each of ESCUDO's surf covers is unique because the materials used in the production process always look a little different. The products are manufactured by hand in the manufacturing office in Porto, one at a time. ESCUDO surf covers are an innovative, high end niche product tailored to the trends and needs within the surfing community. The products will be available in two different shapes as well as different sizes, in order to match the surfboards sizes available on the market. The design offers stylish and sustainable apparel and each piece is made based on designs by James Davey, who has a track record within the apparel industry. Initially all products will be offered for sale via an omni channel sales approach. Cornerstones of the distribution will be the website [escudosurf.com](http://escudosurf.com), which will offer full access to the latest offerings allowing clients to experience the brand's product offerings as well as additional content related to the surf sport. Furthermore, several partnerships with local surf retail stores in the area of Costa de Caparica and surrounding surf hot spots in the Lisbon area are planned, in order to increase brand awareness and to make the products available in brick and mortar stores. ESCUDO surf covers will also be available via the

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

online platform Etsy as well as on street markets such as the LX market or the anjos70 market in Lisbon.

### Management

The company is owned by Katia Geisler. Katia holds degrees and working experience in the fields of marketing, international management and supply chain management. Therefore, the company owner is experienced in the complete product development process ranging from production to distribution. In addition, a board of advisors will provide the foundress with their management expertise. The advisors are:

1. Ana Lamares, Co-Managing Partner | Lamares, Capela & Associados
2. James Davey, product designer and visual artist

### Target Market

Surfers are people who put their passion and love into the sea. Every moment waiting for the perfect wave to be one with nature. The Surfboard being their tool to face the natural forces of the sea, dreaming of riding the perfect wave. Surfers see their boards as their most valuable asset and aim to ensure long board life wanting to protect it from environmental influences. At the same time, they are passionate about the protection of the seas, as this is their home port and sanctuary. ESCUDOs target group is very interested in the surf lifestyle as well as in topics such as social responsibility. The main target group are surfers in an age range from 24 till their mid 30's. The target group shows a tendency of being more educated and having higher income levels than the general public (50.000\$ – 99.999\$).<sup>56</sup> They incorporate the surf lifestyle in their daily routines, for example by wearing surf inspired brands. They also strongly pronounce environmentally friendly preferences and inform themselves about product origins and their brand promises before conducting a purchase.

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<sup>5</sup> SIMA (2016)

<sup>6</sup> Bicudo, P, Horta, A. (2009), p.1

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Competitive advantages

ESCUDO offers surfers the possibility to protect their boards by offering a product without using any new materials that could endanger the sea and marine life by taking the plastic ocean waste out of the seas and processing it into new and useful products. ESCUDO combines sustainable values with smart branding in order to engage the next generation of buyers and answering to market demands. Following the sustainability imperative, the focus production lays on environmentally friendly materials. By using stable and recycled fabrics made of ocean waste in the manufacturing process ESCUDO guarantees high quality and long product life entering the surf world with new, innovative and environmentally friendly surfboard covers. ESCUDO is the first surfboard cover brand to introduce these materials to the market and also stands out from competitors due to unique and individualistic designs.

## Financial projections

Based on the size of the market and the defined market area, the venture is expected to reach the Break-even point in the first operating year in month 7 with sales projections for the first year of 306.800€. From year 1 to year 2 a growth rate of 5% is projected and from the second to the third year of 10%. An operating line of 30,000 € is required to finance the first-year growth and to have sufficient funds for security backup reasons. This capital is gathered through own funds of the foundress as well as borrowings from friends and family.

## Objectives

- To establish itself as a sustainable, premium surf accessories brand targeting surf enthusiasts between 25 and 34.
- Help fighting the pollution of the sea by recycling plastic waste into new and useful products.
- To sell more than 9000 products by year two, providing high quality surfboard cover with individual and unique designs for people that want to protect the environment and at the same time have an interest in being fashionable.
- To reach a break-even point by the third quarter of year one.

## Sumario executivo

A indústria do surf deixou de ser um nicho de mercado, e nas últimas décadas tornou-se uma indústria multimilionária com alto potencial de crescimento. O surf está na moda. Está cada vez mais no foco devido às médias sociais e cada vez mais pessoas se inspiram e se identificam com esta prática desportiva designada como subcultura.<sup>7</sup> O principal produto para a prática deste desporto é a prancha de surf. Para conseguir uma longa vida da prancha, as pranchas de surf precisam de coberturas protetoras, para evitar danos causados pelo sol ou pelo transporte. O mercado das capas para pranchas de surf é pouco explorado e as alternativas disponíveis são frequentemente dispendiosas, ao mesmo tempo que a sua qualidade é baixa e os designs mostram falta de inovação. Atualmente, poucas marcas oferecem coberturas para pranchas de surf, nenhuma oferecendo produtos feitos de materiais sustentáveis, criando uma entrada lucrativa no mercado de surf. ESCUDO é uma nova marca de cobertura de pranchas de surf e o foco da marca é fornecer capas elegantes, de alta qualidade de matérias feitas a partir de resíduos oceânicos.

A sede da ESCUDO situa-se na cidade de Lisboa e os produtos são fabricados no norte de Portugal. Lisboa, é estrategicamente escolhida como mercado de entrada porque é conhecida entre os surfistas como um paraíso para surfistas, oferece fácil acesso a destinos de surf e é bem conhecido como um “hotspot” turístico.

ESCUDO combina valores sustentáveis com branding inteligente para envolver a próxima geração de clientes e responde às exigências do mercado. A sustentabilidade está no centro da identidade da marca ESCUDO, não só para se diferenciar dos concorrentes, mas também para dar um contributo para a proteção do planeta.

### O produto

Cada uma das coberturas ESCUDO surf covers é única porque os materiais utilizados no processo de produção são sempre um pouco diferentes. Os produtos são fabricados à mão na fábrica do Porto, um de cada vez. As coberturas de surf ESCUDO são um produto inovador e de alta qualidade, adaptado às tendências e necessidades da comunidade surfista.

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<sup>7</sup> Bicudo, P, Horta, A. (2009), P. 1

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Mercado Alvo

O grupo-alvo da ESCUDO está muito interessado no estilo de vida do surf, bem como em temas como a responsabilidade social. O principal grupo-alvo são surfistas entre os 24 e os 30 anos. O grupo-alvo mostra uma tendência de ser mais educado e ter níveis de renda mais altos do que o público em geral (50.000\$ - 99.999\$).<sup>8</sup> Eles incorporam o estilo de vida do surf em suas rotinas diárias, por exemplo, usando marcas inspiradas no surf. Eles também pronunciam fortemente preferências ambientalmente amigáveis e se informam sobre a origem dos produtos e suas promessas de marca antes de realizar uma compra.

### Vantagens competitivas

A ESCUDO oferece aos surfistas a possibilidade de protegerem as suas pranchas, oferecendo um produto sem utilizar novos materiais que possam pôr em perigo o mar e a vida marinha, retirando os resíduos plásticos dos oceanos e transformando-os em produtos novos e úteis. Ao utilizar tecidos estáveis e reciclados feitos de resíduos do oceano no processo de fabricação, a ESCUDO garante alta qualidade e longa vida do produto. A ESCUDO é a primeira marca de capa de prancha de surf a introduzir esses materiais no mercado e também se destaca dos concorrentes devido a designs únicos e individualistas.

### Projeções financeiras

Com base no tamanho do mercado e na área de mercado definida, espera-se que o empreendimento atinja o ponto de equilíbrio no primeiro ano operacional do mês 7, com projeções de vendas para o primeiro ano de 306.800€. Do ano 1 ao ano 2 é projetada uma taxa de crescimento de 5% e do segundo ao terceiro ano de 10%. É necessária uma linha operacional de 30.000€ para financiar o crescimento do primeiro ano e ter fundos suficientes por razões de segurança. Este capital é recolhido através de fundos próprios da fundadora, bem como empréstimos de amigos e familiares.

### Objetivos

- Estabelecer-se como uma marca de acessórios de surf premium sustentável, voltada para entusiastas do surf entre 25 e 34 anos.
- Ajude a combater a poluição do mar reciclando resíduos plásticos em produtos novos e úteis.

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<sup>8</sup> Bicudo, P, Horta, A. (2009), p.1



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

- Vender mais de 9000 produtos até o segundo ano, fornecendo capa de prancha de alta qualidade com desenhos individuais e exclusivos para pessoas que desejam proteger o meio ambiente e ao mesmo tempo têm interesse em estar na moda.
- Alcançar um ponto de equilíbrio até o terceiro trimestre do ano um.

## 2. Market Analysis

### 2.1. Changing retail landscape and consumption patterns

Over the past 100 years, the sports retail landscape has undergone fundamental changes.<sup>9</sup> Twenty years ago, there was neither the opportunity to shop online, nor was anybody in the possession of a smartphone. In the early 1990s, the development of online commerce began, and in 1993 the access to the largest, centralized information and communication platform was released for public use. The advancing digitalization has led to fundamental changes and the World Wide Web has become an outstanding communication medium.<sup>10</sup> Globalization, changing consumption patterns and new store concepts, changed the sports equipment landscape tremendously and nowadays it is possible to purchase sports equipment in a big variety of points of contact. Has it been common practice to go into a specialty sport shop in the past, to buy the equipment one was searching for, it is nowadays possible to purchase desired items in large wholesale or big e-commerce stores.<sup>11</sup> Although there are many possibilities to buy sports equipment, the specialty shop is still the most popular destination, where 74 % of consumers buy.<sup>12</sup> Sport equipment is one of the more complex product groups and is usually rather expensive to buy. Therefore, customers want to inform themselves extensively before making a purchase decision. This need for information and council is usually not sufficiently offered by large chains or online shops, therefore specialty stores are still the main choice for the purchase of sports and outdoor items. *“For example, tennis rackets have to be tried or at least picked up. It's the same with a ski helmet or sports glasses,”* says Ottmar Franzen, Managing Director of the market research company Konzept & Markt.<sup>13</sup> Nonetheless 47% of respondents also consider buying items online, giving the e-commerce also a big market share. The stores of known sports brands also play an important role: around one third of active

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<sup>9</sup> Giersemehl, F. (2019)

<sup>10</sup> Pwc.ch. (2019)

<sup>11</sup> Heinemann, G. (2019)

<sup>12</sup> Knauer, B. (2019)

<sup>13</sup> Ibid.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

sportsmen (35 percent) have bought here.<sup>14</sup> As a result, brand stores are still important sales channels for manufacturers, and at the same time they are important for brand promotion in public.<sup>15</sup>

Environmental and sustainability awareness of consumers has increased significantly in recent years. And in the outdoor and sports segment too, sustainability is increasingly becoming a trend topic. For example, 60 percent of sports people say that sustainability is important to them when making a purchase decision. If one asks for the understanding of "sustainability", it becomes clear that the focus is on the immediate benefit for the user in particular: long-lasting quality, natural, non-toxic materials and environmental friendliness.<sup>16</sup> Along with the desire for long-lasting materials and quality comes a willingness to spend more money on matching equipment.

### **2.2. Sports industry overview**

The sports industry is on a constant growth path and is estimated to grow to one of the biggest industries worldwide.<sup>17</sup> Sports has gained in importance as passive and active source of entertainment amongst consumers and they participate increasingly in sports activities due to the growing health awareness and as means to reduce stress. Statistics show that consumers progressively spend more on sportswear and accessories.<sup>18</sup> The trends of increasing health-consciousness amongst consumers is expected to stimulate the demand for athletic equipment even further.<sup>19</sup> Worldwide the sports equipment and accessory market showcases a robust growth and is characterized by adopting new technologies and incorporating changing trends. Especially the e-commerce sector is growing, since it is a popular retail medium nowadays offering consumers the possibility to compare different brands available across the sports equipment market. This industry is highly competitive, with established players in the market in retail, wholesale, e-commerce, sports stores and frequently new startups joining the market. Taking a closer look on the Portuguese market, the revenue in the Sports & Outdoor market amounts to 145€m. in 2019. The revenue is expected to show an annual growth rate (CAGR 2019-2023) of 6.6%, following the worldwide

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<sup>14</sup> Knauer, B. (2019)

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Alliedmarketresearch.com. (2019)

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

observable growth trends.<sup>20</sup> The positive growth trend can also be observed within the surfing industry, which makes up a small part of the sports industry.

From the general trends in the sports market, the surfing segment is of particular importance for the aim of this business plan to examine the feasibility of the founding of a new surf brand and to analyze if ESCUDO's products are responding to current market trends and could therefore offer future success potential. The detailed examination will also clarify corresponding structures, shed light on the background of this sport, and draw a clear consumer profile. This particular, closer look not only at the surf market but also an in-depth analysis of the country Portugal as potential entry market, is needed to ensure an accurate market and industry analysis to draw adequate conclusions whether a market entry is feasible.

### 2.3. Origins of surfing

There is no exact source that could pinpoint who exactly invented the sport of surfing, but the sport is known to find its origins in Polynesia. Surfing per definition is *“the sport of riding waves in an upright or prone position. Surfers catch ocean, river, or man-made waves, and glide across the surface of the water until the wave breaks and loses its energy.”*<sup>21</sup>

The first versions of surfboards had little to do with the surfboards of today. These boards were huge in comparison and rather used to bridge distances between islands and the sport was prescribed more to the nobility of residents. Over the years the surfboard made a whole revolution and developed from rudimentary planks of wood to modern-day creations combining materials like fiberglass or polyurethane foam. This major advancement in board design started around the 1920s and since then progressed tremendously. The 1960s can be seen as the starting of the “golden era” for surfing and more and more people found their passion for this sport and lifestyle. Over the last decades the sport became more mainstream and increased in popularity.<sup>22</sup> Furthermore, the act of wave riding also evolved into several other board sports such as Skateboarding, bodyboarding, windsurfing or kitesurfing. For the sport of surfing a series of equipment is required. In general, the surfboard is the most important part of this sport. In addition, a wetsuit is needed to be able to

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<sup>20</sup> Statista. (2019)

<sup>21</sup> SurferToday.com, E. (2019)

<sup>22</sup> Rhodes, M., Stinson, L., Calore, M., Pardes, A., Stinson, L., Pierce, D. and Stinson, L. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

practice the sport in cold water. Another accessory is the Surf wax. It is applied on the surfboard to ensure the best possible hold and stability while surfing. Furthermore, surfers buy a leash to connect the ankle with the surfboard, to prevent the surfboard from drifting away in the water. Finns are another piece of equipment. These are attached to the surfboard and ensure that the surfboard can glide ideally in the flow as it cuts the water. Furthermore, many surfers also buy a surfboard cover or bag to protect the surfboard from environmental influences. This ensures that the wax on the board is not in contact with heat and sand, on the one hand to prevent the melting of the wax and on the other hand ensuring that no sand sticks to the wax. Reasoning behind this is to prevent abrasions on the body, which can be very uncomfortable, especially if, for example, the surfer does not wear a wetsuit.

### **2.4. The Surf Industry**

The surfing industry has long ceased to be a niche market, but over the last few decades became a multi-million-dollar industry offering high growth potential. Due to the proliferation of low-cost airlines, surfing paradises are accessible to more people nowadays, and as a side result, there is a growing trend and enthusiasm for surfing. Surfing evolved from a niche sport activity into a sport having elite athletes making careers out of a lifestyle sport. This activity has achieved to transcend global borders and brings together a community of people who are passionate about this sport and the ocean. It is widely seen as a way of life instead of only being a sport.<sup>23</sup> By the year 2024 the surfing market is forecasted to reach 10.3\$ Billion. According to Ponting and O'Briens<sup>24</sup> estimation, there are currently 35 million surfers, practicing their wave-riding activities in 162 countries<sup>25</sup>. The largest surf market worldwide is the US market, due to its long-established surf culture resulting in the largest base of surfers globally. According to the Global Industry Analysis Inc. report the major share of the surf industry growth is to be expected in the US and Europe. The data states that the market for surfing apparel in Europe is expected to surge at a compound annual growth rate of 6%. Europe accounts for the second largest revenue contributor in the surfing equipment market with approximately 4.5 million surfers.<sup>26</sup> Taken Portugal as an example there are around 212.000 people actively engaging in this market.<sup>27</sup>

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<sup>23</sup> The Roar. (2019)

<sup>24</sup> Ponting, J., & O'brien, D. (2014), pp. 309-312.

<sup>25</sup> Martin, S.A., & Assenov, I. (2008)

<sup>26</sup> Ken Research. (2019)

<sup>27</sup> Jornal Expresso. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### 2.4.1. Underlying reasons for growth and trends in surfing

The access to surfing spots is much easier than it has been in the last decades, since hidden surf spots are now accessible with public transport. A sharp increase in sports parks as well as artificial wave pools and technological innovations with focus on the development of high-performance surf-wear and gear triggered the growing interest in the sport even further.<sup>28</sup> Many people today are looking for slowing down their everyday lives in search for more meaningful hobbies. The image of the surfer projecting a new trending life style perfectly reflect this need of society and resulting in an increased number of people participating in the sport. Surfing is “In”. It is increasingly in the focus due to social media and more and more people inspire and identify with this partly as subculture designated lifestyle or practice of sport. Another noteworthy trend in the industry is the increase of women participating in surfing, leading to an increase in spending on fashionable surf equipment as well as surf gear.<sup>29</sup> With the increase in surfers, also an expansion within the economic value of the global surfing industry is visible. According to Buckley<sup>30</sup>, “surf-branded clothing” defines the core of the industry. Specific hardware such as surfboards, wetsuits, as well the travel lifestyle make significant contributions to the market.

### 2.4.2. The surf retail market

For a long time, the surf market was dominated by the three surf mega brands Billabong, Quicksilver, and Rip Curl. In recent years, however, these brands have lost in market share and sales potential dropped significantly.<sup>31</sup> The three big brands do not specifically focus their marketing activities on the surfer segment but try to attract a broad mass of people, even those who have never surfed in their life but buy those brands for fashion reasons. Therefore, they are perceived as mainstream. New market trends impact consumer behavior and their purchasing patterns. The megatrend "individualization" is a worldwide phenomenon and reflects the increasing desire of people for uniqueness and differentiation within products.<sup>32</sup> For the consumer markets, this development means a further fragmentation into smaller market segments, resulting in the end of mass markets and a comeback of the individualized product. Also, there is a paradigm shift from decentralized mass production towards the return of production to the place of consumption.

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<sup>28</sup> Anon, (2019)

<sup>29</sup> Ibid.

<sup>30</sup> Buckley, R. C. (2002a), pp. 406-411

<sup>31</sup> The Conversation. (2019)

<sup>32</sup> Allianz.com. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Consumers want individual, sustainable, high quality products and the prevention of environmental damage due to long logistics chains or harmful pollutants. These market trends lead the way for more fragmented brands to enter the market with a more tailored market positioning especially in the field of eco surfboards and wetsuits addressing the core surf consumer. In Portugal, for example, brands like Ericeira Surf & Skate or Dingit have established themselves and are competing against well-known brands. Surf brands are usually specialized in the sale of surfboards and with them they offer the accessories needed for the sport such as wetsuits and surfboard bags and it is possible to buy the products in a variety of stores. For example, many brands have their own online shops, where they sell their brand exclusively, or cooperate with e-commerce stores such as Surfdome or Mundo surf, providers that have a large selection of surf brands in their portfolio. The same pattern is also stationary, where products can be bought in big retail shops such as Decathlon. However, many of the small niche products can usually only be found in specialized surf shops, where the owners purchase the individual fragments of the assortment directly from the brands. Even though big retailers like Decathlon or Surf dome nowadays make it possible to buy surf equipment within an affordable price range, one must distinguish between the different buyer groups that purchase these products.

### 2.4.3. Primary research in the surf market

In order to gain a better understanding of the surf market in Portugal and especially the consumer behavior of the surfer consumer group, primary research in the form of industry expert interviews as well as a survey alongside a group of 79 surfers was conducted.

First, industry experts are interviewed in an open question format about their experiences and views on the surf market and their consumption patterns. Surf equipment shop owners, one Nazaré, one in the Costa da Caparica as well as Surf school owners, one in Peniche and one in Ericeira, were chosen as the industry experts due to their establishment in the market. The aim was to get estimates and suggestions about the surf market, to verify results from the literature analysis and to develop a questionnaire, to be presented to a larger group of surfers.

The industry expert interviews helped developing a snapshot of the consumer behavior as well as consumption patterns. Based on those interviews, some questions were modified, and others added questions added in order to create a survey with open and closed questions. The survey was conducted by the foundress of ESCUDO, and a group of 79 surfer was interviewed, in the age range of 21 to 50 with an equal split between 21-25, 26-30 and 31+. The split between male and

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

female being interviewed is almost equalized, with a slight majority of male making up the sample. For the survey people are selected who classify as surfers. In order to determine whether people identify as suitable study participants, screening questions are used. The survey took place on different beaches on the Costa de Caparica and in Peniche, where the foundress interviewed surfers and digitally recorded the answers in an online questionnaire.

### 2.4.4. Primary research results

Taking this primary research into account, the results state that experienced surfers tend to shop in small local specialty stores, whereas surf beginners often resort to cheap items from large chains.<sup>33</sup> This is mainly because more professional equipment has a higher price and many beginners first try out if they really develop a passion for the sport before they invest a lot of money. Therefore, the choice of the shop is not necessarily dependent on the product in general, but on the level of experience of the athlete and the commitment to the type of sport. Also, the primary research results support the literature findings and trends within the general sport equipment market, that consumers prefer to buy equipment in specialized equipment stores instead of big chains. So, stated 55,7 % state that they prefer to buy in local specialty shops, instead of big retailers or online. As reasons for this preference, the efficient advice and expertise provided by the retail personnel are stated. The possibility of direct exchange of experience, since many shop owners tend to be surf enthusiasts that are familiar with the local surf conditions, make them good testimonials leveraging the likelihood of receiving tailored advice according to consumer's needs. Another reason named is that in the smaller stores the selection of available brands is considered better. Respondents state that they preferred to buy from smaller unknown brands than from industry leaders such as Billabong or Ripcurl. Also, convenience is mentioned as an important factor. These shops are mostly alongside the coast and are easily accessible. Broken parts or equipment needed at the spot, such as wax, can be purchased and utilized immediately.

### 2.4.5. Limitations of the study

The study was limited by the relatively small sample size and the resources available to the researcher. The results from the research conducted might not be representative for the whole surfing community in Portugal, as statistical tests require a larger sample size in order to ensure a

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<sup>33</sup> Market research results own survey (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

representative distribution of the population. However, generalization was not intended, since the study aimed to give a first picture of the product acceptance and also feedback generation about the interest in this new product to the market. In particular the qualitative interviews were conducted with a small sample of selected experts from the surf environment that happily agreed to talk about their practices and attitudes. Consequently, opinions of surf experts that did not want to share their opinion about the raised questions could not be included in the study. In addition, it was difficult to locate scientific sources in this field due to lack of research and publicly available data. Therefore, most of the data used for this work is based on research from the US, so generalizations that have been made may be flawed as there are some cultural differences between the US and Europe. In addition, two very important sources were not accessible, as they would have to be bought for a very large sum which was not possible with the financial framework of the researcher.

### **2.5. Surfers as consumer group**

For surfers, surfing is more considered a lifestyle than a sport.<sup>34</sup> Surfers are known as a consumer group that really engage in their lifestyle and showcase it through their purchasing patterns. They are highly known to buy surf related products also in their daily apparel, such as board shorts or sandals, or even drive vehicles that allow for reaching easily the best surf spots. They are in general physically fit and enjoy all kinds of water related activities. Surfers are willing to take travel experiences in order to search for the perfect wave and are known as to be “a unique tribe of nomads who have wandered this planet in search of rideable waves”.<sup>35</sup> Travelling is fairly common among surfers, and studies show that it is common for this group to embark on multiple surf trips annually. Surfers also tend to be highly educated, affluent and are able to afford high-priced vacations.<sup>36</sup> After the critical examination of several large studies specifically on the buying behavior of surfers, it was possible to draw a detailed overview of this specific consumer group. The most relevant criteria identified were drawn from the findings of the “SIMA surf industry study” as well as the “Surf rider Foundation study”. Unfortunately, these studies only refer to the US market, but because there are no studies specifically on the European market available, they are used as the

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<sup>34</sup> Formichelli, L. (2019)

<sup>35</sup> Dolnicar, S., Fluker, M. (2003), pp. 186-191

<sup>36</sup> Ibid.



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

source of analysis since the US surfing community is the world's largest, accounting for half of the global surf community of the overall market worldwide.

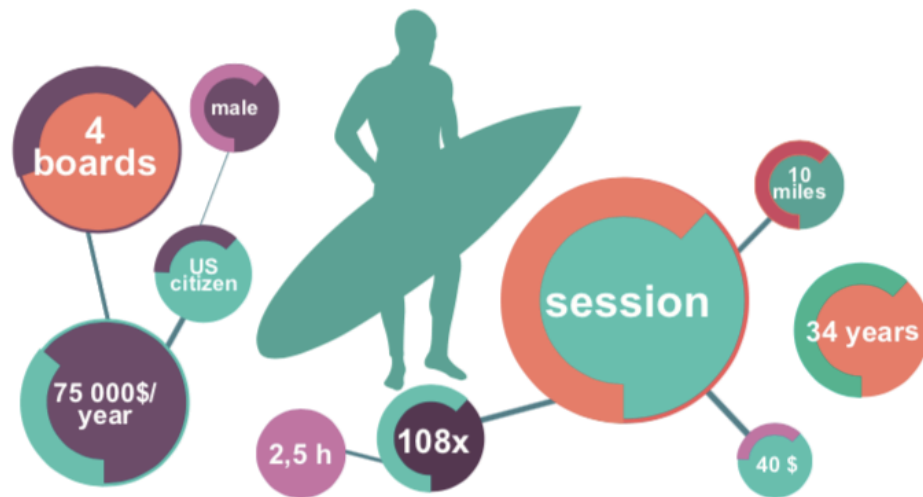


Figure 1: The average surfer profile (Source: Theseus.fi. (2019))

The average profile of a surfer that can be deduced from the Surf rider foundation sample\_of over 5,360 respondents is that surfers are avid athletes in their early 30's who are highly employed and well paid.<sup>37</sup> The target is a 34 year-old, well-educated and employed male earning \$75,000 yearly. This average surfer has around 16 years of experience, surfs 108 times per year, and spends an average of \$40 per surf session and their surfing-related spending benefit local economies. The surfers of the sample showcased a tendency of being more educated and having higher income levels than the general public.<sup>38</sup> Similar results can be found in the SIMA study about this group. But they give even more details which help tailor the target group even more which can be seen in Figure 2 and 3.

<sup>37</sup> Public.surfrider.org. (2019)

<sup>38</sup> Ibid.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“



Figure 2: The consumer profile of the core-influenced surfer (Source: SIMA (2016))

### Who they are

- Cluster 3 is predominantly made up of 25-34.
- This Cluster spends more in their last purchase than the other 3 clusters.
- Cluster 3 is the most interested in Going Surfing and Watching Surfing compared to the other clusters.
- This Cluster predominantly made their last purchase at a Specialty surf/Skate shop.
- The members of Cluster 3 wear "Surf Inspired" clothing All the time (at work, school, leisure...)
- Cluster 3 members are most likely to "Always research online first" before making a purchase.

Figure 3: Description of the consumer profile of the core-influenced surfer (Source: SIMA (2016))

### 2.5.1. Trends within the consumer group

The main consumer group of surfers is part of the generation of the millennials, born in the years from 1982-1996, that nowadays acts as the primary driving force behind the go-green revolution<sup>39</sup>.

<sup>39</sup> Forbes.com. (2019a)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

This generation is more demanding when it comes to values such as sustainability and protecting the planet from man-made damages. Growing up in a globalized world influenced by technological disruption, millennials tend to hold a differentiated worldview when compared to previous generations. They care for important causes, are increasingly looking for authenticity and being naturally opinionated sceptics questioning companies' motives and values.<sup>40</sup> The following Generation Z is on a similar pathway and even more aims for full information on a product or service before even beginning down the path to purchasing it.<sup>41</sup> In just a few years, by 2025, millennials will represent 75% of the workforce, having a spending power of \$600 billion each year in the U.S., and \$2.75 trillion in spending power globally.<sup>42</sup> Due to the increasing spending power of Millennials and the subsequent Generation Z those generations are particularly important for successful product deployment, making it important to focus on their specific needs and wants. Sustainability and climate change issues have become more mainstream and environmental protection as well as ethical consumption are widely discussed topics worldwide. The UN Millennium Goals<sup>43</sup> have laid a not inconsiderable foundation for this, and worldwide protests calling for global environmental protection, initiated by the activist Greta Thunberg, are inspiring people worldwide to rethink their consumption behavior. Environmental awareness is “In”, and sustainability is gradually being given a higher value. More and more attention is focused on the conditions under which things are produced, where they come from and what impact the production has on our environment. Sustainability is trending. Resulting in more demanding and better-informed customers, expressing their increased commitment to the protection of our planet. Consumers and especially the group of surfers, today increasingly demand products that do not harm the planet and are manufactured with ethical accuracy. And for this they are also willing to spend more money. Never before have so many people in digital media become aware of the sustainable lifestyle and get inspired. The debate on environmental protection and especially the abandonment or possibilities of recycling and upcycling plastic is a worldwide debated issue today. Every year around 8 million tons of plastic trash end up in the oceans around the world. As a result, the ocean currents have formed five gigantic, slow moving whirlpools where the plastic accumulates, called gyres. Majority of the plastic debris sinks or remains in the gyres, but also a significant percentage of it washes onto the worldwide coastlines.<sup>44</sup> Plastics have fatal

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<sup>40</sup> Ecosphere+. (2019)

<sup>41</sup> Medium. (2019)

<sup>42</sup> Ecosphere+. (2019)

<sup>43</sup> United Nations Sustainable Development. (2019)

<sup>44</sup> PARLEY. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

consequences for the environment, especially for the ocean. They not only harm the water quality, they are a threat to several marine species. Coral reefs die due to an increase of water acidity and also animals such as Turtles, dolphins or birds impose themselves in plastic and torture or confuse it with food and die from eating it.



Figure 4: Overview of the existing gyres worldwide (Source: Parley (2019))

Up to 1,000,000 seabirds and 100,000 marine mammals die each year from consuming our discarded plastics.<sup>45</sup> Plastic does not disappear, since it does not degrade, but breaks down into small parts, known as microplastic. Animals eat it and therefore it also gets into a human's cycle, since we consume the food. In the last couple of years of rising awareness is drawn to this phenomenon and especially the surfing community is increasingly active in starting initiatives for protecting the oceans since it's their habitat for doing their favorite leisure activity.

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<sup>45</sup> Sustainablesurf.org. (2019)

### 3. External Analysis

Globalization of the world and the internationalization of companies have made market entry strategies significantly more important in recent years. In order to be able to successfully open up new markets, companies need to be aware of the risks and opportunities and should use the best form of entry, according to the advantages and disadvantages of the market entry strategy and their own requirements. The following chapters take a closer look at Portugal in order to gain an in-depth market understanding, in order to adequately identify potentials, risks as well as strengths and weaknesses to draw the best possible recommendations for action and best practices for the entry into this market.

#### 3.1. PESTEL Analysis

##### Political factors

Portugal is a semi-presidential parliamentary democracy. The president is the head of state holding limited powers and the Government holding the key executive role. The president appoints the prime minister and the government is accountable to the Parliament and the president. The political leaders are Marcelo Rebelo de Sousa elected President since March 2016 and member of the PSD and Antonio Costa, Prime Minister since November 2015 and member of the Socialist Party.<sup>46</sup> According to the World Bank, Portugal is one of the most stable countries in the world.<sup>47</sup> During the economic crisis Portugal received funds and structural help by the Troika under the condition to perform structural reforms, to reduce expenses and increase public revenue. Since the implementation of this measures the country has recovered quite well. The number of unemployment decreased to 7.4 per cent, a large part of the troika debt has been paid off prematurely, and the budget deficit is currently at three per cent.<sup>48</sup> Furthermore, the implementation of a set of laws aiming the liberalization of the economy, via labor and accommodating fiscal Laws, brought a lot of foreign investment mostly from Europe and in equal parts from China and the USA to the country.<sup>49</sup> Portugal offers incentives for its citizens concerning the start of entrepreneurial ventures by offering special policy of loans for young ventures.<sup>50</sup>

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<sup>46</sup> GOV.UK. (2019)

<sup>47</sup> TheGlobalEconomy.com. (2019)

<sup>48</sup> Dw.com. (2019)

<sup>49</sup> Portugal Global (2018)

<sup>50</sup> Start-up Lisboa (2018)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Economic Factors

In the year 2018 the Portuguese economy grew 2,1 percent in comparison to the previous year, showcasing a positive trend. According to OECD, Portugal economic growth will be stable around 2% for the years 2019 and 2020 due to domestic demand and exports. Stronger labor market conditions have supported a slight increase in consumption and for 2020 the consumption is forecasted to remain stable as the unemployment rate falls. It is projected that due to raising labor cost a raise in inflation will take place. Positively is that the fiscal deficit is expected to disappear by 2020. Also, the debt-to-GDP ratio is on a firmly declining path. According to OECD<sup>51</sup>, the recovery of growth will be durable due to several factors. The structural reforms by the government encouraged growth and triggered a recovery of the Portuguese economy due to stronger private market demand. Also, the business sectors show more profitability and the number of hires increased. Portugal's growth in GDP is also supported by a strong export growth, its flourishing tourism activity and a lot of foreign investment in real estate<sup>52</sup>. Due to the introduced range of tax benefits for both EU and non-EU citizens in 2009, attaining residency is facilitated and financially lucrative. Aim of this tax benefits were to encourage direct foreign investment and to strengthen the Portuguese economy. The increased number of investments from investors coming from all over the world shows the effectiveness and can trigger further investments in the future.<sup>53</sup> Portugal, for its natural features, is a place of excellence for water sports, including surfing and the country is on track to position itself as a reference surfing destination in the world. Portugal is considered as the European country offering the best conditions for the practice of surfing and is the main surf destination in Europe with a 38.3% market share.<sup>54</sup> The clipping of the Portuguese coastline associated with regular consistent Atlantic ripples guarantees Portugal a unique quality, which is in no way behind the best areas of the world for surfing. Especially the surf centers of the Algarve region as well as Peniche, Nazaré, Cascais, Ericeira and the Costa Da Caparica are worldwide known spots of having the best waves on the European continent and are tremendously exposed to the public due to the increase of international surf competitions in those regions.<sup>55</sup> These coastal characteristics are unique and difficult to replicate, so this gives Portugal an opportunity to exploit a market that is increasingly expanding, and which has considerable financial resources. The study of the General Direction of Marine Policy, "National Strategy for the Sea 2013-2020", states that

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<sup>51</sup> OECD (2017)

<sup>52</sup> Ibid.

<sup>53</sup> Forbes.com. (2019)

<sup>54</sup> Jornal visao. (2019).

<sup>55</sup> Lush Palm. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

tourism associated with nautical activities may have a very strong increase in the coming years, for which the necessary support infrastructures will have to be created in an orderly fashion. These could be catalysts for the increase of sports activities, which in itself contribute to boost the sector and, at the same time, strengthen a communication and education policy that consolidates the image of Portugal as a country with a strong maritime identity.<sup>56</sup> For the last three decades the number of surfers has been growing at a nearly constant rate which can be seen in Figure 5, indicating that the surfing industry in Portugal maintains its potential to continue its development in the next decades.<sup>57</sup> The growing interest in surfing can also be seen in the rising number of surf schools in Portugal, which have grown at a dizzying pace over the last decade, being directly related to the growing tourist demand in this area and the image of Portugal as a surfing destination.<sup>58</sup>

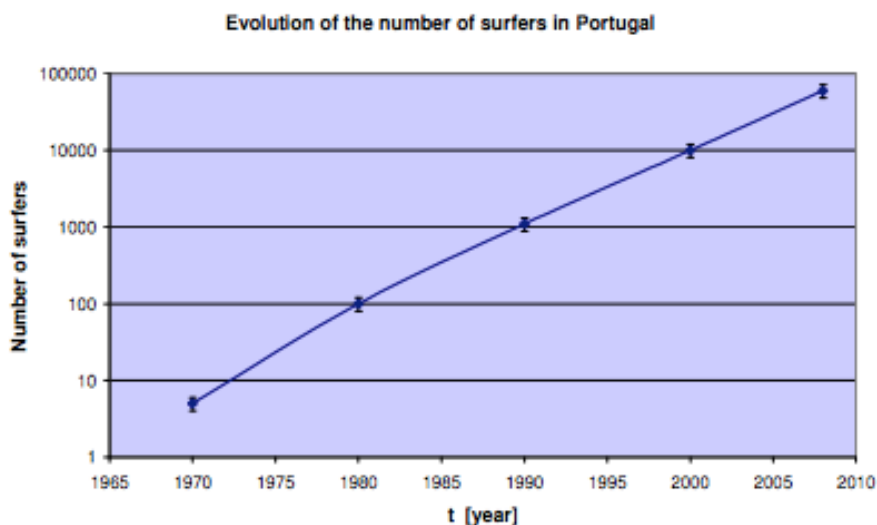


Figure 5: Evolution of the number of surfers in Portugal (Source: Bicudo, P, Horta, A. (2009))

Currently, the surf industry in Portugal amounts for about the 150€ to 200€ million of the total cash flow per year in the country.<sup>59</sup>

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<sup>56</sup> Campos A. (2016)

<sup>57</sup> Bicudo, P, Horta, A. (2009)

<sup>58</sup> Ibid. p.2

<sup>59</sup> Ibid. p.2

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Social Factors

Looking at The Human Development Index (HDI), an index used to measure a country's development by comparing and classifying the living conditions of different countries with each other, Portugal scores 0,84, placing the country at rank 41 out of 188. This showcases that the country encourages a long and healthy life, offering good living conditions and knowledge through a well-established educational system.<sup>60</sup> Positively to remark is the growing tourism in Portugal with a total number of 12.8 Mio. visitors in 2018. Travel and tourism contribute around 17.3 percent, or 33.5 billion Euros (\$41.1 billion) to Portugal's gross domestic product reached in 2017.<sup>61</sup>

Portugal is also facing some challenges. According to the Organization for Economic Co-operation and Development (OECD), Portugal has one of the highest Gini coefficients<sup>62</sup> amongst other OECD countries scoring 0.34<sup>63</sup> and showcasing a 25.0% at-risk poverty rate<sup>64</sup>. Since the global financial crisis, inequality has risen in Portugal creating new political and social challenges. Furthermore, Portugal has, with its average birth rate of 1.3 children per woman, the second lowest birth rate in Europe and is considered one of the lowest in the world. In the future this lack of new born children can result in difficulties maintaining their population size leading to a long-term demographic problem.<sup>65</sup> A forecast for the year 2030 states that 26% of Portuguese population will be more than 65 years old, and people older than 80 will double and reach over one million<sup>66</sup>. In order to properly manage and be prepared for the needs of the aging population, more investment in health care needs to be made. Due to increasing tourism, prices are rising. Nevertheless, the salaries in Portugal with a national minimum wage in 2019 of 600€ per month are considerably lower than in many other EU countries<sup>67</sup> and it is increasingly difficult for locals to live in more and more popular areas such as Lisbon or Porto.

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<sup>60</sup> United Nations Development Program (2016)

<sup>61</sup> U.S. (2019)

<sup>62</sup> Insee (2018)

<sup>63</sup> MarketLine (2017)

<sup>64</sup> Ibid.

<sup>65</sup> Theportugalnews.com. (2019)

<sup>66</sup> Gabinete de estratégia e planeamento (2017)

<sup>67</sup> Expat Guide to Portugal | Expatica. (2019)



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Technological Factors

The technological landscape in Portugal has changed tremendously in the last twenty years, with the country being one of the main providers of technological services in Europe.<sup>68</sup> Due to investments and reforms in the educational sector, the IT skills of workers in Portugal have increased and are well ranked across Europe. Portugal is also world famous for its textile sector and its good product quality, being one of the key industrial sectors in the country. The workforce is known to be outstanding, having technical and human skills ensuring an exceptional as well as distinctive work when it comes to products.<sup>69</sup> Furthermore, this sector is very targeted towards new designers with small collections and is known for a flexible and agile supply chain.<sup>70</sup> Labor and production cost in Portugal are low due to the fact that the country has one of the lowest minimum wages in Europe. Also, the price of electricity and natural gas is lower than the European average, supporting the steady growth of the textile manufacturing. Furthermore, in regard to the improvement of companies, the National Strategic Reference Framework (NSRF 2007-2013) encouraged the use and the investments in R&D<sup>71</sup>, showing as a result, a growing number in deposited patents.<sup>72</sup> However, compared to other Europeans nations, it is still much lower, demonstrating a lack of innovation culture. Nevertheless, a positive development in the direction of innovation and technology can be seen. In the last few years, Portugal has become a new start up hub in Europe and numerous investors and start-ups are settling in the country, especially in the capital Lisbon. Portuguese start-ups are also making successful investment rounds, which is emerging as a positive trend. Among the reasons for the increasing appeal in this direction are the presence of Web summit, one of the largest technology fairs in the world, as well as Portugal's low cost of living, workforce and tax benefits that make it attractive for start-ups and investors to invest in the country.<sup>73</sup>

### Environmental Factors

Portugal takes part in the Initiative fostered by turning the EU into a circular, resource-efficient, green and competitive low-carbon economy.<sup>74</sup> In 2015, the Portuguese Government adopted the Green Growth Commitment (GGC). The progresses the countries makes is monitored through the

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<sup>68</sup> The Portuguese American journal (2018)

<sup>69</sup> Sici93.pt. (2019)

<sup>70</sup> Theportugalnews.com. (2019)

<sup>71</sup> MarketLine (2017)

<sup>72</sup> Statistica (2017)

<sup>73</sup> Portugal Startups. (2019)

<sup>74</sup> Ec.europa.eu. (2019), p.6

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Environmental Implementation Review (EIR) in order to improve implementation of EU environmental law and policy. Portugal has made progress towards waste management, but the country has yet to achieve the EU's target of recycling 50% of municipal waste by 2020. Based on 2017 data, the overall recycling rate only reached 28%. In terms of water management, Portugal achieved progress in recent years, but challenges remain, for instance with water governance and the need to close gaps in water investments, specifically for waste water. Positively to report is that the country has taken additional measures regarding forest management as well as the prevention of forest fires. For instance, the National Forest Strategy has been updated and significantly improved.<sup>75</sup> Altogether Portugal achieved the 70th place out of 180 countries on the EPI in 2016. This position is still unfavorable in comparison to other EU members and is considered to be needing more efforts and funds provided by the government regarding environmental longevity legislation. All-over spending on environmental improvements have not been a top priority of the Portuguese government and must be tackled with more effort in order to achieve the ambitious environmental goals. However, considering the interest within the Portuguese population, there is evidence of a clear trend towards a healthier lifestyle and increasing sustainable awareness.<sup>76</sup> Another interesting factor is that in Portugal there are very strict laws regarding environmental issues in place, forcing producers to reduce energy consumption as well as regulating and prohibiting dyeing products that could be potentially harmful for the environment.<sup>77</sup> Products carrying the tag “Made in Portugal” represent a symbol of quality and reliability, implicating that the product is made within an environment that is socially and ecologically responsible.<sup>78</sup>

### Legal Factors

In Portugal, the judicial power is independent relying upon a series of courts based on the last Constitution reform of 1982. Portugal is a free market economy and foreigners are welcome and no special restrictions apply to foreign shareholders or directors. Portugal has agreements with over 50 other countries for the reciprocal protection and promotion of investments, and agreements with 79 countries for the avoidance of double taxation.<sup>79</sup> In 2013, the Portuguese government released a reform that simplifies the creation of entrepreneurial ventures, called the “Empresa na hora”<sup>80</sup>

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<sup>75</sup> Ec.europa.eu. (2019), p.2

<sup>76</sup> Textile News, Apparel News, RMG News, Fashion Trends. (2019)

<sup>77</sup> New Europe. (2019)

<sup>78</sup> Amalia Home Collection. (2019)

<sup>79</sup> Belion Partners. (2019)

<sup>80</sup> Empresa na Hora (2018)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

(Company in an hour). This reform tremendously reduced administrative burdens as well as expenses for a company creation. With regard to tax legislation, the company's income tax normally amounts for 21% but is reduced to 17% for the first 15,000€ imposable income. Consumer protection in Portugal is quite high, since Portugal follows the EU framework and applies also the Portuguese protection law, meaning that in every shop exists a book of reclamation where customers can write the issues they face<sup>81</sup>. This reclamation must be addressed within 10 working days, otherwise there can be penalties.

### **3.2. Porters 5 Forces**

The surf market is a considerably mature market that shows no signs of decline. People show an increased interest in the sport and the industry has experienced a steady growth in the last couple of years.<sup>82</sup> Within the surf industry exist a couple of major established, well known surf brands, offering a broad product portfolio. The competition between surf equipment manufacturers can be considered moderate to high. Competition among sellers in order to gain market share exists in areas such as new technologies, quality, product performance, price, design and usage of sustainable materials, however there are untapped niche markets making it worthwhile for potential new companies to enter the surf equipment business. The purchase price is an important factor affecting the consumers, thereby creating natural competition between manufacturers. To reduce production costs and to stay price competitive, surf equipment manufacturers have partnered-up with specialized retailers and e-commerce stores to reduce the dominance of large chain stores over smaller surf equipment stores in terms of price and product offerings.<sup>83</sup>

The threat of new entrants in the surf equipment industry is weak to moderate. Barriers to companies trying to enter the market contain economic, technological, and brand loyalty related obstacles. One of the greatest obstacles to overcome in order to enter the surf equipment market is the consumers' loyalty for existing brands. New companies trying to establish themselves in the market need to react to existing market trends, to consumers' buying habits and to try to break their commitment to existing brands. In order to successfully introduce a new product within this market,

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<sup>81</sup> Dias, R. (2017)

<sup>82</sup> SIMA (2016)

<sup>83</sup> McGraw-Hill, D. (2000)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

it is key to differentiate with an outstanding market positioning and to find the right balance between perceived quality and price of the product.

There are different challenges for surf equipment manufacturers in terms of competition from substitutes. Companies face direct competition from other brands producing the same product types. As the surf market is already a mature market, the entry of new substitutes is considered to be relatively low. The key point in order to fight substitute products is to offer distinguishing features resulting in a Unique Selling Proposition (USP). Of course, there is a danger that competitors could try to copy distinguishing product features. In order to counteract this threat, there is a need to establish a clear brand positioning in the market.

The power of suppliers in the surf equipment industry is weak to moderate. A supplier's leverage in the market increases when a specific product offers a unique feature or technology. Most big surf companies source their products from third world manufacturers in order to leverage prices. Suppliers are easily replaceable, since there are so many different alternative providers available on the market. As a result, the input prices for this industry can be considered relatively low and will most likely stay like this until the global development gap will close up significantly. However, looking specifically at the supplier's market for the raw materials ESCUDO would need for its surfboard covers, supplier power is considerably higher due to the reliance on sustainable resources for the production.

The power of buyers in the surf equipment industry is strong. Buyers can choose to indirectly push down prices within an industry by refusing to buy products or to switch to other available retailers offering similar products. Especially in times of globalization, consumers are well interconnected and communicate with each other through social media. Their influence is strong, and companies exposed of making ethical mistakes can quickly suffer tremendous reputation damage. Furthermore, since retail customers have various alternative locations or online channels where they can shop, they have little incentive to stay with one particular company, when they are not satisfied with the offered products or the available pricing policy. Therefore, they can easily switch in-between brands, giving them plenty of indirect bargaining power. To mitigate those risks, companies have to build long lasting relationships with consumers to remain competitive in the market.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Driving forces

Innovation through Research and development is an important driving force in the surf equipment industry. To remain competitive in the market, investment in research and development is crucial in order to differentiate a brand or product and win over customers from competitors. Another driving force are the potential points of contact where products can be purchased. Nowadays consumers purchase products not only in brick and mortar stores, but also online. Having an omni channel sales approach allows consumers to buy the products in a variety of points of contact, increasing the possibilities and the likelihood to purchase it. Choosing an efficient distribution network by working together with retailers also helps to keep administrative costs low.

### Key success factors

There are different important factors for companies in order to be successful in the surf equipment industry. One of big importance is the area of product quality and usage of materials. Key trends in the industry are the growing use of sustainable materials as well as product longevity. Also, building a good reputation as well as brand loyalty through good customer relations is extremely important for the success in the surf equipment industry. A good reputation is especially important to be recognized in the market. In return, the reputation will increase a company's customer base resulting in more income. Furthermore, providing excellent customer satisfaction is another way how a company can differentiate itself from the competition.

### Overall attractiveness/unattractiveness of the industry.

The demand for surf equipment has been on a steady rise, which adds to the overall attractiveness of the market. Furthermore, the surf industry can be considered attractive as it offers large profit potential, industry growth potential, increases global demand, relatively low entry cost, and low risk of failure experienced by the established companies that dominate the market. There is a significant profit and growth potential for companies entering in the surf equipment industry. In order to realize that potential, companies need to fulfill the key success factors discussed previously. Like in any other industry, surf equipment manufacturers face their share of challenges and difficulties. But overall, as long as people will continue in conducting this leisure time activity, there will be a market for surf equipment and that is not likely to change any time soon.

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## 3.3. Competitive Analysis

For the competitor analysis, the best-known brands in the surfing sector are taken as the basis and further analyzed in regard to their product portfolio. Also, an analysis of the different retail stores in the greater Lisbon area having surfboard bags or socks within their product range takes place in this chapter.

### 3.3.1. Analysis of surfboard brands

The product portfolio of the different surfboard brands is analyzed with regard to the presence of surfboard covers within their product portfolio. Here, the comparison focus is primarily on the materials used, the quality and especially the price structure. There are a variety of surf brands on the market, each trying to position itself as special and to differentiate itself from its competition. However, it is striking that the majority of the brands have the clear focus on the product “surfboard”. The focus of the brands market positioning is mostly on the production methods and materials used for the surfboard itself. The Competitor analysis of the most well-known surf brands shows that of the 30 brands examined, only 17 brands produce and sell surfboard covers and bags.



Figure 6: Different competitors within the surf industry (Source: Surfd. (2019))

This showcases that this specific market is little exploited and has so far been penetrated by only a few providers. Only four providers have increasingly embarked on the offer of surfboard covers. These suppliers are active on portals such as Etsy and Amazon. The products offered by these

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

providers are most likely to be seen as a direct competitor to ESCUDO. However, ESCUDO's product offers two key benefits: first, a lower price and its USP – using only sustainable materials.

Pricing and who offers it

Competitor Brand	Surfboard sock (price)	Surfboard bag (price)
Quiksilver	39-46€	59-79€
Billabong	-	69€
Olaian (Decathlon)	-	35-100€
O'Neill	-	-
RVCA	-	-
FCS	-	77-225€
Volcom	-	-
Creatures	47-69€	-
Ripcurl	35-45€	90€
Channel Islands Surfboards	-	79€
Patagonia	-	-
Dakine	38-50€	65-90€
Al Merrick	35€	-
Vissla	-	-
Mar	35-45€	-
Firewire Surfboards	-	-
Deus Ex Machina	-	-
Oakley	-	-
Ocean & Earth	47-86€	75€
Wave Tribe	49€	-
North Core	32€	65€
AliExpress	18-24€	49€
Danglintoes (ETSY)	55€	-
Awayoutdoors (ETSY)	79€	-
Kauskaki	77 – 150€	
TheAtlanticOcean	145-168€	-

Table 1: Pricing structure of surfing brands (Source: own research)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

The competitor analysis shows that there are only a very limited number of brands that offer protective covers for surfboards in their product range. Even most surfboard manufacturers do not offer these. If one compares the surfboard covers offered by the large manufacturers, one can differentiate roughly between two types of protective covers: surfboard carrying bags and surfboard socks. Surfboard socks are cheaper priced than the surfboard carrying bags and are usually made from terry knit. They can be stretched like a sock over the board and should protect it from environmental influences. However, the material used is mostly terry knit, which is not as resistant as it is a very thin material. The designs hardly differ from manufacturer to manufacturer. At first glance they differ only by the logos used. Mostly there is a unicolor or a simple striped design used, reminiscent of a striped sock (usually in blue, Ripcurl offers a bigger range with pink shades to meet the taste of women). Generally, the designs are very simple and rather in muted tones. There are also some very low-cost providers such as AliExpress or the Northcore. The materials and designs used by those competitors are lower in quality compared to other competitors.



Figure 7: Quicksilver Surfboard Sock (Source: Quicksilver.pt. (2019))



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“



Figure 8: Ripcurl Surfboard Sock (Ripcurl.eu. (2019))



Figure 9: Aliexpress Surfboard Sock (Source: aliexpress.com. (2019))

Surfboard carrier bags are made of sturdier materials (poly canvas) and are usually coated on the inside to protect against heat (at least the models in the higher price range from 80€ upwards). Again, the designs are very functional and monotone. The color palette ranges from plain white to dark blue and black. Sometimes, the heat absorbent material is used on the outside, so that the metallic part is also visible on the outside.



Figure 10: Ripcurl Surfboard bag (Source: (Ripcurl.eu. (2019))

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“



Figure 11: Aliexpress Surfboard bag (Source: aliexpress.com. (2019))

What is missing from both, surf sock and carrying bag offered by known brands, are really colorful, individual designs and alternative materials. For this reason, the competitor analysis also looks upon more unknown providers. There are some niche providers existent in the market, for example on the Etsy online platform, which is an e-commerce website selling vintage or handmade items as well as factory-manufactured items. Three providers are selected that offer slightly more colorful designs made of different materials. However, the price range stands out clearly from the larger brands. Danglingtoes, offers very simplistic design with a price range starting from 55€ but in contrast to the mass design they have more diverse all-over print patterns. Kauskaki offers different designs using various fabrics in one board cover and a bigger material scale such as Scuba, Cotton lycra, and neoprene padding. And finally, theAtlanticOcean offers bags that are different in design and shape. They are not like the sock design that is just stretched over the board. Their design is more like a real bag, which can be closed in the end with a cord. With a price range from 145 – 168€ they are very expensive when compared to the other providers but can be distinguished by their more innovative design and more robust materials such as canvas and genuine leather.

Further results from the primary market research

The conducted analysis of the competition, in particular their pricing structure and product selection, is used to further develop questions to include in the primary research study addressed in chapter “Primary market research”. The competitive analysis reveals insights about the market. On the basis of the analysis, additional questions with special focus regarding brand perception and existing market alternatives are developed and included in the survey. Furthermore, the respondents are asked questions about their perception of existing products and brands on the market and asked to evaluate a product sample of ESCUDO. The exact questions of the survey are found in “Annex

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

2: Survey Questionnaire”. The results obtained from the research help to analyze the acceptance and potential of the idea behind the ESCUDO surfboard cover in the surf market. Furthermore, it is possible to gather feedback to further optimize the product and define an ideal niche position for the product. The research results further confirm that there is a definite market for ESCUDO products and further help to gain insights for future product development.

The most frequent answer of the respondents about the quality of the existing surfboard bags, is that they are not satisfied with the existing materials. The design of the surf sock, for example, is not ideal, because the material rests too close to the surfboard. With elevated temperatures the wax melts and the material sticks to it, which is very impractical, as it is difficult in this way to get the board back in or out of the sock. Furthermore, the surfboard socks offer no carrying possibility, which is inconvenient when the board must be transported by public transport or over longer distance to a specific surf spot. In addition, the designs are criticized as “boring” or “not innovative” by the interviewees. The materials that are used for the surfboard do not satisfy the users, because of the above-mentioned issue of the material coming into contact with the surfboard wax. The material is also unsatisfactory in terms of the lack of longevity of the material in general, as it fails to withstand the constant exposure to the sun, sand and salt water and changing temperatures. When asked how important sustainability is for the respondents, the vast majority is very interested in protecting the oceans, and in general, also mostly follows a healthy lifestyle and tries to prevent unnecessary waste. When asked whether they would buy a product from recycled material, the majority of respondents agrees with yes.

In order to determine the price acceptance before entering the market, the questionnaire participants are also asked whether they would classify the price of 59€ as justified or which range is considered appropriate and what they would pay for such a cover. With this type of research, it is possible to determine the potential customers willingness to pay for the product in order to determine the value they see in ESCUDO's surfboard covers. A product sample is presented to the respondents and product advantages briefly explained. Results of the research show that 89 percent of the study participants considered the price justified, with 37 percent even being prepared to pay more. Only a minority of 7 percent considered the price of the product too high. By finding out how much people are willing to pay for ESCUDO's product and what features they want within the product, ESCUDO will not only be able to give customers what they want, but the likelihood of attracting and retaining these customers is better.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

As a result of the interviews, the original surfboard cover is adapted based on further insights and comments of the interviewees, to represent consumer wishes. Thus, the inside of ESCUDO's surfboard bag is now lined with a heat-resistant material, which prevents the wax from heating up inside and coming into contact with the fabric, so that no sticking is possible. In addition, there is now a small extra bag sewn on the outside of the bag, which makes it possible to store small things, such as the surfboard wax, sunglasses or a wallet. An integrated shoulder strap is added, making it possible to transport the board comfortably.

### 3.3.2. Analysis of stores in the greater Lisbon area offering surf products

This section analyzes which stores within the greater area of Lisbon have surfboard bags or socks in their portfolio. In addition, it will be discussed which brands are offered in which stores and which stores are best suited for ESCUDO to address as potential partner stores at market entry.

#### Despomar

Despomar is Portugal's largest and leading provider of surf equipment. It is a Portuguese company that works predominantly in the surf and board sports market. Nowadays, it divides its activity into two business areas: distribution and retail. In distribution, the portfolio of brands represented by Despomar in Portugal extends to all brands of the GSM International group. Operating in Portugal, Despomar has 34 stores open to the public, featuring 3 different concepts with a focus on action sports and urban fashion: Ericeira Surf & Skate, Billabong and 58 Surf.<sup>84</sup> Despomar itself does not produce surfboard socks or bags, they only have recently launched their first clothing line which is exclusively sold within the Ericeira Surf & Skate Shops. It is also possible to purchase products online via Ericeira Surf & Skate and 58 Surf, since both brands have their own online web presence.

Ericeira Surf & Skate currently has 23 physical retail stores in mainland Portugal and the Islands, and an online store. Within the brand portfolio are three different brands that produce surfboard socks or bags: Billabong, FCS and Dakine. The price point and the designs of those brands are discussed in the previous chapter. The other brands represented via Ericeira Surf & Skate offer surfboards, other surf related equipment, clothing or products related to the skateboard sport. Billabong represented and operated in Portugal through Despomar. Within this shop only products

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<sup>84</sup>Surf, 5., Skate, E., Stich, M., Footwear, S. and Wetsuits, X. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

out of the Billabong brand portfolio are sold. This also includes surf board socks and surf board cover.

The 58 Surf Shop offers surfboard socks from the brands Creatures, Mar, Al Merrick and Dakine and surfboard bags from the brand FCS and Dakine in their portfolio. Those brands and their price point are mentioned as well in the previous chapter.

### Decathlon

Decathlon is the largest sports manufacturer in the world with currently 30 big wholesale stores in Portugal. In Decathlons product range are only surfboard bags, from its own brand Olaian. There are no other brands offered in the assortment.

### Small single-owned surf retailers

The collective surf shop, Lufi Surf Co, Matta Factory and Sun Moment Surfshop, are all small retail stores alongside the coast of the Costa da Caparica. They specialize in high-end surfboards, wetsuits and add-on products for the surfboard, such as finns. Nonetheless in their product range are also surfboard socks and bags from the brand Dakine, FCS and the Northcore. Other brands are currently not in their portfolio. The Store Dingit currently only offers surfboard bags from their own brand and does not have any other brands or surfboard socks in their product range. The store Underground Surfspot and the Matta factory currently do not offer surfboard socks or bags. The owners of the shops were the ones interviewed for this study and expressed an interest in the ESCUDO product to be included in their product range.

All the brands that are offered in the different stores have already been analyzed in the previous chapter for their materials, designs and pricing. As stated in the previous analysis, ESCUDO differs from these brands in its Unique Selling Proposition. Since ESCUDO is a high-end niche product at market entry, ESCUDO initially wants to work only with small surf retailers such as The collective surf shop, Lufi Surf Co, Matta Factory, Sun Moment Surfshop, Underground Surfspot and the Matta factory. Working with individual stores makes it easier to be listed as a product, and they are best suited to establish ESCUDO in the marketplace. Through the partnerships, it is possible to estimate sales tendencies and to generate close long-term partnerships. ESCUDO is still far too small to work with major retailers like Despomar or Decathlon, as the supply chain is not

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

yet flexible and stable enough. Therefore, opportunities to be listed in the assortment are very low and also not reasonable for the start of the business.

In the long term, a distribution partnership could be realized with Despomar, but ESCUDO first has to establish itself successfully in the market and produce a significantly larger number of goods. Decathlon does not qualify as a potential partner because this provider is not attracting the target audience of ESCUDO, nor does it represent ESCUDO's ethical values. Decathlon sources their products in low-cost countries, thus has a tremendous impact on the environment. Being listed in a chain like this, ESCUDO would put at risk its credibility since it is completely counteracting the core values of ESCUDO.

### 3.4. SWOT Analysis

In order to establish an adequate business strategy and position in the market, ESCUDO needs to create opportunities and counter threats by making the most of its strengths and addressing its weaknesses.<sup>85</sup> It is crucial for the survival of a business to be aware of possible external threats, to make adequate plans to counteract them. By acknowledging its weaknesses, ESCUDO will be able to improve and manage them, which can play a key role in setting objectives and to develop new strategies. Furthermore, to defend against threats in the market, it is important to generate new ideas, on how to counteract them. In the following table Strengths, Weaknesses, Opportunities and Threats are listed that could arise and have direct impact on ESCUDO's Business.

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Competitive advantage due to unique and environmentally friendly product materials</li><li>• Increased trend to use materials made from recycled ocean waste<sup>86</sup></li><li>• Small company size: Flexible and fast</li></ul>	<ul style="list-style-type: none"><li>• Missing brand awareness:<ul style="list-style-type: none"><li>○ Small company size: Limited resources and slow market introduction</li><li>○ New and yet unknown product</li></ul></li></ul>

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<sup>85</sup> Circleinternational.co.uk. (2019)

<sup>86</sup> Global Opportunity Explorer. (2019)

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

<ul style="list-style-type: none"> <li>• Founder has experience working with staff, both nationally and internationally</li> <li>• Scalable: it is possible to increase production rapidly</li> <li>• Market demands for sustainable and individualistic products</li> <li>• “Made in Portugal” strengthens the products perception, as it stands for good quality and innovation</li> <li>• Lower ecological footprint in the supply chain compared to competitors due to proximity to supplier</li> </ul>	<ul style="list-style-type: none"> <li>• Capital-intensive: Development and production of product and required investments</li> <li>• At the moment the company has a very low market share compared to its competitors</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Increased environmental awareness and usage of eco-friendly products</li> <li>• The demand for environmentally conscious products is there, with 72% of Generation Z women stating that it is imperative to buy brands that are environmentally friendly<sup>87</sup></li> <li>• Large and growing consumer base due to upswing in the surf industry</li> <li>• Next generation of sustainable accessories: Early adaptors could spread the word</li> <li>• Brand meets the spirit of the times and takes the issue of sustainability to the primary responsibility and can thus</li> </ul>	<ul style="list-style-type: none"> <li>• Copy cats: Big competitor brands could copy the idea and use leverage power to offer the products cheaper</li> <li>• Fake imitations and replica products could affect branding and sales</li> </ul>

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<sup>87</sup> Conlon, S. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

<p>exploit yet unimagined growth potential</p> <ul style="list-style-type: none"> <li>• Expansion through larger consumer base through omni channel approach</li> <li>• Focus and concentration on brand-building of its new, sustainable product lines which are yet to gain popular attention</li> <li>• The company can explore new markets and sponsor emerging competitions where the sport is growing</li> <li>• Diversification of the product portfolio, such as changing towels, bags and other beach and surf accessories</li> </ul>	
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Table 2: SWOT Analysis on ESCUDO (Source: own research)

### 3.5. Unique Value Proposition of ESCUDO

*“Wild places are where we began. When they end so do we.”<sup>88</sup>*

For ESCUDO the love for wild and beautiful places also demands participating in the efforts to save them. ESCUDO is a sustainable brand dedicated to nature conservation. The first step towards sustainability is to cause no unnecessary harm. Therefore, the entire supply chain of ESCUDO is geared so that the ecological impact is kept as narrow as possible. The same principle is used throughout the whole production process. ESCUDO's supply chain is fully traceable and publicly viewable, since transparency, alongside with sustainability, are ESCUDO's core brand values. All ESCUDO products are made from marine litter that has been cleared out of the sea. ESCUDO applies within his production process the idea of the circular economy, looking beyond the current take-make-waste extractive industrial model<sup>89</sup>, which is causing horrendous environmental

<sup>88</sup> Baillie, J.E.M. & Butcher, E. R. (2012)

<sup>89</sup> Ellenmacarthurfoundation.org. (2019)



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

impacts. The principle of the circular economy is based on the idea of a fully renewable, global supply and trade chain, which manages without the consumption of finite resources. There is no waste or garbage in the cycle supply chain; there are only existing resources that can be used over and over again. The beauty behind ESCUDO is the idea that materials that pollute the ocean and put animals at risk, are transformed into a product that from now on protects the surfers most valuable equipment: its surfboard. Apart from its sustainable production process, ESCUDO offers a high-quality product that is made to last for a long life, and it can be 100% recycled. ESCUDO surfboard covers are a hybrid product between a surfboard sock and a surfboard bag. They offer the benefits of a surfboard bag, (carrying possibility, heat protection) while having the unique feature of an additionally sewed on storage pocket for surfboard wax and unique, fashionable designs. There is currently no product on the market like ESCUDO. When compared to competitors, ESCUDO offers potential consumers more benefits than competitor products, showcasing that ESCUDO understands its main target group, since it incorporates their values within its brand. Apart from the above-mentioned factors, ESCUDO has another advantage: it is cheaper than comparable products, while offering the consumers greater benefits and the possibility to support the protection of the sea with their purchase. All those factors are incentives to choose ESCUDO products over competitor products.

### **3.6. Conclusion and rationale for attractiveness**

ESCUDO's goals of sustainability and environmental product design are central to its business strategy. One of ESCUDO's key strengths is the strategic aim to use recycled ocean waste as main material in the production of each surfboard cover. With the usage of the materials, ESCUDO answers to market demands of customers and creates a differentiating position against its competitors. Currently there are no other competitors on the market which offer a comparable product. ESCUDO therefore has the possibility to exploit the existing market niche using a first mover advantage. Main distinguishing features are the design, the high quality and the materials used. Based on these differentiation criteria, ESCUDO will market its brand to its consumer group which especially worships these perks within a product. Consumers will buy the product not only because of its functionality, but also because with the purchase help preserving the oceans and their preferred surf destinations.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

The biggest weaknesses that need to be mitigated, is ESCUDOs missing brand awareness. At the moment, the company has a very low market share compared to its competitors. Heavy marketing and branding efforts need to be undertaken in order to promote the brand. Furthermore, ESCUDO needs to keep transparent communication with its consumers about its environmental activities, since this is a core value of the brand.

The main risk perceived are copycats. This risk needs to be monitored severely, due to ESCUDOs missing brand awareness. Both factors are interrelated, therefore building a strong brand positioning and brand awareness is crucial, in order to make sure, that ESCUDO has a solid market standing when copycats start arising. In order to reach this goal, a big part of the budget will be invested into marketing and promotion purposes. Only by developing a unique, reliable and recognizable brand, ESCUDO will gain loyal customers. ESCUDO will respond to both internal and external issues in a proactive and dynamic manner by using its strengths and reducing its weaknesses. Through this, ESCUDO will be able to generate the growth it needs to establish a strong identity in the market.

ESCUDOs passion combines innovation, design, economical use of resources, and responsibility for the environment. ESCUDO believes that there can be no compromise between doing good business and at the same time being a good business. ESCUDO intends on becoming a leading example within the surf industry with placing the sustainability imperative at its heart. The exact details of the marketing strategy can be found in the marketing section of the business plan.

## **4. Marketing Plan**

### **4.1. Customer Relationship**

In order to promote a business, the investment and the creation of successful relationships play a crucial role, since relationships are one striking factor for the success of a company money cannot buy. For the success of the product it is very important that people who believe in ESCUDOs products spread the message and their experience with others, especially in the early stages. Five steps have been identified to not only develop those relationships but also stay connected and continuously excite the customer base to achieve sustainable success.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

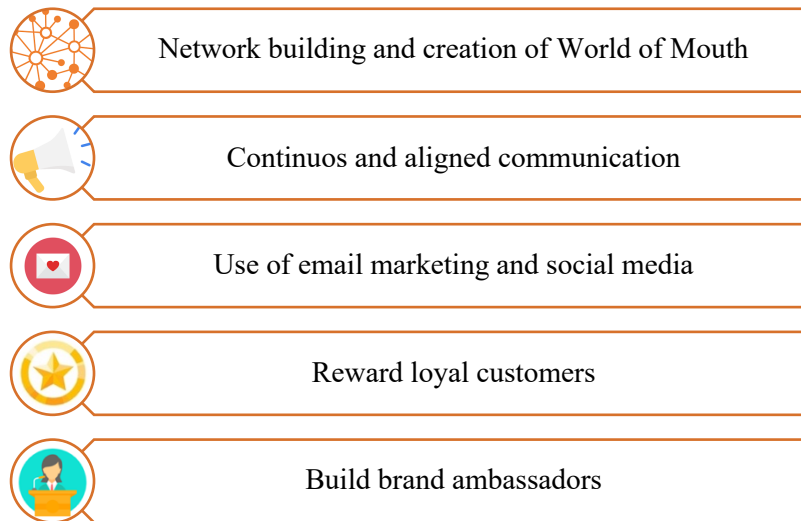


Figure 12: Five Steps of customer relationship Management (Source: own research)

### 4.2. Marketing Mix – The four P’s

#### 4.2.1. Product

ESCUDO surfboard covers are unique, hand-made products made from collected ocean litter. The main aim of the product is to protect surfboards from environmental damage. Aspects like environmentally friendly materials used in the production process, the innovative design and the protective function as well as the brand individuality, distinguish ESCUDO from its competitors. The product does not only offer its functionality features - with the purchase of ESCUDO products, consumers contribute to the protection of the oceans and marine life. ESCUDO offers sustainable, hip, high quality products at price performance. At the same time ESCUDO counteracts the new production of materials, keeping its economic footprint as low as possible. By responding to current consumer trends, ESCUDO differentiates itself from competitors positioning itself as an environmentally friendly brand, resulting in a Unique selling position, that provides first mover advantage.

#### Market Entry Collection

The first collection of ESCUDO is called “Saudades” and is inspired by the vibrant city of Lisbon. In this collection details of the city are incorporated into the board covers with care and love. Be it the Azulejos, which can be found everywhere in the city or the nostalgic color scheme that makes one think back to the last summer holiday. Strong shades, such as a dark Bordeaux red, which

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

makes one think back to the beautiful balmy spring nights with a nice glass of red wine from the Douro or danced summer night in the city.

### Product Banding

#### Logo



Figure 13: ESCUDO brand logo (Source: own research)

The ESCUDO logo can be divided into 3 main elements – Surfboard, Wave and Shield. The elements have been carefully chosen based on their meanings in terms of ESCUDOs brand values. It was particularly important to integrate ESCUDOs values into the logo. At first glance a surfboard is visible, which represents the nature of the product. At the same time, however, this symbol transforms also into a leaf, symbolizing the ecological benefit of the product and reflects its connection to nature. The waves represent a force of nature, which the Surfboard has to defy, and the motifs are framed in a circle, an ESCUDO, which represents the reference to the brand name and at the same time reflects a protective shield. The colors are in natural tones, such as blue and green, to indicate the ecological connection and the closeness to nature.

#### Company name

The choice of the company name is based on two main aspects: ESCUDO stands for the word “shield” in the Portuguese language. This symbolizes the idea behind ESCUDO, namely to provide protective surfboard covers for surfboards, by acting as a shield, to secure the board from environmental damages such as sun or sand. Furthermore, the name is rooted in Portuguese history,

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

as the currency before the Euro in Portugal was Escudo. Thus, the name should reflect its roots with Portugal, where the label finds its origin.

### *Origin*

ESCUDO is a Portugal-founded corporation. Portugal is a small but beautiful, well-known surfer's paradise, offering small summer waves for surf beginners and autumnal steam rollers for surfing warriors. Portugal is famous for its love of the sea, its great craftsmanship and its vibrant spirit. Lisbon as the capital uniting all this, being the birthplace of ESCUDO.

### *Brand History and Core Values*

The heart of our brand is the surfers biggest love and passion: the wave. We connect with her the yearning for adventure and thrill, the relentless and everlasting urge of the search for the perfect wave. ESCUDO is based in Portugal, from the desire of the foundress to be close to her roots, always with “saudades” in her heart. Even as the Escudo still existed in Portugal as a currency, she dreamed of living in the land of her yearning. The sea is the most incredible force of nature: Wild, vibrant and unpredictable. We surfers can never tame her, but we manage to make a wild ride and feel connected with her. Sometimes she is rough and tough, and our delicate surfboard needs protection after a long surfing adventure. ESCUDO acts like a shield and protects your lovely equipment from other environmental forces, like sand, dust and heat, while waiting for the next adventure.

### *Slogan:*

*“The world is yours and we want that you show your individuality and your passion openly to everyone. You can do whatever you want. Be free, don't let anybody define you or tell you where to be and what to do.”*

### *Values*

*“Focus to enjoy every moment to its utmost.”*

ESCUDO's products are made for free-spirited people, living the vibrant and urban lifestyle, always in search for new adventures. We offer a sustainable, high-quality product for the protection of your surfboard for your many surf adventures.

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Essence

- Individual expression
- Adventure
- Protection
- Sustainability
- Free spirit

### **4.2.2. Place**

ESCUDO will initially concentrate its main activities in Portugal, with focus on the Lisbon area and surroundings as the launch of the brand will take place there. Products are distributed via the omni-channel approach. Main sales channels will include local surf shop partners selling ESCUDO products in their already established stores. Online sales will amount for the second mainstay. These include not only the distribution of products through an own online shop, but also through online market places such as Etsy. The online presence will leverage purchasing opportunities, offering the possibilities to purchase products throughout Europe. Additional means of sale will be the presence with products at various markets, such as Surf fairs as well as offering products in pop-up stores, in order to increase brand awareness.

### **4.2.3. Price**

Pricing is of particular importance since it defines the value that a product is worth to make and for customers to use, being the tangible price point letting customers know whether a product is worth their time and investment.<sup>90</sup> In order to determine an adequate and profitable final pricing for ESCUDO surf covers, different pricing approaches are combined. First of all, a minimum price is set, including pure production costs as well as a mark-up for marketing and other costs, set at 15€. Secondly the price structure of similar products of competitors is analyzed and taken as a benchmark. ESCUDO's products are most likely to be classified as a hybrid product between a surf sock and a surf bag, which is why a price point in the middle of these two products is considered accurate. In addition, the brands Danglingtoes, Awayoutdoors, Kauskaki and TheAtlanticOcean are identified as direct competitors. Design wise, they compete most with ESCUDO. Compared to

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<sup>90</sup> Campbell, P. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

the rest of the providers, however, these brands are significantly more expensive. Since ESCUDO offers better quality products with the unique feature of sustainable material, ESCUDO could position itself in a similar high price range. However, to have a decisive advantage over the competition, a recommended retail price of 59€ is set for an ESCUDO surfboard cover. Finally, the price point is researched among a group of surf enthusiasts resulting in a positive price perception and an expressed willingness to buy the product within this price range.

### **4.2.4. Promotion**

The promotion strategy of ESCUDO will focus primarily on the goals of achieving high brand awareness, market penetration and lead generation. Aiming to acquire as many new customers as possible before and after the product launch.

Therefore, the focus of the messages sent by ESCUDO will focus on the product and the benefits to the individual customer, leading to:

- Increased product awareness
- Increased clientele
- Extended customer segments
- Increased sales rates
- Generating additional sources of income (Shop-In-Shop Partners)

The main pinpoints addressed in the promotion focus on the USPs of ESCUDO, such as the material used, the environmental friendliness, the innovative design and the protective function as well as the brand individuality, distinguishing ESCUDO from its competitors. Clear communication of these aspects helps potential customers to identify with the product and the recognition of its benefits. To ensure the greatest possible success, it is very important that communication is linked and coordinated through campaigns that use the same message and style across all channels. Since people tend to forget things quickly, the messages must be repeated very regularly. In addition, preferably all messages should be designed in the same style and in the same language. ESCUDO's initial marketing efforts will remain local in the area of Portugal until a presence in the surf industry is established. During the initial start-up phase the marketing budget

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

for ongoing expenses will be kept to no more than 10% of net annual sales, in order to not overstretch the tight resources available.

### **4.3. Communication mix**

The communication strategy for the initial efforts will rely heavily on personal Sales, PR activities, Internet marketing, Social Media and event marketing. In the further course, a brief description of the planned activities takes place divided into the different channels and media used.

#### Personal Sales & Strategic Partnerships

The initial strategy is to build partnerships with local surf shops offering the possibility to sell products in already established shops. Therefore, the various shops must be contacted and convinced that ESCUDO is a suitable product to be included in the existing product range. These partnerships make it easier to generate sales and increase brand awareness because ESCUDOs products can be displayed in the store with matching sales materials.

#### PR activities

Since there is no single greater value to a company than having people talk about it, ESCUDO plans to work together with the Lisbon based PR agency “Guess What”. The agency is experienced in making public relations for new businesses and spreading the word effectively amongst a variety of channels. Using PR is an effective way to generate positive brand awareness, to enhance brand credibility, connecting with the target audience and spreading the word about this new, innovative product.<sup>91</sup> With the help of storytelling it will be possible to create a dialogue with relevant media such as surfer magazines, emphasizing on ESCUDOs unique qualities in order to stand out in a competitive market. The aim is to establish a sustainable and streamlined communication platform, allowing both awareness and brand credibility to grow over time. At the same time PR is a rather cost-effective tool for building a consistent brand profile when compared to other marketing tools. Also, it is a form of long-term commitment, since investing in PR equals in an investment in ESCUDOs brand value, reputation and awareness and messages can be adapted over time together to ensure a consistent communication.

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<sup>91</sup> Powell, D. (2019)



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### ESCUDO Online shop

Setting up an online shop for ESCUDO will serve a multitude of different purposes. The domain name “ESCUDOsurf.com” has been reserved and the website development will start once funds become available. Mainly the website acts as a showcase of the brand and its surfboard cover lines and provides customers with the ability to inform themselves about the products and to purchase items online. Most crucial is that the shop design is streamlined and clean, resulting in a simple buying process. The online shop will contain many visual elements to include all necessary information. Furthermore, the site will offer additional features such as a blog, surfer interviews, newsletters about new product specials, events and also where it is possible to buy ESCUDO products at brick and mortar stores. In order to use this tool most effectively, the online shop will be optimized with a SEO strategy for e-commerce, including key-word optimization, on-page optimization, adequate link building and retargeting.

### Etsy

Setting up a shop at Etsy for ESCUDO surf covers can be an additional means to achieve an increase in sales. Etsy is a market place focusing on selling handmade items that are unique and original, and therefore attracts a specific audience. Etsy is generally more boutique and focuses on individualistic niche items rather than mass-produced ones. The competitors Danglingtoes, Awayoutdoors, Kausaki and TheAtlanticOcean have an established web shop on this channel and it would be a possibility for ESCUDO to outperform its competitors there due to its lower price and materials used. Furthermore, setting up a shop at Etsy is free and link building to ESCUDOs web shop is possible. The only costs arising from this additional sales channel would be a small fee of \$0.20 per listing and a sales fee of 5% of the total item costs (plus shipping and gift wrap).

### Social Media

The focus of social media marketing is set on Facebook and Instagram since ESCUDOs main target audiences are heavy users of this channels.<sup>92</sup> With Facebook and Instagram ads it is possible to reach ESCUDOs target audience based on demographics, location, interests, and buying behaviors due to the use of micro-targeting features. This tool gets the message in front of the people who are most likely interested in purchasing ESCUDOs products. In order to achieve good results, ESCUDO needs to establish a Facebook Fan page with appealing content that is directly linked to

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<sup>92</sup> SIMA (2016)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

the online shop as well as to all other online media channels. The same applies to Instagram - an account must be set up, providing constant, interesting content. By using Photo, Video, Lead and Dynamic ads, it is most effective to reach a big audience. Especially Lead and Dynamic ads for mobile devices will be used, since they are specifically designed to easily collect contact information, for example for newsletter subscriptions or for people to ask for more information about the product. Dynamic ads allow, beyond that, to promote products that customers are most likely to be interested in. For example, people having visited a product on the website but then abandon the purchase, dynamic ads tailored to them will appear in their Facebook feed, making it more likely to conclude the sale. These social networks can also be used to generate fans for ESCUDO. Raffles can be offered on a regular basis, with tasks that motivate fans to share the content in their network and thus help to increase media awareness.

### Influencer Marketing

*“A brand is no longer what we tell the consumers it is- it is what consumers tell each other it is.”<sup>93</sup>*

This quote by Gensler showcases how influencer marketing is increasingly impacting a company's brand. It could be therefore very beneficial to gain industry leaders as brand ambassadors for the product. ESCUDO's strategy will focus on earned influencer marketing and later, as sales increase, might also switch to paid influencer marketing. ESCUDO wants to set up unpaid collaborations by sending products to chosen influencers. The idea behind it is, that they then try it and post content on their social media channels with own thoughts about the product. As potential influencers for our brand, a pre-selection in different social media channels is made and targeting both influencers with a smaller and a very large number of followers. Two examples of suitable candidates would be for example: *\_miguelblanco\_* (14,5K follower) and *ccvilhena* (82,2 K follower). Furthermore, the foundress is friends with the influencers *carlotaspereira* (2 k follower) and *suissas* (54,8 K follower) and they have already agreed to work as brand ambassadors for ESCUDO free of charge. Cooperating with those industry leaders allows ESCUDO an increase in brand awareness, content engagement, legitimacy and trust. People see them as role models, as inspiration and give their opinion a lot of faith, so that the likelihood of getting positive feedback for ESCUDO is much more likely achievable.

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<sup>93</sup> Völckner, Liu-Thompkins & Wiertz 2013, pp. 253-256.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Google Ads

Google Ads and Search engine optimization (SEO) can be effective for acquisition purposes and helps to attract a broad audience and traffic for ESCUDOs online shop. These tools will be used in the beginning in order to optimize ESCUDOs web presence, since it helps to find keywords generating qualified traffic, making the website more search engine and link building friendly facilitating to market the unique value of ESCUDOs online shop. Google Ads and SEO are planned to be used as tools, but due to the high costs involved, this form of advertisement will increasingly be tackled with growing success. In the beginning it will be used until it is ensured that the web presence is most consumer friendly.

### Events

A great way to increase ESCUDOs brand awareness is to be present at surf events like “The Caparica Surf Fest”<sup>94</sup>. As ESCUDO is a young startup, no sufficient funds are available to sponsor surfers. However, these events provide the opportunity to offer product samples to known surfers for free. The presence at the events allows moreover to report about them in ESCUDOs social media channels. If the surfers are photographed with the products or even be seen in video footage, this is free advertising for the product and can significantly strengthen ESCUDOs reach.

### Other sales channels

Lisbon is known for its numerous markets and events where young designers sell their collections in pop up stores. Participating in such events is usually very cost effective or free of charge and offers the opportunity to present the products in the best possible way, making them accessible to new customers. Therefore, these events should be used as additional sales channels, since it is possible to explain the product in detail to interested people for the generation of word of mouth, increasing the likelihood that people will recommend the products. In addition, these events are accompanied medially, which means reaching additional media coverage, through the social networks of the event organizers.

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<sup>94</sup> World Surf League. (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### Measuring the advertising impact

User feedback in all channels should be taken seriously and carefully evaluated. Feedback from users can be obtained, in particular, through social media channels and street promotion. The fact that ESCUDO's communication and marketing campaign are based on online media in particular, makes it easier to measure the impact of each channel. From the chosen media, there are specific evaluation tools that make it possible to measure the success of the campaigns and therefore to look at where gaps open up and which media are most successful. In this way it is possible to adapt and correct the strategy very quickly. Through the direct exchange and contact with the individually selected shop partners, it is easy to get an overview of the sold products. In addition, ESCUDO plans to use feedback interviews to find out if there are gaps in the product range, for example, when customers ask for surfboard covers, which are not yet offered in the product range. Therefore, there are also possibilities to adapt the product portfolio to customers. Furthermore, it is planned to conduct customer interviews in the respective surf shops and to test new product designs for their effectiveness and to inquire about wishes with regard to new designs or additional functionalities.

## **5. Organizational set up**

### **5.1. Location of headquarter**

The headquarter of ESCUDO will be in the city center of Lisbon. The location was strategically chosen, since Lisbon as the capital of Portugal offers easy access to surf destinations as well as being the hotspot of tourism in Portugal. The city offers a very good infrastructure, facilitating the ease of travel in and out of the city. It offers close proximity to the textile region in the north of Portugal, known for its excellent quality, numerous potential business partners, a variety of relevant surf industry events and a supply of highly qualified labor. All those factors affirm the choice towards Lisbon as a headquarter. Also, the foundress is personally bonded to the area as she has been living in Lisbon for 2 years. Lisbon's surroundings offer numerous different very attractive surf destinations, which are known all over the World.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“



Figure 14: Map of surfing spots in the Lisbon area (Source: own research)

This density of surfing destinations makes it possible to quickly bring the product to prominence. Furthermore, numerous surfing events are held at these locations, offering the possibility to achieve additional media coverage. Close to Lisbon is the very famous Praia do Norte, most prominent the spot Nazaré. This destination gained fame for its giant waves, especially after November 2011, being the year that Garrett McNamara surfed, what was to be called the biggest wave of the year by the Billabong XXL Global Big Wave Awards, making Nazaré worldwide famous. Apart from the proximity to all the surf spots, Lisbon is additionally known to be the new ecosystem for start-ups and holds the reputation of being a hub for innovative design ideas and up-and-coming innovative business models. Incubators, accelerators and co-working spaces have been mushrooming all over Lisbon in the last few years, supporting the choice of this strategically location.<sup>95</sup> The presence of this infrastructure is very helpful for the foundation of the label ESCUDO - not only do hubs like “Beato” or “Startup Lisboa” offer structural help and feedback, but also a direct exchange with numerous entrepreneurs. Several Venture capitalists are also based in Lisbon, offering access to their broad network and also being of high relevance when applying for additional funds, making an international expansion strategy or scale up more likely achievable.<sup>96</sup>

<sup>95</sup> Business, E. (2019)

<sup>96</sup> Ibid.

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## 5.2. Legal structure

ESCUDO will be a single-member limited liability company (SMLLC)<sup>97</sup>. This company form is a limited liability company (LLC) which has one owner. The business entity will be registered in the state where the company does business, which will be as starting market Portugal. The choice for this specific legal form is due to its advantages that it upholds. In comparison over a sole proprietorship, the LLC hold the following advantages:

*Asset Protection:* Being a SMLLC separates the business entity from its owner, therefore it is no longer attached to and identified with the owner for tax or liability purposes. This significantly reduces the liability basis of the owner, since the LLC acts as a shield protecting personal assets from the liabilities associated with the business conducted by the LLC. Therefore, members are protected from personal responsibility for the debts of the company, and the risk is limited to the amount of money they originally invested in the entity.

*Disregarded Entity Tax Status:* Since the Single-Member LLC will be treated as a “disregarded entity” for federal income tax purposes, its profit or loss will be reported on an individual member’s Schedule as if it were a sole proprietorship.<sup>98</sup> Benefits are that it is time and money efficient in terms of the preparation of income tax returns.

*Ease of use and costs:* The legal requirements of running an LLC are very limited and the cost of setting up an LLC are low. Also, the state will not require the owner to file annual reports or annual minutes. Furthermore, the SMLLC is formed within the state Portugal and the registration of the business name is part of the approval process, therefore no other business in the state may use that name.<sup>99</sup>

### Ownership/ Management structure

Based on the chosen legal form, Katia Geisler will be the sole possessor of the company ESCUDO, holding the leading role in the organization of the company activities. The owner holds degrees and working experience in the fields of marketing, international management and supply chain

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<sup>97</sup> Empresa na Hora (2018)

<sup>98</sup> Mark J Kohler. (2019)

<sup>99</sup> The Balance Small Business. (2019)

management. Therefore, is experienced in the complete product development process ranging from production to distribution.

## 6. Operational Process overview

### 6.1. Logistics and operations plan

Having an effectively organized supply chain is of crucial importance for every business. The implementation of seamless logistics is considered a key element in keeping pace with consumer demands as well as outperforming competitors. In order to achieve efficient supply chains, ESCUDO plans to implement a strong partnership with the supplier TRYPORT.<sup>100</sup>

After an extensive market research and the exchange with different manufacturers and suppliers, TRYPORT classifies as a strategic partner for the production process. TRYPORT is a clothing Manufacturer and expert in the field of Fashion Brand Development with a vast and strong innovative spirit. The company is already established in Portugal with 30 years of experience in the textile market and manufactures with high quality for brands with international recognition.<sup>101</sup> Decisive for the choice of the partner is, on the one hand, that TRYPORT carries out all service processes necessary in product development ranging from choice of fabric until the final product and distribution. They offer services such as pattern development, samples development, manufacturing line, quality control, packing and shipping. Having the brand principle of ensuring the quality of the services and products, and the satisfaction of clients with extreme professionalism and rigor.<sup>102</sup> On the other hand, TRYPORT is a certified manufacturer of SEAQUAL garments, which is an initiative that believes in a waste free environment. ESCUDO products will only contain the raw materials produced by SEAQUAL™, since this initiative collaborates with fishermen, NGO'S, local communities and authorities to clean the oceans of marine litter. The production process for the raw material is unique and includes the following steps:

1. The waste is collected, classified and categorized so that each material goes into unique recycling chains.
2. The marine plastic is then separated and cleaned.

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<sup>100</sup> Tryport. (2019)

<sup>101</sup> Ibid.

<sup>102</sup> Ibid.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

3. The plastic is converted into flakes and later into 100% recycled SEAQUAL™ polymer.
4. The created polymer is then used for the creation of new, beautiful everyday products which are then made out of certified and traceable ‘upcycled marine plastic’.<sup>103</sup>

### 6.2. Production, Shipping and Fulfillment

As a business partner, ESCUDO chooses the company TRYPORT due to its track record in the field of production and manufacturing. With the help of TRYPORT, it is possible to combine the complete production and the logistics goods flow within one partner. The designs for the covers are made by hand in Lisbon and then converted into designs via 3D AutoCAD drawings, which are then sent as final drafts to TRYPORT. Based on these plans, samples are produced and sent back for correction. After approval, the final release for bulk production is granted.

ESCUDO's first collection distinguishes between two board cover types, the Funboard shape and the Fish board shape as seen in Figure 15.

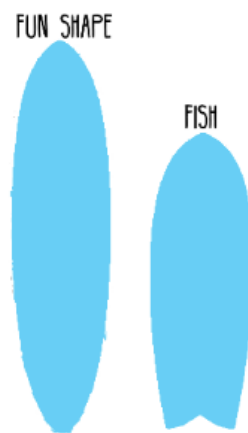


Figure 15: Comparison Funboard and Fishboard shape ((Deutsch, 2019))

In the respective types, there are then 3 different sizes, which are adapted to different surfboard sizes. From the production site, the surfboard covers are sent to the Lisbon warehouse and directly to the partner shop owners according to market demand. This distribution is chosen strategically so as not to increase local partners' storage volumes, as this would produce additional costs.

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<sup>103</sup> SEAQUAL. (2019)



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Therefore, the majority of the order will be sent to the warehouse. Since the warehouse is located in the living space of the foundress, storage costs are zero and it is very easy to control and handle operations.

If the local partners need new products, they will be supplied directly from the warehouse as well, either by mail or in person by car delivery. In addition, due to the local partners it is possible to generate feedback since they are in direct contact with the customers and can pass their feedback on to further optimize the product range (for example, which colors and sizes are preferred). Local sales partners receive 20% of the sales price of each ESCUDO surf cover as sales margin in order to compensate them for offering shelf space and for creating incentives for selling ESCUDO products in general.

Orders received via the Etsy portal or the company's own online shop are sent to the end customer from the storage location. Depending on where in Europe the customers are, this happens either with the ctt (within Portugal) or DHL (all over Europe). The shipping costs will be charged to the customer as additional costs. This business partners also allow to track items based on the fulfillment numbers they provide. Therefore, once a product leaves the storage facility, ESCUDO can make sure with this number that products reach the customer. By providing the number also to customers in their confirmation email, they can keep track by themselves where their package is, resulting in a more transparent real-time delivery process.

These chosen supply chain structures are best suited for the startup phase of the business as they are very simple and cost-effective. This is necessary due to the limited budget available in the initial phase. At the same time, it allows to learn from emerging errors in the process in order to draw conclusions how processes can be optimized in the future. The chosen processes have not yet been completely optimized and will be adjusted in the long term with increasing sales rates. In the long run, the logistics structure could be optimized by, for example, using the ERP System Intex. This allows to replace products automatically once they are sold, issuing an automated order to the manufacturer, without the need for the local shop to take any reorder action. It could also be considered, once the business is growing, to implement a drop shipping system, as this would eliminate the need to store products, since they would remain with the supplier and only send upon orders by customers, eliminating one step of the supply chain. However, it only makes sense to use

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

this strategy as soon as certain volumes of sales are realized, since otherwise this principle would entail too excessive costs for the initial startup phase.

### Facilities

The current headquarter will be in Lisbon. Due to the limited budget at the beginning of the project and to minimize the costs, the processes are initially directed from the place of residence of the foundress. The apartment is located in the heart of the city and allows quick access to the beach while providing a storage location to prepare the products for online shipping. With the usage of an inventory management tool, customer orders and storage can be tracked to maintain the overview and reorder products when needed from the manufacturer. Main advantage by the chosen strategy is the cost effectiveness by not having to outsource the warehouse management to a third party in the beginning.

### Payment Methods

In the online shop as well as in the Etsy shop there will be the possibilities to pay via prepayment (by bank transfer), credit card or PayPal. These payment methods are the most used in online shops and offer a comfortable and secure way to pay.<sup>104</sup> Products will be shipped to end consumers only after confirmation of the payment made. Exactly the same applies to a possible exchange of products, if customers are dissatisfied with the products, so the money is transferred back with the help of each used payment tool.

### Returns management

It must also be considered that consumers are sometimes not satisfied with the products or that an incorrect size may have been ordered. Therefore, an effective “reverse supply chain,” is a vital part of the flow of products. To ensure maximum customer satisfaction, it is possible to return the products to ESCUDO free of charge and to exchange them. There will also be a questionnaire which customers can fill out in which they provide information on their satisfaction with the product, rewarded with the opportunity to order products next time without shipping costs.

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<sup>104</sup> Ecommerce News. (2019)

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Customer relationship management (CRM)

During the ordering process, the e-mail data of the customers is collected. With the help of this data, it is possible to send the customers regular news about interesting topics, discounts or to ask for their affinity. It is important to maintain contact regularly, so that the customers are bound in the long term and identify with ESCUDO. By gathering this customer information for marketing and market research, it will also be easier to determine products and services to offer in the future. Also, a high response rate must be ensured on the social media channels to respond to consumer requests or complaints as quickly as possible.

## 7. Financial Analysis

Throughout the following pages of the report, the economic and financial aspects of ESCUDO will be analyzed in depth. Analyzing the profitability and capacity of the company is important in order to run the business with a long-term perspective. The information provided will focus on the first three years running the business and will include different financial indicators such as sales, net income and financial statements supporting the calculations. The values used within the calculations are based on estimated conservative sales forecasts as well as existing margins of the sales of surfboard covers in different stores alongside the Costa da Caparica, aiming to create a reliable illustration of the financial indicator's values in order to assess the future sustainability of the company. However, forecasts never produce fully unfailing estimates, therefore it is not evitable that mistakes can occur within the presented calculations in the values showed. Furthermore, not many publicly available information exists in this specific field, tightening the sources available and reducing the consistency and accuracy of the information displayed.

### 7.1. Set up costs and funding

ESCUDO has the advantage of having very low operating costs, as a broad network is already set in place facilitating work processes. Furthermore, ESCUDO is structured in a way which allows having low initial investments, which will be paid by the capital of the foundress and money from friends and family. The total starting capital amounts to 30.000€.

The costs for setting up the business are shown in table 3. The most expensive cost drivers include the initial investment for the equipment of the social media content generation such as camera, and

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

lightening equipment etc. Office equipment, the business registration fees and the travel expenses also make up a bigger part, since in the beginning different stores must be contacted in order to find partners. The storage facility is in the home of the foundress; therefore, no additional costs arise for storing products and products sold in the retail stores are delivered directly from the supplier. The chosen supplier is specialized in working with small startups, therefore making it possible to order products in small order quantities according to market demand and it is not necessary to purchase products in bulk. Though the proximity of the supplier, the supply chain is very agile, and orders can be processed fast. The costs for the production of materials will be paid initially from the existing capital and over the course of the years from the profits made, so that no other external investment is needed.

<b>Set up Costs</b>	<b>Amount excl. Taxes in €</b>
<b>Setting up the company</b>	2723,86
<i>Business registration</i>	462,81
<i>Web design- and product software</i>	14,05
<i>Web shop design</i>	261,00
<i>Social media equipment</i>	1986,00
<b>Starting operations and equipment</b>	1022
<i>Sample Production</i>	174,00
<i>Office equipment</i>	413,00
<i>Travel expenses</i>	435,00
<b>Total needed</b>	<b>3.745,86</b>
<b>Funding</b>	
<b>Capital deposit</b>	
<i>Personal contribution</i>	10.000,00
<b>Borrowing</b>	
<i>From family</i>	10.000,00
<i>From friends</i>	10.000,00
<b>Total raised</b>	<b>30.000,00</b>

Table 3: Set up costs and funding (Source: own research)

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## 7.2. Forecasted Sales

According to the set milestones, the start of sales and revenue generation of ESCUDO Surfboard cover starts in May 2020. The financial calculations displayed are based on certain assumptions:

- ESCUDO acquires 10 retail store shop partners that sell the products alongside the Lisbon surroundings.
- As an incentive for the sale of the products, the shopkeepers will receive 20% of the sales proceeds. In return, however, no shop rent has to be paid and the company benefits from the existing customer base of the shop owners.
- Each surfboard cover is sold at a price of 59€ and the production costs including shipping are 15€ each.
- Stores are open 20 days per month.
- An increase of turnover of 5% is expected from year 1 to year 2.
- An increase in turnover of 10% is expected from year 2 to year 3.

Since ESCUDO is an unknown brand in the market at market entry, a conservative sales approach is chosen. It can be assumed that in the months one to four of the sales start, one ESCUDO surfboard cover per store is sold each day, with the stores being open 20 days per month. Resulting in a sales target per month of 200 ESCUDO surfboard covers. From month five to seven, sales are expecting to increase as promotion efforts through marketing activities will increase brand awareness and lead people to the online sales channels’ “Online web shop” and “Etsy”. The sales per store will remain constant, but ten pieces daily will be sold via the online channels. In the months nine to eleven, brand awareness increases resulting in sales of 35 surfboard covers per day. Fifteen sold through the retail stores and twenty online. In month twelve, another slight increase in sales is expected. The sales assumption amounts for twenty sold stationary surfboard covers and 30 pieces through online sales.

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## 7.3. Cash-flow forecast

Based on the assumptions made above, the cash-flow forecast for the first year of the business is displayed in table 4. The cashflow statement highlights how, with an initial investment of 30.000€, the operating activities led by ESCUDO enables the Company to reach a sustainable growth. Due to the initial investment as well as the low operational costs, the company will start to make profits very early on, reaching the break-even point in month 7, ending the first year with a total sale of 6000 Surfboard cover and a sales volume of 306.800€.

### *First year*

	Month 1	Month 2	Month 3	Month 4	Month 5
Capital deposit	20.000,00				
Other funding	10.000,00				
Sale of goods	9.440,00	9.440,00	9.440,00	9.440,00	21.240,00
<b>Sales (total)</b>	<b>9.440,00</b>	<b>9.440,00</b>	<b>9.440,00</b>	<b>9.440,00</b>	<b>21.240,00</b>
<b>Fixed assets (total)</b>	<b>-</b>				
Cost of goods sold	2.454,40	2.454,40	2.454,40	2.454,40	5.522,40
External loads	1.111,57	1.111,57	1.111,57	1.111,57	1.111,57
Employees' wages	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00
Employees' social insurance	508,00	508,00	508,00	508,00	508,00
Manager's compensation	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00
Manager's social expenses	508,00	508,00	508,00	508,00	508,00
<b>Total wages and social expenses</b>	<b>5.016,00</b>	<b>5.016,00</b>	<b>5.016,00</b>	<b>5.016,00</b>	<b>5.016,00</b>
<b>Total outgoing</b>	<b>8.581,97</b>	<b>8.581,97</b>	<b>8.581,97</b>	<b>8.581,97</b>	<b>11.649,97</b>
<b>Total incoming</b>	<b>39.440,00</b>	<b>9.440,00</b>	<b>9.440,00</b>	<b>9.440,00</b>	<b>21.240,00</b>
Balance previous month	-	30.858,03	31.716,06	32.574,09	33.432,12
<b>Monthly balance</b>	<b>30.858,03</b>	<b>858,03</b>	<b>858,03</b>	<b>858,03</b>	<b>9.590,03</b>
<b>Closing cash position</b>	<b>30.858,03</b>	<b>31.716,06</b>	<b>32.574,09</b>	<b>33.432,12</b>	<b>43.022,15</b>

Table 4: Cash-flow forecast first year (month 1-5) (Source: own research)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL
							20.000,00
							10.000,00
21.240,00	21.240,00	37.760,00	37.760,00	37.760,00	37.760,00	54.280,00	306.800,00
21.240,00	21.240,00	37.760,00	37.760,00	37.760,00	37.760,00	54.280,00	306.800,00
5.522,40	5.522,40	9.817,60	9.817,60	9.817,60	9.817,60	14.112,80	79.768,00
1.111,57	1.111,57	1.111,57	1.111,57	1.111,57	1.111,57	1.111,57	13.338,85
2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	24.000,00
508,00	508,00	508,00	508,00	508,00	508,00	508,00	6.096,00
2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	2.000,00	24.000,00
508,00	508,00	508,00	508,00	508,00	508,00	508,00	6.096,00
5.016,00	5.016,00	5.016,00	5.016,00	5.016,00	5.016,00	5.016,00	60.192,00
11.649,97	11.649,97	15.945,17	15.945,17	15.945,17	15.945,17	20.240,37	153.298,84
21.240,00	21.240,00	37.760,00	37.760,00	37.760,00	37.760,00	54.280,00	336.800,00
43.022,15	52.612,18	62.202,20	84.017,03	105.831,86	127.646,69	149.461,52	
9.590,03	9.590,03	21.814,83	21.814,83	21.814,83	21.814,83	34.039,63	
52.612,18	62.202,20	84.017,03	105.831,86	127.646,69	149.461,52	183.501,15	

Table 5: Cash-flow forecast first year (month 6-12) (Source: own research)

### 7.4. 3-year profit and loss projection

The profit-and-loss projection was made for the three consecutive years - 2020, 2021 and 2022 - and the detailed information is shown in table 6. The main costs of the business are represented in the costs of goods sold, the operating expenses, the employees' wages and managers compensation. Over the course of the years, travel, advertising, media content creation and the web shop maintenance show an increase, since more money has to be spent in order to help ESCUDO increase brand awareness and to be able to create good content for the online channels. Especially the advertising budget will play an important role. Half of the yearly budget is spent on Facebook, Instagram and Google AdWords and the rest for different other marketing related activities such as Guerilla marketing campaigns or events. A tax consultant is hired by ESCUDO, since the foundress is not experienced in handling taxes. This also allows the foundress as well as her supporting team to focus on tasks, that they excel in, without wasting time. In the foundress network, there is Ana Lmares being Co-Owner of a legal and tax office, offering help in the early stages of the venture, which benefits the financial situation, since the person is offering its services to a discounted rate.

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

	Year 1	Year 2	Year 3
<b>Sales</b>	<b>306.800,00</b>	<b>322.140,00</b>	<b>354.354,00</b>
<i>Sale of goods</i>	<i>306.800,00</i>	<i>322.140,00</i>	<i>354.354,00</i>
<i>Sale of services</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Cost of sales</b>	<b>79.768,00</b>	<b>83.756,40</b>	<b>92.132,04</b>
<i>Cost of goods sold</i>	<i>79.768,00</i>	<i>83.756,40</i>	<i>92.132,04</i>
<b>Gross profit</b>	<b>227.032,00</b>	<b>238.383,60</b>	<b>262.221,96</b>
<b>Operating Expenses</b>	<b>13.338,85</b>	<b>15.504,96</b>	<b>18.504,96</b>
<i>Insurance</i>	<i>578,51</i>	<i>578,51</i>	<i>578,51</i>
<i>Postage, telephone, internet</i>	<i>198,35</i>	<i>198,35</i>	<i>198,35</i>
<i>Travel expenses</i>	<i>4.132,23</i>	<i>4.132,23</i>	<i>4.132,23</i>
<i>Advertising</i>	<i>6.198,35</i>	<i>8.264,46</i>	<i>10.264,46</i>
<i>Accounting / legal fees</i>	<i>826,45</i>	<i>826,45</i>	<i>826,45</i>
<i>Webshop Maintenance</i>	<i>165,29</i>	<i>265,29</i>	<i>265,29</i>
<i>R&amp;D Costs</i>	<i>413,22</i>	<i>413,22</i>	<i>413,22</i>
<i>Media Content Creation</i>	<i>826,45</i>	<i>826,45</i>	<i>1.826,45</i>
<b>Employees' wages</b>	<b>24.000,00</b>	<b>24.000,00</b>	<b>24.000,00</b>
<b>Employees' social insurance</b>	<b>6.096,00</b>	<b>6.096,00</b>	<b>6.096,00</b>
<b>Manager's compensation</b>	<b>24.000,00</b>	<b>24.000,00</b>	<b>24.000,00</b>
<b>Manager's social expenses</b>	<b>6.096,00</b>	<b>6.096,00</b>	<b>6.096,00</b>
<b>EBITDA</b>	<b>153.501,15</b>	<b>162.686,64</b>	<b>183.525,00</b>
<b>Net profit or loss</b>	<b>153.501,15</b>	<b>162.686,64</b>	<b>183.525,00</b>
<b>Corporate tax</b>	<b>32.235,24</b>	<b>34.164,19</b>	<b>38.540,25</b>
<b>Net profit or loss after corporate tax</b>	<b>121.265,91</b>	<b>128.522,45</b>	<b>144.984,75</b>

Table 6: 3-year profit and loss projection (Source: own research)

ESCUDO will be profitable from year one on and shows an increase in net profits after tax deduction from 5% from year one to year two, and from 10% from year two to year three.

### 7.5. Break-even analysis

ESCUDO reaches the break-even point in month seven of the first year after market entry. Table 7 shows the exact details of the break-even analysis. In total, 3600 ESCUDO surfboard cover have to be sold and sales of 99.366,01€ generated in order to achieve a net income before taxes of zero. The break-even point for the sales target per working day for ESCUDO amounts for 397,46€ in the first year.



# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

	Year 1	Year 2	Year 3
<b>Sales, production</b>	<b>306.800,00</b>	<b>322.140,00</b>	<b>354.354,00</b>
Cost of goods sold	79.768,00	83.756,40	92.132,04
Total cost of sales	79.768,00	83.756,40	92.132,04
Contribution margin	<b>227.032,00</b>	<b>238.383,60</b>	<b>262.221,96</b>
<b>Margin on variable costs</b>	<b>74%</b>	<b>74%</b>	<b>74%</b>
Fixed costs	73.530,85	75.696,96	78.696,96
<b>Total expenses</b>	<b>153.298,85</b>	<b>159.453,36</b>	<b>170.829,00</b>
Net profit or loss	153.501,15	162.686,64	183.525,00
<b>Break-even point</b>	<b>99.366,01</b>	<b>102.293,19</b>	<b>106.347,24</b>
Excess / Deficiency	207.433,99	219.846,81	248.006,76
<i>Break-even point (sales target per working day)</i>	<i>397,46</i>	<i>409,17</i>	<i>425,39</i>

Table 7: Break-Even Calculations (Source: own research)

## 7.6. Compound Annual Growth Rate Analysis

The Compound Annual Growth Rate (CAGR) measures the rate of return of an investment over a period of time, thereby calculating the year over year returns, compounding them, and considering the investment values. It is one of the most used evaluation indicators, since it provides a practical understanding of business growth over time, in this case in terms of sales.<sup>105</sup> The results in Table 8 and Figure 14 show how, if ESCUDOs sales growth is compounded over the years, its annual growth rate would be 69,1%.

Growth Table	
Year/Month	Value
0	30.000
1	50.720,97
2	85.753,88
3	144.984,0

Table 8: Compounded Annual Growth Rate over 3 years (Source: own research)

<sup>105</sup> Investopedia (2019)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Investment vs. Return (CAGR 3 Years)

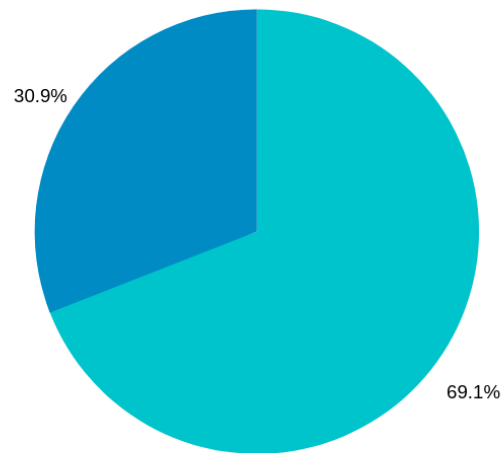


Figure 16: CAGR of ESCUDO after 3 years (Source: own research)

The CAGR helps best evaluating how investments perform over time and the investment in ESCUDO showcases a very positive growth trend over the years reflecting its good performance in the market.

The financial analysis reflects that the company ESCUDO is profitable. It shows a stable growing income over the years, achieves the break-even point already in year one, which is rare for a startup business. The calculations support the feasibility behind the founding idea as well strongly supports to start with the implementation plan of the business idea

### 7.7. Risks of the business

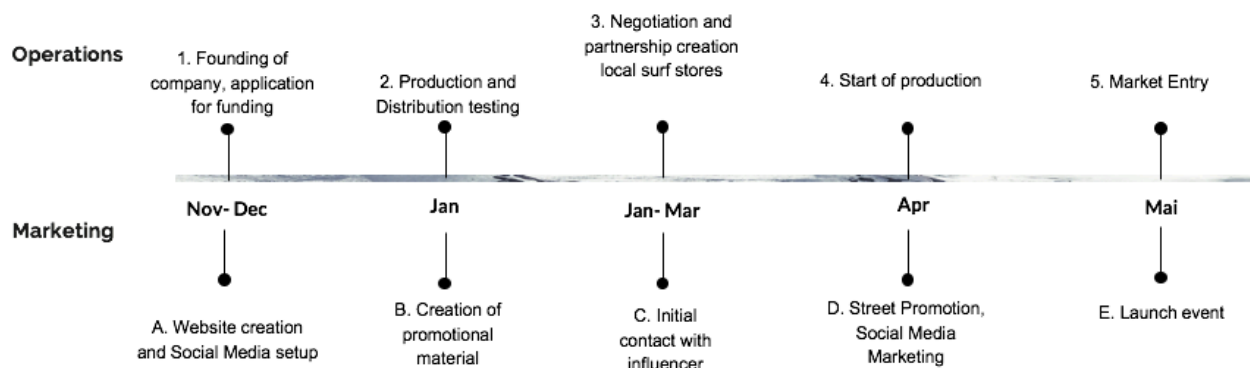
Risks within the founding of a business can be manifold and there are always unforeseen events that could have a critical impact. The risks to which ESCUDO is exposed to, are primarily liquidity risks and operational risks. Since the capital for the foundation is equity and money lend from friends and family, the risk in the case of failure of the project would be a loss of the invested capital. This is part of the everyday life of a company and represents a more or less calculable risk. However, this capital would be tied up in products, which could still be converted into capital in the long term.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Other risks such as transport risks, storage or default risks are minimized by taking out appropriate insurance policies. Also, since the storage location is located in the foundress apartment, there are no costs for storage that would accumulate in case of failure. However, the managing directors have to handle a huge amount of work to obtain the target financing for growing the company in the long run to turn it into a powerful organization. The successful coordination of product flows to customers and partner stores, needs a tight organization in order to not provide risks. It is also necessary to take care to keep the accounts very conscientious. The systematic market risks per se are considered to be low due to the positive trends and technical superiority of ESCUDO's products.

### 8. Milestones for the implementation of the business

There are several milestones on the way of entering the market, which are shown on the timeline for operations and marketing over a period of 12 month in Figure 16. To ensure a successful product launch and market entry for ESCUDO, the objectives are divided into sub-goals. The action plan showcases at what time the sub goals for the project are planned to be reached in order to guarantee a successful product launch. In addition, setting time schedules will help to successfully implement the individual steps and creates clarity about the measures yet to be implemented.



# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

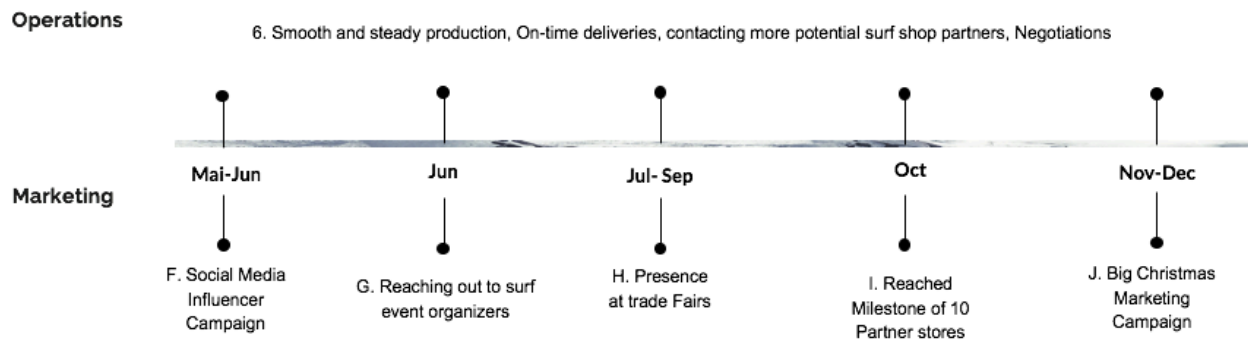


Figure 17: Milestones for the establishment of the brand ESCUDO (Source: own research)

## 8.1. Milestones for Operations

1. In order to start the complete company activities officially, it is first necessary to create the company. For this, the name of the company must be registered, as well as the company structure be determined and filed with the authorities. The first round of investing will also take place in these months. For this step, ESCUDO will rely on private funds of the owner, but in order not only to access its own bootstrapped capital for the launch of the start-up, ESCUDO also seeks to obtain capital from friends and family. Startup Portugal, investLisboa, startupLisboa and business angels like red angels have crystallized out as potential investors. The plan is therefore to pitch the idea and discuss it with the entities. Not only could these initiatives be used to generate capital, but they also offer structural help. But even without their structural help, ESCUDO will start its operations based on the already generated funds.
2. An important goal is to order the entire first product line from ESCUDO ensuring a sufficient quantity of sales items for the launch. At the moment, ESCUDO is in the sample production and in consultation processes with the production plant to create the finale line. In addition, the logistic processes must be tested and improved in regard to ensure smooth processes. A storage location for the products of the online shop has already been found. Products for the local stores will be sent directly as a batch from the production site and products for the online shop to the storage facility in Lisbon.
3. Currently negotiations with a couple of local surf shops on the Costa da Caparica are already on going for a potential product listing. The set goal is to acquire ten partners offering ESCUDO products as an integral part of their range before sales start. As an

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

incentive, retail partners receive 20% of the sales price of the individual products in order to make the product placement profitable for them. In addition to the normal collection, it is planned to offer special “Retail exclusive” collections, which can only be bought there, making the products scarce, offering an additional sales incentive to consumers.

4. The start of production will take place in April, in order to have products ready as deliverables not only for online sales, but also for our shop partners as well as markets and pop up stores.
5. In May, the market is entered, and ESCUDO starts selling the first products. Therefore, crucial importance must be placed on the insurance of smooth and steady operations and on-time deliveries.
6. This milestone stands for all activities from May until December, hence they will be very similar within each month. These activities include the following: ensuring a steady and smooth production and on-time delivery of products, further contacting surf shops and Pop-Up stores and negotiating with them for product listing. Furthermore, during that period it can be expected that unforeseen problems arise that are typical for new and inexperienced companies. Besides, some tasks in regard to customer service issues might occur as well.

### **8.2. Milestones for Marketing**

- A. In order to create and implement a homogeneous brand image, all of the selected online media will be set up, designed and tested for functionality. Especially the website including the web shop is the flagship of a company. Therefore, a special focus will be set on this medium.
- B. In order to successfully engage with customers, it is crucial to always showcase relevant and interesting content on the platforms. The focus will rely on the constant creation of campaign materials and footage in order to be able to provide sufficient content on our different channels, aiming for an attractive and interesting social media appearance for customers to engage with the brand. In addition, the e-mail mailing list grows, as customer data can be collected on all the online presences. Furthermore, the from the PR agency “Guess What” proposed PR plan has to be adjusted and the final budget defined. Also, the press kit must be discussed in order to be able to send the same message across all media channels.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

- C. After completion of all online presence, product samples are sent to the selected influencer. The main goal is the potential additional media coverage before the official launch. In addition, buzz can be created in this way, meaning that people talk about the brand in the run-up to the launch, which is positive for ESCUDO's brand reputation.
- D. It is planned to promote the products on the streets and at different beaches with a small sale both offering the possibility to take pictures with a specially designed Instagram social media frame. This step is particularly important in regard to the social media accounts, for which ESCUDO needs to generate followers. Nowadays, a well-looking appearance on social media is not only critical for a company itself, but also for succeeding at negotiations with potential shop partners and event organizers. In general, a high focus will be placed on social media in order to constantly improve the web presence. Also, social media experts will be regularly consulted and more collaborations with bloggers and influencers set up.
- E. The launch event needs to be prepared. Two suitable localities have already been selected, but the appropriate date must be found in consultation with the PR agency and the product distributor to ensure that at product launch all products are available in sufficient quantities to handle sales and incoming online orders.
- F. Following the successful product launch, the sales base is to be further expanded. This will be supported with a big social media campaign and also more stores in the region will be contacted.
- G. In addition, surf event operators are contacted and asked if it is possible to be present at their events, for example, with a small sales booth.
- H. In general, it is necessary to always create new content for the channels, as well as to conduct an accurate analysis of used communication means. Probably some adjustments of the strategy also need to take place in order to ensure the greatest possible success. In addition, the product portfolio may be adjusted to customer needs, depending on the results of the store and online feedbacks. Of course, the biggest goal is to set up a growing customer base and generate as many new sales and revenue as possible in order to further funnel market penetration.

## 9. Conclusion and Discussion

### 9.1. Key findings

As mentioned in the very beginning of the project, the main research objective is to discover whether the business idea of ESCUDO is feasible enough to pursue, to turn it into a real business. Moreover, this research was expected to give further recommendations on how to proceed with the business idea and find the most suitable position for the business within the surf market.

The information and research results presented in this study, clearly indicate that the idea behind ESCUDO has a high probability of success and can result in a lucrative business idea to pursue. ESCUDO takes advantage of the current beneficial situation within the surf market, which offers high growth potential and strong market demand for environmentally friendly and sustainable products. The general increase in the interests of the surf sport showcasing steady growth without signs of decline, highlights the strength of this industry. ESCUDO has the potential to exploit the discovered market niche within the surf market and to enter it with a first mover advantage, offering a product that responds to current market demands. Primarily research has confirmed that customers are definitely willing to buy the product and the price point of the product has also been confirmed.

Portugal as strategic location chosen for market entry has proven to be very beneficial. The country is a place of excellence for water sports due to its natural features being the main surf destination within Europe. There is a growing number of surfers in Portugal and surf schools are mushrooming all over the country, resulting in a growing potential consumer base. Furthermore, Portugal and especially the city Lisbon, is a growing hub for startups and the government offers structural and financial help for young entrepreneurs, which could benefit ESCUDO. Lastly, products carrying the tag “Made in Portugal” represent a symbol of quality and reliability. Therefore, ESCUDO products made in this country imply that the products are produced within an environment that is socially ecologically responsible, reflecting one of the main distinguishing features of the product. The financial analysis has developed positively, revealing that ESCUDO has the potential to break even in month seven of the first operating year and the three-year projections show that ESCUDO is able to maintain its profitability in the long run. In the future ESCUDO will be in a position to capture greater market share by maintaining its omni channel sales approach and by increasing its marketing activities resulting in higher brand awareness and a strong brand.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

In summary, it has been confirmed that the business idea of ESCUDO is viable, offering high growth potential, resulting in a positive recommendation for the implementation of this project.

### **9.2. Future Outlook**

ESCUDO plans to become the forerunner in the surfboard cover market and to outstand from competitors in the market. We have set high objectives in first making a name throughout Portugal in the surfboard cover market and then expand to other countries in the market. With sustainable products and several USPs, ESCUDO captures a clear position within the market aiming to build a big fanbase to drive an expansion strategy. It is already possible to ship our products throughout Europe with our online shop, but local sales sites at surf localities are very important for raising awareness. Spain and France are therefore selected as the next target markets for setting up partnerships with local stores. Also, an expansion to all of Europe and the US is planned. In addition to these plans, it is also conceivable to expand the product range. Currently, a matching surf hoodie and a beach bag are planned, from which prototypes of the foundress have already been created. These would optimize our offer and motivate people to buy more products as these items will be available color-matched to the surfboard covers. Creating this complete own production lines could increase sales and revenue. In addition, we want to invest in market research in order to address additional consumer segments with our products, thereby significantly expanding our sales potential.

### **9.3. Recommendations for future research**

This research only represents a first attempt to investigate the feasibility and possible long-term success of the creation of the surfboard cover brand ESCUDO and further research would be required to gain more in-depth market insights. The results of this study reveal that there is a gap within the surfboard cover market and the proceeding of the foundation of the label ESCUDO could be valuable in the future and result in a good business opportunity. However, in order to establish deeper insights and to enrich the business plan further, it is recommendable to aim at gathering and obtaining further product feedback from the surfing community. In order to reach this goal, one recommendation would be to use a larger time horizon to be able to interview a bigger sample of the target group. This would enable more detailed market insights. In addition, it is recommendable to interview a bigger range of industry experts to further support the results found so far. Furthermore, it is advisable to invest in the purchase of the two major market studies



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

“Surfing: A global Strategic Business Report”<sup>106</sup>, “Surfing - Market Analysis, Trends, and Forecasts”<sup>107</sup> as well as the “OBSURF – Observatorio do surf”<sup>108</sup> to gain a precise snapshot of the sales figures and the business development of the competition to possibly adjust ESCUDOs future branding position.

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<sup>106</sup> Anon, (2019)

<sup>107</sup> ltd, (2019)

<sup>108</sup> OBSURF (2019)

# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

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# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

## Annexes

### Annex 1: Expert interview Transcripts

#### Interview Transcript Surf Equipment Shop Owner Nazaré (Pedro Almeida)

##### **Where do you mostly buy sports related products? What is the reason behind the choice of channel?**

In different channels. I mean of course more from wholesalers, since I can get the products at a discounted rate, sometimes I also buy online, but I prefer to touch and feel a product before I buy it. Also, it's cool to go to other stores here in the area to check out their product range and also to see if they have any new brand that I don't know yet.

##### **What products would you buy online and which ones offline?**

For sure I would not buy a surfboard online if I cannot see it somewhere else. It's just not the same, you need to hold it in your hands and also test the material to get a good impression. Online I buy stuff like Board Shorts or also sometimes surf travel bags or Finns.

##### **Where do you buy the surf equipment for yourself?**

See above.

##### **Where do you buy the equipment for the surf shop?**

Normally directly from the producers, since you can achieve better price ranges.

##### **Did you already purchase in big wholesale stores such as decathlon or surf dome?**

Yeah, I remember that I bought my very first wetsuit and surfboard at Decathlon.

##### **If yes, how was the experience? Where you satisfied with the purchase? If no, Why not?**

To be honest it wasn't the greatest choice. But I mean I was a student. Afterwards I always prefer more high-end brands.

##### **Where do you think surfers buy most of their equipment?**

I think I am a pretty decent surfer after all those years and normally also all my friends prefer to buy products from experts, which means surf equipment stores.

##### **What are the reasons for this?**

Well I mean I can really just speak from my side. But surf equipment is not really cheap. When you buy something you also want to make sure that it last long and doesn't brake. I mean image you surf huge waves in Nazaré and your surfboard breaks. That's not only costly that incredibly dangerous.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### **How many clients to you have per day?**

Of course, that varies within the season, but for example at the moment with the shop counting statistics, you can reach daily about 240 customers visiting our store.

### **How many of the visitors do actually buy something?**

That is difficult to say but we have quite high conversion rate, so I would say approximately 35% of the visitors also end up doing a purchase.

### **Do more men or women buy your products?**

It's very equalized. Surfing becomes more and more popular and especially women are more interested in the sports then like five years ago.

### **What age group are most of your customers in?**

Again, it really depends, but I would say, most purchases are conducted by people from 25 up to 40 years.

### **What values in regard to buying new equipment or making a purchase decision would you say are most important for your customers? (rank from 1= least important to 5 = most important)?**

High quality (5)

Reasonable price (3)

Sustainable & environmentally friendly materials (3)

Design & Look (3)

Brand reputation (2)

**Additional comment:** What really is out striking at the moment is the consciousness for the environment. We have a lot of customers asking if we actually have beachwear or products that are made out of ocean waste. It seems nowadays a trending topic, probably also because you have this new store which sells bikinis and shorts that are made out of ocean waste around the corner.

### **Which surfboard types and sizes do you sell the most?**

Since we are here in one of the most popular surf spots in Portugal, the high-end boards are our best-selling range. Big tops are also purchased, but for sure majority of our clients buys for example fish boards from 5'5 up to 6'4.

### **Do people buy a protective surfboard cover when they buy a surfboard?**

Of course, not everyone, but I would say roughly 70 % also buy a board bag or a surf sock yes.

### **What features do you think are important for a protective surfboard cover?**

Since I am also a surfer, for me it's of course the protective aspect. I like to travel around the coast finding the best spots, so therefore some of the spots are not that easily accessible and you need to do some walking distance with the board. Sometimes I also take more than one board, depending

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

on the waves and to vary a bit, so I would say it's important to have the possibility to easily transport them. This for example is a problem with the surfboard socks, since they don't have a strap.

### **What kind of material should a protective surf cover be made out of?**

Oh that's a tough question. I think there is no absolute perfect material, and I am also not a fabric specialist. But for sure I would say it must be a reliable, sturdy material, since the environmental influences can be tough. I mean you have the big exposure to sun, the contact with the salt water, the wax, sand and of course the heat as well.

### **How many surfboard covers do you sell on average per day?**

Normally around 15. Out of them more or less equally socks and carrier bags.

### **What do you think is important for a brand to compete in the surfer world?**

Definitely authenticity. A brand should represent what surfing stands for, like the lifestyle and also reflect on the passion for the sport and being in the nature. I would say the worst would be making promises that you cannot live up to. Basically, that's like a forecast that then turned into sh\*t. (laughs)

### **What values are particularly important to you in a brand?**

More or less what I said before. I buy brands that I trust, have good quality and that I can rely on for years. I hate shopping so if I buy a product it should last a while

### **How would you rate the interest in surfing over the last past years/month?**

It is definitely growing. I mean here in Nazaré especially. Since Macnamara has done his record here, shops are mushrooming, and the area became much more exposed to international interest and of course also the reoccurring surf events help a lot. I would say that's also why a lot more people come by here to stroll around or also to learn surfing actually.

## **Interview Transcript Surf Equipment Shop Owner Ericeira (Joap Costa)**

### **Where do you mostly buy sports related products? What is the reason behind the choice of channel?**

I buy most of my stuff directly from the producers or online from wholesalers. Of course, I also check around in the area and see what my competitors sell for products. It's fascinating to see how different the product portfolio varies from shop to shop.

### **What products would you buy online and which ones offline?**

Hm, I would say I don't really have a preference. Since I normally order in bulk, the stores are mostly ok to send me sample products before I decide to buy products in bulk.

### **Where do you buy the surf equipment for yourself?**

## **BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“**

Well, most of the time I actually make it myself, or more my brother does. He is crazy about new materials and makes custom made boards. For spare parts mostly online or if I need something on the spot which don't have on stock, I ask my shop neighbors.

### **Where do you buy the equipment for the surf shop?**

Normally directly from the producers, since you can leverage prices when you buy in bulk.

### **Did you already purchase in big wholesale stores such as decathlon or surf dome? If no, Why not?**

Well, I never tried, there is no particular reason for that. But I just think that's not really the spot to buy professional equipment.

### **Where do you think surfers buy most of their equipment?**

I think that definitely depends on their income. But normally as good surfer you also want high end equipment. I mean otherwise you don't have so much fun. And this you definitely will not get in Decathlon.

### **What are the reasons for this?**

Well I mean we surfers love the oceans and its terrible to see so much pollution. When you buy something you also want to make sure that it last long and doesn't break.

### **How many clients to you have per day?**

I would say more or less around 120 clients, of course, that varies within the season.

### **How many of the visitors do actually buy something?**

Roughly about 30 % of the customers also buy a product when they enter the shop. Of course, you also have a lot of customers stepping in to get information first, for example when they want to make a bigger invest for example in items such a surfboard.

### **Do more men or women buy your products?**

I don't really see a difference in between the rate of men and women. Many times, you have whole families coming in, purchasing in the end equipment for each member of the family. Therefore, I would say that it's very equalized.

### **What age group are most of your customers in?**

It is very diverse. Basically, we have customers out of every age group. From the 7-year-old, that get equipment for his birthday up to the 60-year-old surfing legends.

### **What values in regard to buying new equipment or making a purchase decision would you say are most important for your customers? (rank from 1= least important to 5 = most important)?**

High quality (5)

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Reasonable price (4)

Sustainable & environmentally friendly materials (3)

Design & Look (3)

Brand reputation (2)

### **Which surfboard types and sizes do you sell the most?**

Our best-selling boards are high end micro fiber boards. Sizes are quite varied, at the moment longboards are actually quite well sold. I assume this is due to the low waves that you have at this period of the year. With long boards you still can go out there and catch some nice foamy waves, so it's much more fun than with the smaller boards.

### **Do people buy a protective surfboard cover when they buy a surfboard?**

Yes, I would say a majority at least informs themselves about options on how to protect the board. Unfortunately, we don't have a big range at the moment, but normally around 60 % of the people that purchase a new board also end up buying a cover or a bag.

### **What features do you think are important for a protective surfboard cover?**

The functionality. I travel a lot around the world, and I have three different boards, so for me the best alternative is to have a traveler's bag, that allows to fit in all boards at the same time, making transport much easier.

### **What kind of material should a protective surf cover be made out of?**

I think that varies from the aspects that you worship when you actually want to purchase a bag. For me, like I said it's the functionality, but we have. A lot of customers for whom the design aspect is most important. Especially the younger generations want hip nice looking bags, since they are kind of a part of their lifestyle.

### **How many surfboard covers do you sell on average per day?**

Normally around 20. Out of them more or less equally socks and carrier bags.

### **What do you think is important for a brand to compete in the surfer world?**

In our globalized world, where everything basically becomes homogenous and exchangeable, I would say for a brand to become successful, the brand has to be outstanding in a certain aspect. For example, Vissla is now very trending, since they have beautiful high-end swimsuits and kinda revolutionized the market. Even big competitors are being threatened by them since they win more and more market share.

### **What values are particularly important to you in a brand?**

More or less what I said before. So, it needs to be special, like at least having one outstanding feature making it unique in the market.

### **How would you rate the interest in surfing over the last past years/month?**

## **BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“**

Growing and this – big time. The surf tourism in Portugal is extremely growing and it makes of course a big contribution to our yearly revenue. For example, during big surf events, we basically make one third of the whole yearly revenue, just because you have so much more exposure to people and of course if pro surfers wear a certain board or accessory it's not unlikely that it will be sold out within a couple of hours or days.

### **Interview Transcript Surf Equipment Shop Owner Costa da Caparica (Ana Rodrigues)**

#### **Where do you mostly buy sports related products? What is the reason behind the choice of channel?**

Everywhere, I guess. I am super interested in trying new products. Could be decathlon, could be the small handmade surfboard boutique. I also write product reviews so therefor I am pretty open minded.

#### **What products would you buy online and which ones offline?**

Hm I would say I don't really have a preference.

#### **Where do you buy the surf equipment for yourself?**

Basically, like I would buy the other equipment. But I also really like surf fairs, there you have sometimes really cool startups.

#### **Where do you buy the equipment for the surf shop?**

Normally directly from the producers, since you can leverage prices when you buy in bulk.

#### **Did you already purchase in big wholesale stores such as decathlon or surf dome? If no, Why not?**

Well, yes, I mean but I was not exactly overwhelmed by the product quality, but it was ok.

#### **Where do you think surfers buy most of their equipment?**

I think that definitely depends. I know people that only buy online because it's cheaper, but you also find a lot of people that would only go to local stores.

#### **What are the reasons for this?**

s. above

#### **How many clients to you have per day?**

I would say more or less around 100 clients, of course, that varies within the season and when the waves are good it also happens that I close my store to hit the waves for a good surf, so like this it can be also sometimes less.

#### **How many of the visitors do actually buy something?**

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

Roughly about 40 % I would say. Here normally the people that come know a lot of times exactly what they want, or they come particularly to get our expertise in order to find out what to buy, for example size wise with the boards or materials.

### **Do more men or women buy your products?**

I would say I have a majority of male clients. But of course, also women come into the shop doing some shopping.

### **What age group are most of your customers in?**

It is very mixed. Basically, we have customers out of every age group, but probably most customers are my age, like around 30.

### **What values in regard to buying new equipment or making a purchase decision would you say are most important for your customers? (rank from 1= least important to 5 = most important)?**

High quality (5)

Reasonable price (2)

Sustainable & environmentally friendly materials (4)

Design & Look (3)

Brand reputation (3)

### **Which surfboard types and sizes do you sell the most?**

I couldn't really tell you. We have a big variety of boards to offer, but the classics like fish are probably the most ones sold, like especially the range 6'2 until 7'.

### **Do people buy a protective surfboard cover when they buy a surfboard?**

Yeah, definitely. Especially surfboard newbies. They basically are the most excited about their purchase and end up buying a lot of extra equipment.

### **What features do you think are important for a protective surfboard cover?**

I mean it depends, for our younger customers it needs to be stylish, experienced surfers are more interested in the quality and the functionality I would say.

### **What kind of material should a protective surf cover be made out of?**

I think that varies from the aspects that you worship when you actually want to purchase a bag. For me, like I said it's the functionality, but we have. A lot of customers for whom the design aspect is most important. Especially the younger generations want hip nice looking bags, since they are kind of a part of their lifestyle.

### **How many surfboard covers do you sell on average per day?**

Probably on average around 10.



## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### **What do you think is important for a brand to compete in the surfer world?**

A unique feature, like maybe a very special design or material that is new to the market. Big brands like Ripcurl or Roxy are not that famous anymore among surfers, since they represent the mainstream. Surfer mostly fancy more the small niche brands that keep popping up in the market. That's why we for example also love to work together with small designers and startups, since it keeps our product range more diverse then the competitors here at the Costa. A lot of people come specially to see those niche products.

### **What values are particularly important to you in a brand?**

For me I list a brand or a product if it convinces me, doesn't necessarily need to be based on the brand itself, but for example the features, like nice colors or cool add on on products, that you normally would not get in a normal surf shop.

### **How would you rate the interest in surfing over the last past years/month?**

Growing, growing, growing. It is crazy how many people nowadays want to learn surfing. We need to replace boards basically all the time. Since we got so many newly interested people learning it.

### **Interview Pure Surf Camps Ericeira**

#### **Where do you mostly buy sports related products? What is the reason behind the choice of channel?**

Good question. I would say it changed quite a bit. When I started surfing, I bought my first equipment second hand. I wanted to test a bit before I would make a big investment. Now I have the perk that I know a lot of surfers and also get a lot of product samples from different producers.

#### **What products would you buy online and which ones offline?**

I would say I am a bit old school. I prefer to buy products in an actual shop, since I like touching the products.

#### **Where do you buy the surf equipment for yourself?**

It varies a lot. But I like handmade stuff. So, majority of my boards are from local producers here.

#### **Where do you buy the equipment for the surf school?**

Normally directly from the producers, since you can leverage prices.

#### **Did you already purchase in big wholesale stores such as decathlon or surf dome? If no, Why not?**

Haha, yes indeed. When we started the school, we actually made an agreement with decathlon for the soft top boards. It was a pretty decent price, but we changed to better quality producers, since they really broke quite easily. But in the beginning, it was alright.

#### **Where do you think surfers buy most of their equipment?**

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

I see a lot of different surfers and they all have their own preferences. But I would say they really want to have high quality products, so when they are good, they buy high end products. A lot of beginners are also fine with second hand or decathlon.

### **What are the reasons for this?**

Well I guess the better you get the better equipment you want to have in order to improve.

### **Have you seen a growing interest in surfing in recent years?**

Definitely yes. We started 2000 with one surf school and now we account for 5, which is really showcasing the growing interest in the sport. Not only are we now more present in Portugal but also, we opened Surf schools in France as well as in Morocco.

### **Where do your surf students come from?**

Basically, from all over the world. I would say at the moment there is a majority of people from Europe visiting our camps, most likely due the proximity of course. But we have a lot of students from Australia, America and Asia, so quite international exposure I would say.

### **Would you say that more men or women are surfing at school?**

Hum, that's a tough question. I would say still we have a majority of male students. But I have to say its equalizing quite a lot. We also had some courses with a majority of girls. I think now is the time where the sport also loses its male stamp, so that actually it is considered a sport that is perfect for both men and women equally.

### **How many of your students would you say develop into real surfers?**

It's difficult to say. In the recent year we started conducting data on that, but we also have a lot of students coming back several years in a row or going to different camps. So, I would say majority of our students really develops a passion for the sport and actually gets hooked to pursue the sport longtime.

### **What do you think is important for a brand to compete in the surfer world?**

Authenticity and a cool style, preferably being a bit “swaggy”, so it really reflects the surfers' attitude and lifestyle.

### **What values are particularly important to you in a brand?**

More or less what I just said. For me it's also important that I like the designs. I wear a bit of freaky outfits and like to also design my board a bit, for example I asked one of my friends to make a custom drawing on top of it.

### **Since you are a surfer yourself, are you using some sort of protection for your board?**

For me my equipment is holy. I love every single one of my boards and also, I try to maintain them alive as long as possible. For example, I try to repair them, when they have small cracks for

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

example. And I use a carrier bag, so that they are hidden from environmental damages, like heat or sun. Like this they last much longer for sure.

### **What features do you think are important for a protective surfboard cover?**

As surfer, for me it's of course the protective aspect. I like to travel around the coast finding the best spots. So, walking with the boards is always a barrier before you actually can deep dive into the water. But also, the aspect of the material is important to me. It needs to be durable and heat absorbent. For example, I travel also a lot with my car and when the board stays within the car, of course it should have a cover which helps to prevent it from heating up too much from the sun, since this can damage the material and lead to cracks.

### **What kind of material should a protective surf cover be made out of?**

I think there is no absolute perfect material, but what I really like about my current bag is that it has this silver lining that really absorbs a big part of the heat, so that the wax does not melt, even if it's for a longer time in the car. Only sad aspect is, that the bag is pretty ugly, but I mean it does the job, right?

### **Interview Baleal Surf camp Peniche**

#### **Where do you mostly buy sports related products? What is the reason behind the choice of channel?**

I have a direct contract with surf dome. I know the owner, so I get good prices and can buy in big quantities.

#### **What products would you buy online and which ones offline?**

I actually buy most of the stuff online. But of course, I go to local stores and fairs to inform myself. If I see something surf dome does not offer, they normally try to get it for me.

#### **Where do you buy the surf equipment for yourself?**

It varies a lot. Mostly I order when I order for the school. But last summer I was in Comporta and there was a young couple that made surfboards out of wood. Very expensive but extremely beautiful, so I could not resist.

#### **Where do you buy the equipment for the surf school?**

s. Above

#### **Did you already purchase in big wholesale stores such as decathlon or surf dome? If no, Why not?**

Haha, yes indeed. Decathlon I never tried though.

#### **Where do you think surfers buy most of their equipment?**

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

At least our students really like to go to specialty stores. I mean it's their first surfboard, so they are afraid of buying the wrong product. Sometimes we also order a bit bigger quantity and also sell to them.

### **What are the reasons for this?**

I think it's with everything we buy. But especially surf equipment is normally there to last longer and is also not really cheap, so you want to inform yourself and want expertise before you actually buy something.

### **Have you seen a growing interest in surfing in recent years?**

Definitely yes. From the last year the participants in high season have almost doubled, so we are at our capacity limit currently.

### **Where do your surf students come from?**

Basically, from all over the world, there is no clear tendency I would say. The last year especially we experienced a lot of people from the US coming here as well.

### **Would you say that more men or women are surfing at school?**

Hum, I don't keep track of the numbers, but I would say we have slight majority of male participants here.

### **How many of your students would you say develop into real surfers?**

Again, I don't have any numbers proving my statement, but I keep in touch with a lot of students and we have many that come several times in a row or that ask for new surf spots, so maybe around half our students develops a real passion for the sport.

### **What do you think is important for a brand to compete in the surfer world?**

The brand needs to have soul I always use to say. At least for me I need to be able to identify with the brand and its values. For example, I am a huge fan of Patagonia. They might not offer the most exciting designs for example, but the brand and what it stands for is just extraordinary in my opinion.

### **What values are particularly important to you in a brand?**

Authenticity. Like I mentioned before I love Patagonia. They literally revolutionize at the moment the world of fashion or more functional design clothing and equipment. The founder is not interested in making profit just in providing people the means of realizing their dreams or fulfilling their activities. Which is refreshing in a capitalist world I would say where normally only consumption and revenue generation is at the core or seen as purpose of a brand.

### **Since you are a surfer yourself, are you using some sort of protection for your board?**

Yes, I love my equipment. So, I take a lot of care of it and also use protective bags. Also, it's much more practical transport wise.

## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

### **What features do you think are important for a protective surfboard cover?**

I would say it depends what exactly you do with the board. For example, if you're more or less in the same region it needs to be practical and easy to carry. But if you go travelling with it for example the protective aspect becomes much more important of course and also the aspect of how stable the materials are.

### **What kind of material should a protective surf cover be made out of?**

Puh, I am not an expert on that matter. But my favorite bag for example is made out of a thick heavy canvas. But to be fair I didn't buy it, it was a friend of mine who made it custom made for me, since I was not very happy with the design range and I really prefer having something unique and individual then going with mass brands to be honest.

**Annex 2: Survey Questionnaire**

## Market research study for the sustainable surf board cover brand ESCUDO

This survey aims to support the creation of a Business Plan for the surfboard cover brand ESCUDO. The goal of the study is to gather feedback from our potential audience and to adapt the business strategy as well as the product to the demand of our target group.

Results of this survey will be analysed and conclusions will be included in a final master thesis in International Management, at the ISCTE-IUL University.

To participate in the survey, please make sure that the following statement statements apply to you:

I am interested in the surf sports market.  
I am interested in buying surf related products.  
I already have surf experience.

If this statements apply to you we look forward to your participation!

This survey will take about 3 minutes to answer.

**What is your gender?**

- ☐ Female
- ☐ Male
- ☐ Other
- ☐ Prefer not to say

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

How old are you?

- ☐ >18
- ☐ 18-25
- ☐ 26-33
- ☐ 34-41
- ☐ 42-49
- ☐ 50-99

Do you live in Portugal?

- ☐ Yes
- ☐ No

How often do you surf?

- ☐ Daily
- ☐ 1-3 times per week
- ☐ 1-3 times a month
- ☐ 1-3 times a year
- ☐ I do not surf

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

**Do you own a surfboard?**

- ☐ Yes
- ☐ No

**How important is sustainability to you when buying products?**

- ☐ Extremely important
- ☐ Very important
- ☐ Somewhat important
- ☐ Not so important
- ☐ Not at all important

**What values in regard to making a purchase decision are important to you ? (Multiple answer possible)**

- ☐ Price
- ☐ Quality
- ☐ Sustainability
- ☐ Design
- ☐ Brand
- ☐ Other



BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

**What do you think is important for a brand to compete in the surfer world?**

- ☐ Price
- ☐ Quality
- ☐ Sustainability
- ☐ Design
- ☐ Innovativeness
- ☐ Other

**What values are particularly important to you in a brand?**

- ☐ Uniqueness
- ☐ Quality
- ☐ Sustainability
- ☐ Design
- ☐ Innovativeness
- ☐ Other

**Do you buy surf inspired brands?**

- ☐ Yes
- ☐ No

Imagine you have your own surf board. Would you buy a protective cover in order to protect it from environmental impacts such as sun or sand?

- ☐ Yes
- ☐ No
- ☐ Maybe

What is currently the most important topic for you in the area of environmental protection?

- ☐ Deforestation
- ☐ Plastic pollution of the oceans
- ☐ Acid rain
- ☐ Species extinction
- ☐ Other

If you could choose, what material would you like your surf board cover to be made of?

- ☐ Canvas
- ☐ Cotton
- ☐ Neopren
- ☐ Sustainable materials made out of ocean waste
- ☐ Other

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BRAND „ESCUDO“

On the picture you see a sample product of one of our protective surf board covers. The materials used are made out of recycled ocean waste. The product is currently priced at 59€.



What is your first reaction to this product?

- ☐ Very positive
- ☐ Somewhat positive
- ☐ Neutral
- ☐ Somewhat negative
- ☐ Very negative

Where do you mostly buy sports/surf related products?

- ☐ Online
- ☐ Retailers like Decathlon or Surfdome
- ☐ Special local equipment store
- ☐ Other

**How innovative is the product?**

- ☐ Extremely innovative
- ☐ Very innovative
- ☐ Somewhat innovative
- ☐ Not so innovative
- ☐ Not at all innovative

**How would you rate the value for money of the product?**

- ☐ Excellent
- ☐ Above average
- ☐ Average
- ☐ Below average
- ☐ Poor

**If the product were available today, how likely would you be to buy the product today?**

- ☐ Extremely likely
- ☐ Very likely
- ☐ Somewhat likely
- ☐ Not so likely
- ☐ Not at all likely

BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“

**In your own words, what are the things that you like most about this product?**

A sua resposta

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**In your own words, what are the things you would most like to improve in this new product?**

A sua resposta

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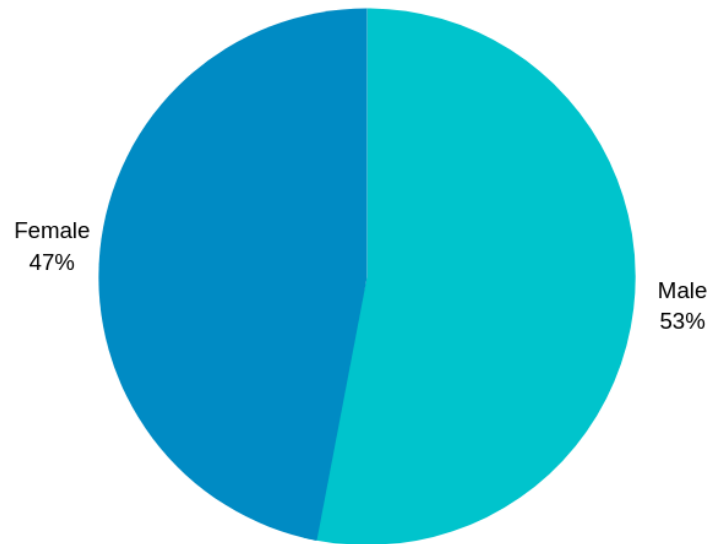
**SUBMITER**

Nunca envie palavras-passe através dos Google Forms.

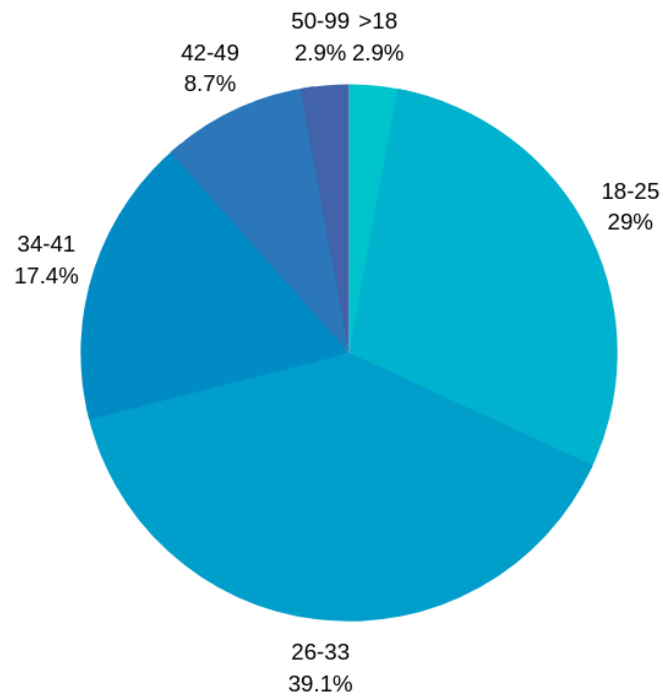
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## Annex 3: Results of the survey

What is your gender?

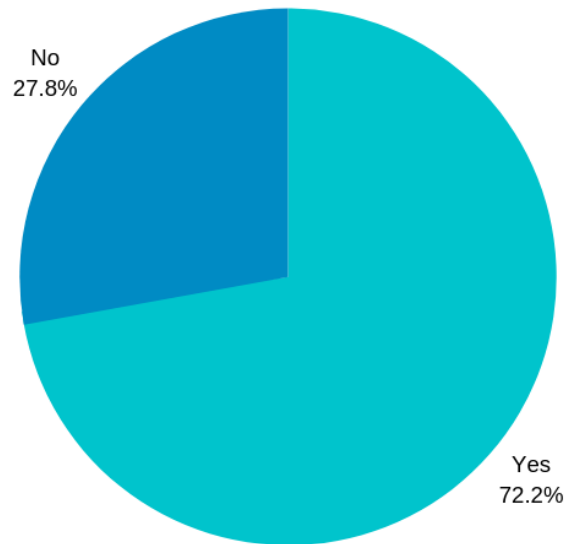


How old are you?

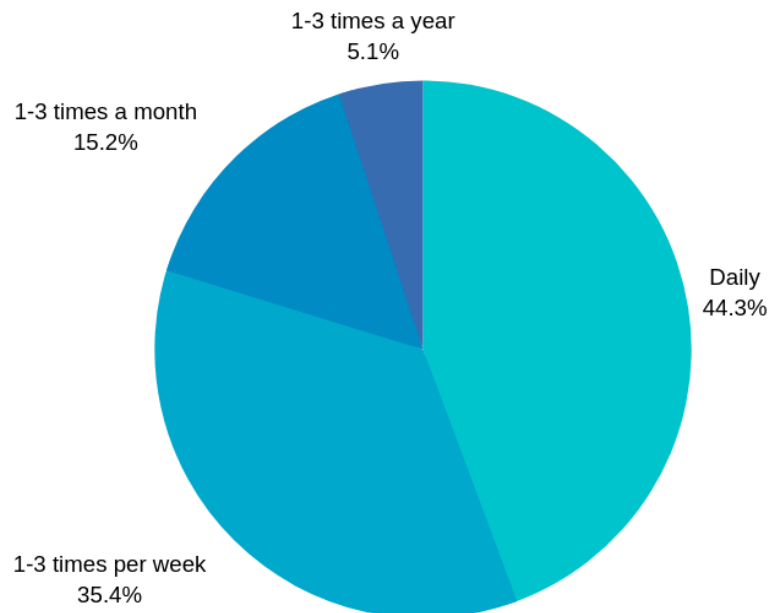


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## Do you live in Portugal?

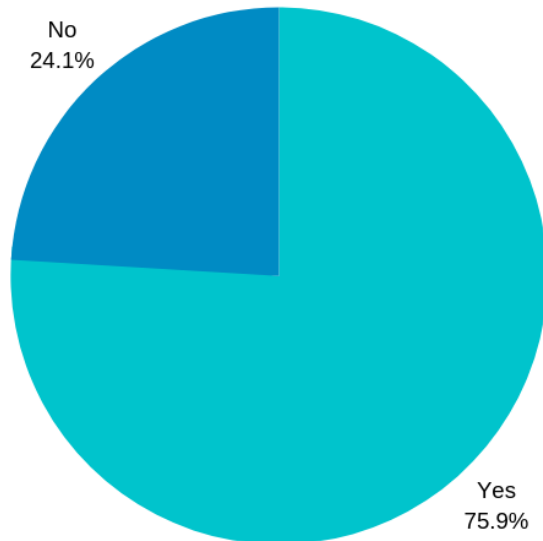


## How often do you surf?

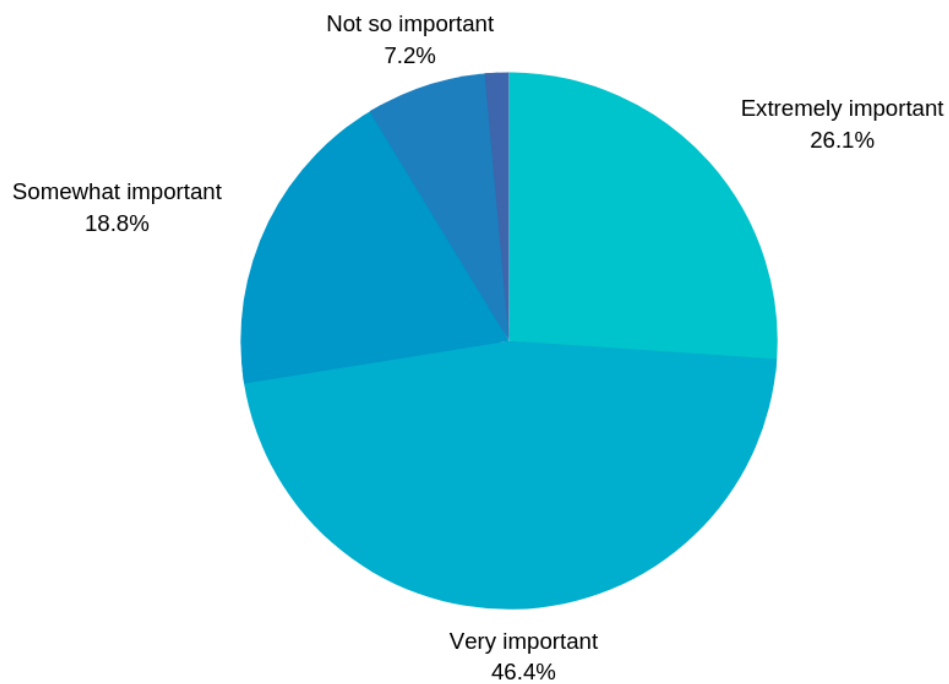


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**Do you own a surfboard?**



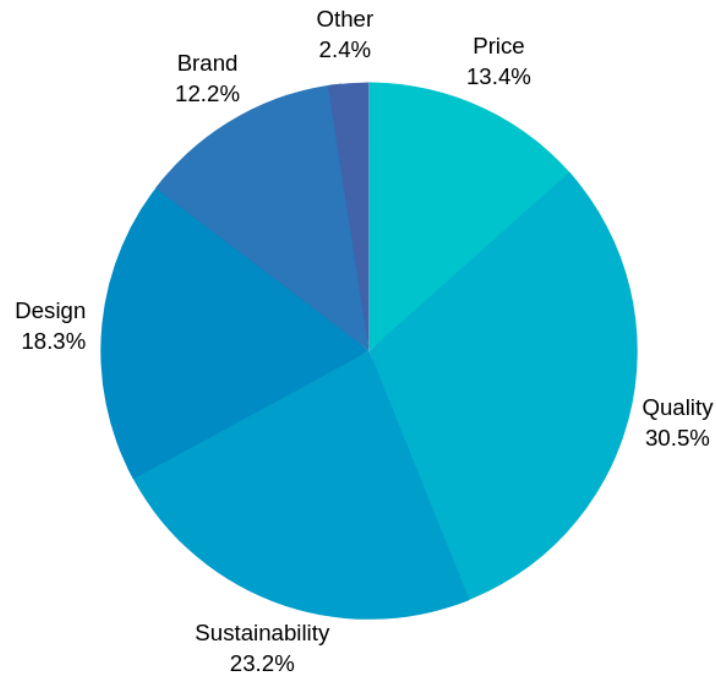
**How important is sustainability to you when buying products?**



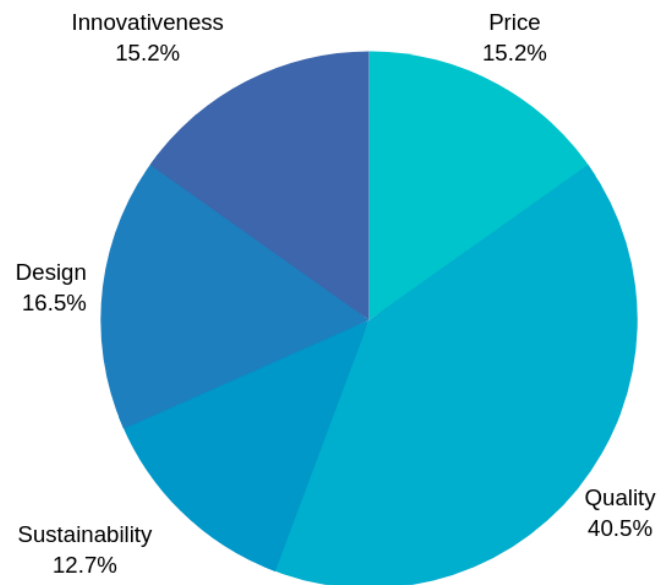


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**What values in regard to making a purchase decision are important to you? (Multiple answer possible)**

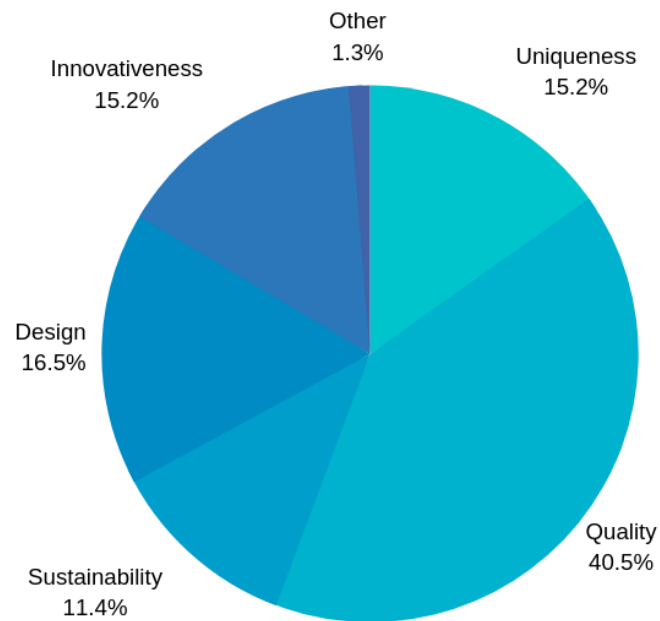


**What do you think is important for a brand to compete in the surfer world?**

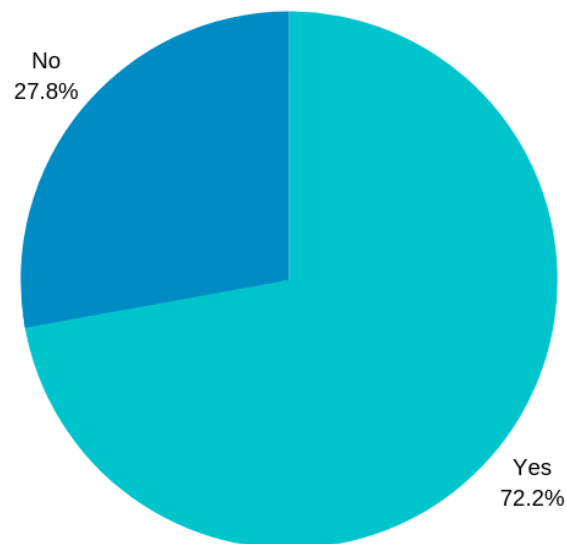


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**What values are particularly important to you in a brand?**

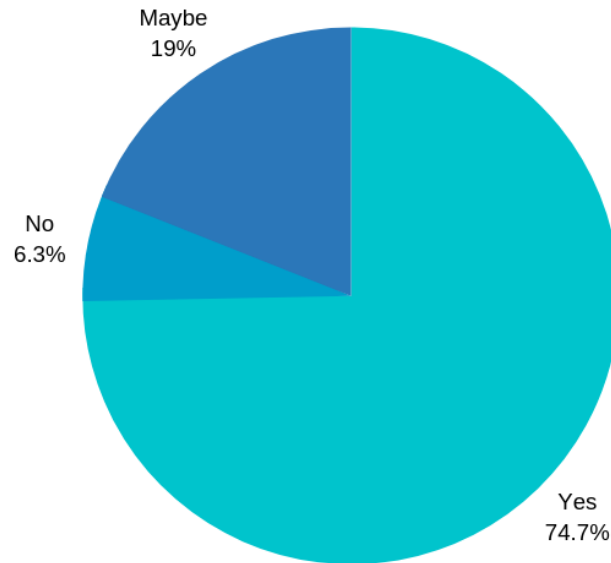


**Do you buy surf inspired brands?**

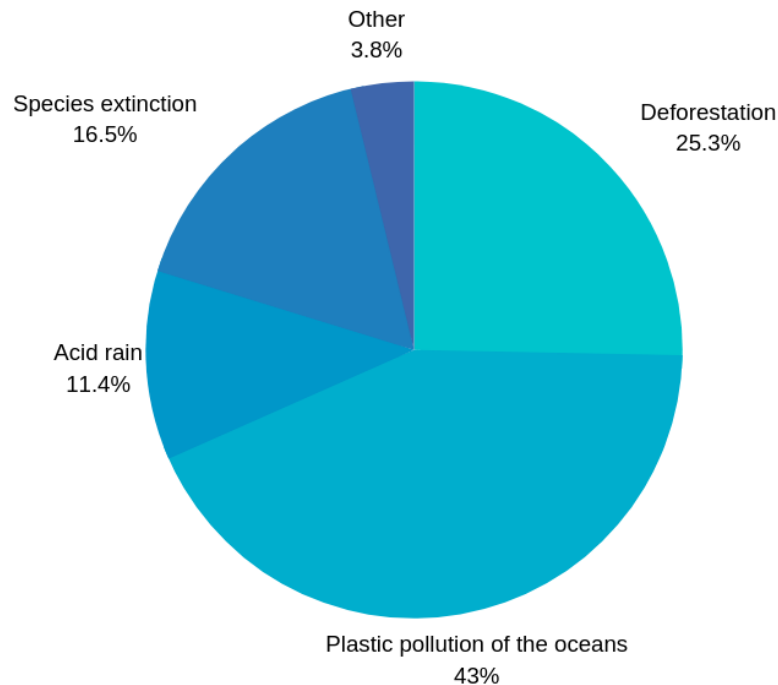


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**Imagine you have your own surfboard. Would you buy a protective cover in order to protect it from environmental impacts such as sun or sand?**

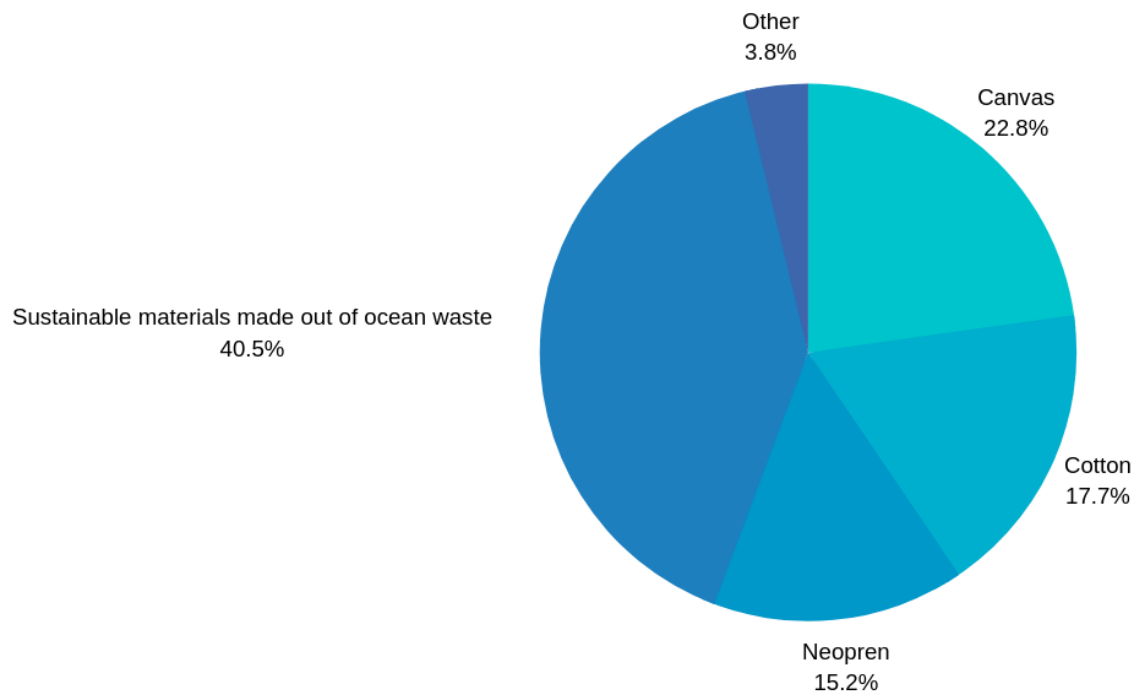


**What is currently the most important topic for you in the area of environmental protection?**



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BRAND „ESCUDO“

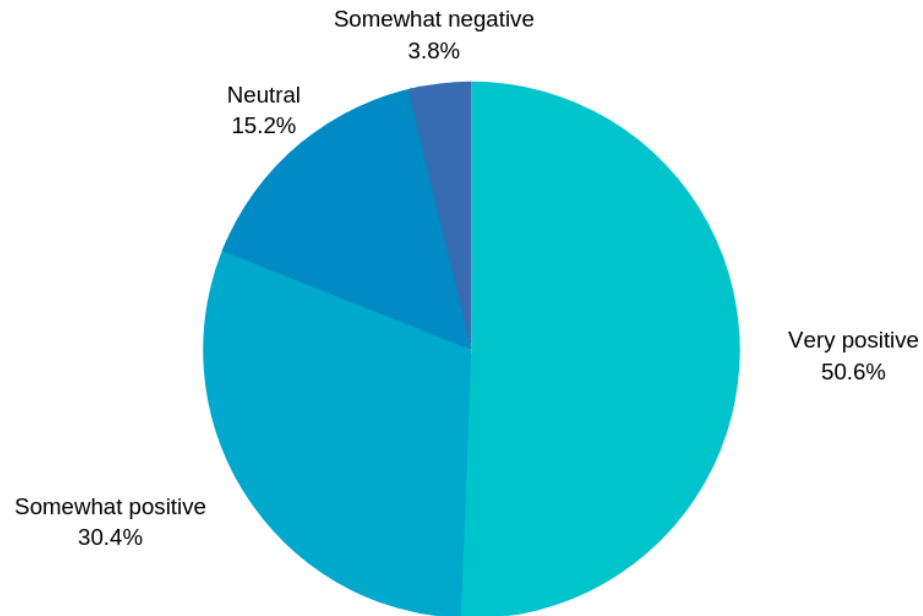
**If you could choose, what material would you like your surf board  
cover to be made of?**



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BRAND „ESCUDO“

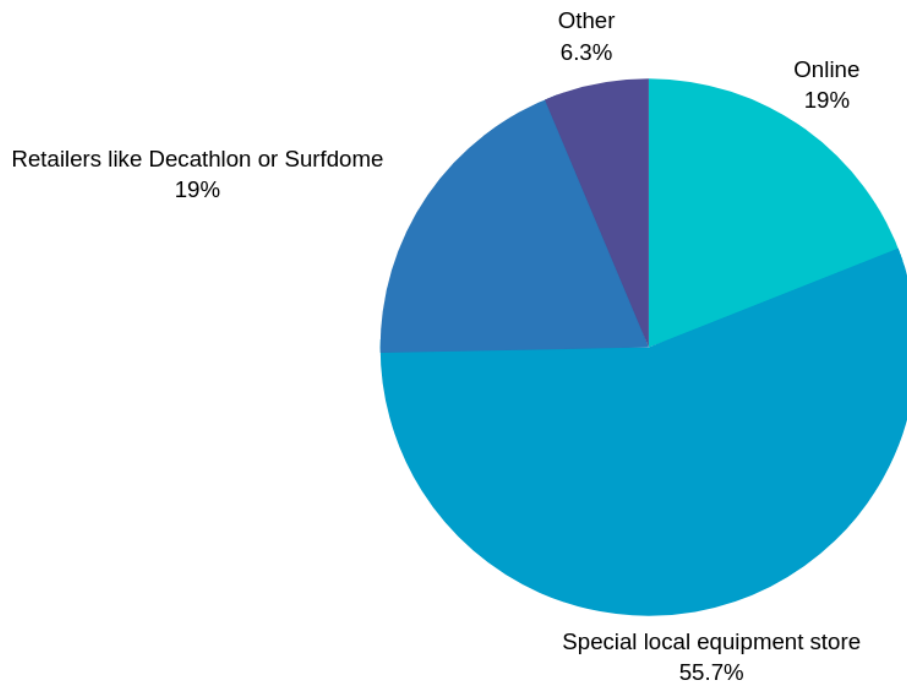
On the picture you see a sample product of one of our protective surf board covers. The materials used are made out of recycled ocean waste. The product is currently priced at 59€.

What is your first reaction to this product?

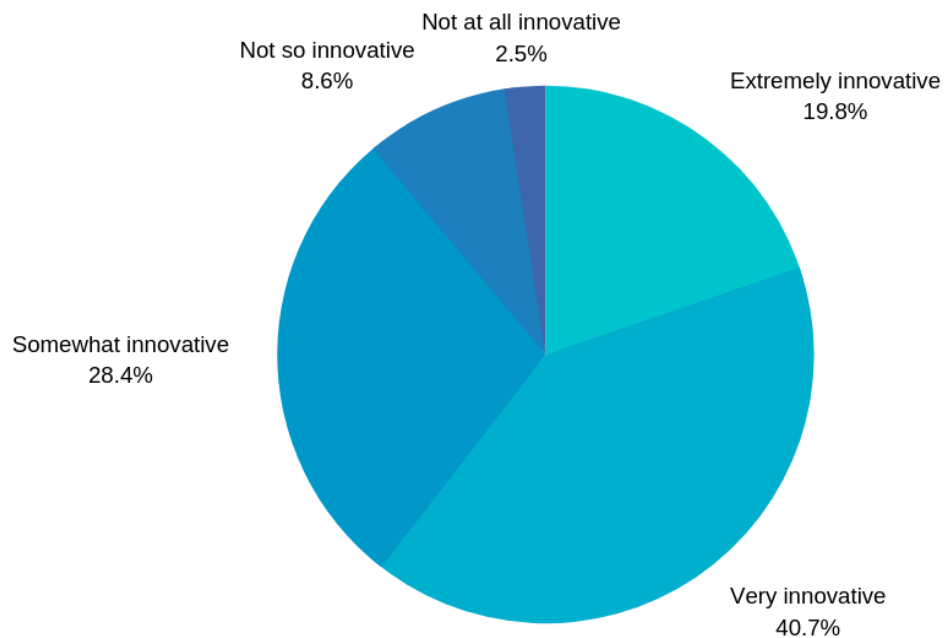


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## Where do you mostly buy sports/surf related products?

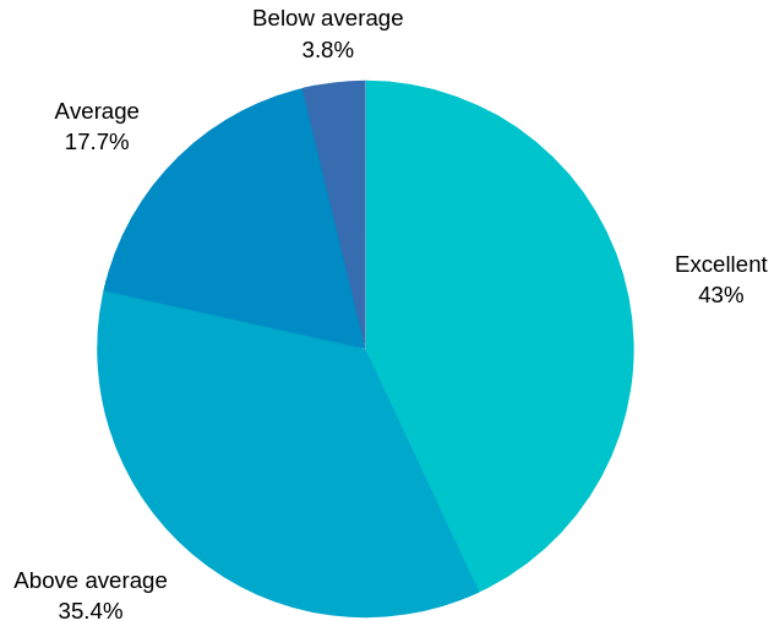


## How innovative is the product?

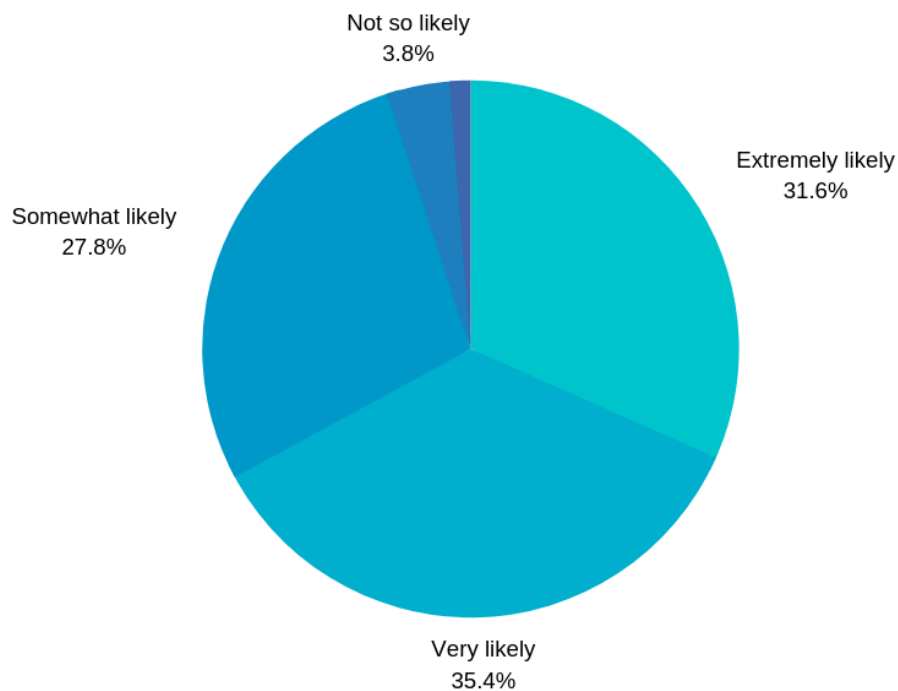


# BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

**How would you rate the value for money of the product?**

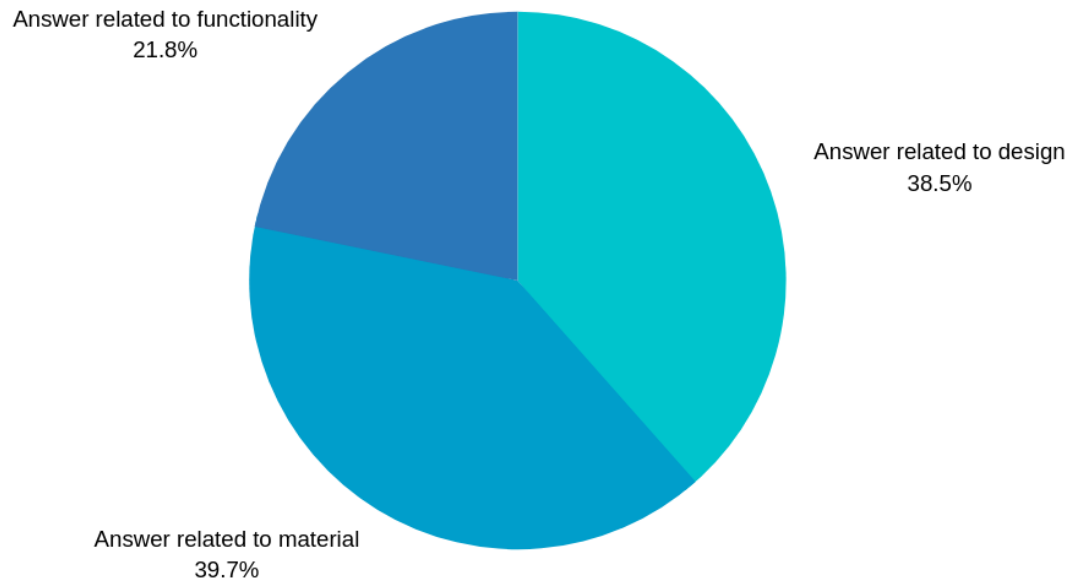


**If the product were available today, how likely would you be to buy the product?**

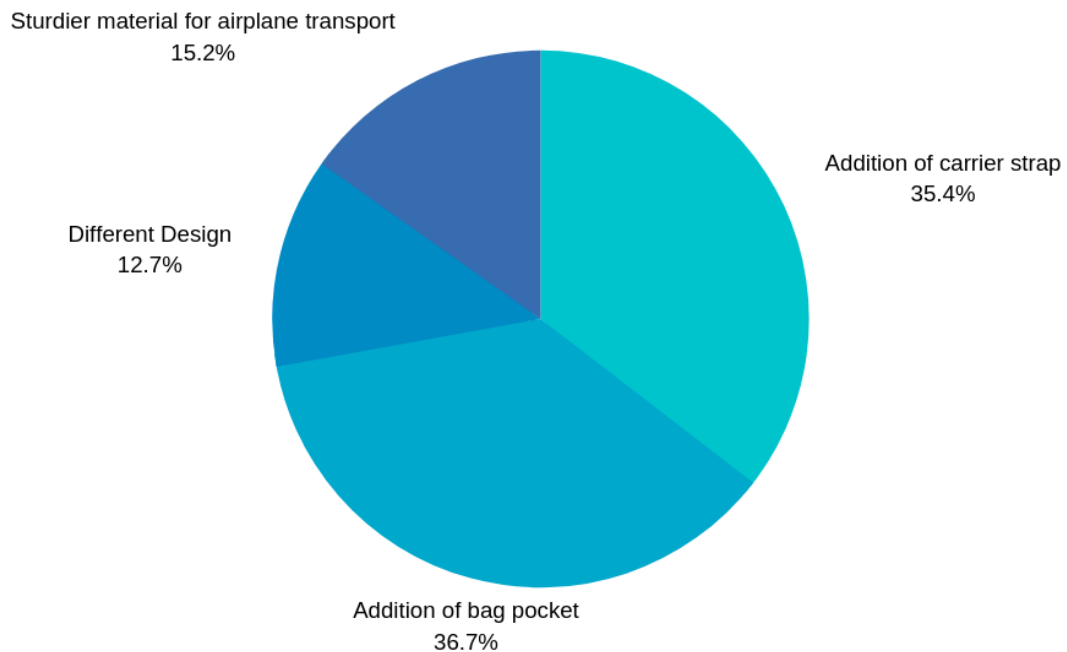


## BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES BRAND „ESCUDO“

**In your own words, what are the things you like most about the product?**



**In your own words, what are the things you would most like to improve in this new product?**





BUSINESS PLAN FOR THE IMPLEMENTATION OF THE SURFBOARD ACCESSORIES  
BRAND „ESCUDO“