

STRATEGIC PLAN FOR AN E-COMMERCE PROJECT

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Project submitted as partial requirement for the conferral of

Master of Science in Business Administration

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July 2017

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Abstract

The purpose of this thesis is to present an innovative strategic plan for a technologic start-up with the mission of making buying goods faster and more convenient by finding them in the closest physical shop possible. It combines the benefits of traditional shopping with the convenience of online shopping. The current e-commerce project provides the consumers with a wide range of clothing items from numerous local retailers, filtering them according to price, size, colour, material, style etc. The shoppers have the possibility to reserve the desired item and pick it up later in the shop, or order it online and receive it within 1-2 business days. Additionally, the current project aims to support small local retailers, enabling them to compete with aggressive campaigns of international brands and big online retailers by using technology and social media.

The methodology used in the development of strategic plan covers research in consumer behaviour and growing trends in consumer lifestyles, strategy and technologic entrepreneurship. For acquiring more specific and local trends about shopping for clothes online and traditionally - online survey was performed with 226 respondents.

The analysis of data and the conclusions drawn about online and traditional shopping habits of Portuguese consumers have been applied in different business development tools – PEST, Porter’s Five Forces, SWOT, TOWS, as well as 7P’s marketing mix – in order to specify the target audience, determine the positioning of the company’s service, and formulate further business strategy.

Finally, implementation plan for the future company will be developed and the conclusions from all the analyses will be outlined.

Key words: Firm Strategy, Strategic Plan, Entrepreneurship, E-commerce

JEL Classification: M10 – General Business Administration, M13- New Firms; Startups

Acknowledgements

I would like to thank all those who contributed directly or indirectly to the elaboration of this project.

Firstly, I express my gratitude to my supervisor, Professor Leandro Pereira, whose expertise, flexibility and guidance was crucial to accomplish this project.

Secondly, I thank all those who spent their time answering my questions, provided me with information I needed promptly and were always willing to help.

Thirdly, I acknowledge all my friends for putting up with me during all the time and giving me advice whenever I needed it.

Finally, and unavoidably, I show my appreciation to my family for all their support and understanding, and for always motivating me to be ambitious and persistent.

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1. Introduction

The author of the current strategic plan aims to promote an e-commerce project, named *Shopronto*, which allows customers to find fashion products, according to their requested parameters, in local "brick-and-mortar" shops, so that they can pick up the product and try it before purchasing, or get it delivered the same day. It is possible to select, compare and consider positions of goods in a variety of local stores.

In today's rapidly changing environment many businesses have been affected by globalisation, increased level of competition, technological evolution and innovation. Like many others, clothing sector has been impacted by the above-mentioned factors, which expose this industry to a highly competitive scenario between different retailers. Consequently, consumers have a variety of product choices, and at the same time, pressured with hectic lifestyles, they might struggle to invest much time on searching for the particular product they are looking for. With thousands of items in clothes stores, searching for one particular clothing item of certain color and shape can create a problem. The alternative can be achieved by online shopping provided by Amazon, Asos and many other brands, but the downside is that the consumers are still taking risks here, as in many cases it is actually hard to predict whether the product will fit them well in the end, even if the size, color and type of the material are ordered correctly.

These reflections have encouraged the author to explore this market in more detail, to look at coming trends and search for opportunities that could improve the current situation both for the consumers and retailers.

With the rise and popularity of mobile and e-commerce, fashion industry has shifted to become more digital-centric. Many brands have the opportunity to sell both in stores and online. Yet, according to the market research being undertaken, there is no integrating platform that will allow consumers to look for a specific item of different brands, read all the product characteristics, and then, knowing the location and the fact that the item is in stock, go to real, "brick-and-mortar shops", try it out and buy immediately.

Shopronto provides the following features:

- Searching products by model, type, manufacturer, price etc.;
- Filtering suggestions according to specifications;

- Visibility of the remaining stock (sizes, colors, locations);
- Providing store locations on a map;
- Possibility to reserve the product or order online and exchange at the local shop;
- Computer/tablet/smartphone mode.

Therefore, the potential project simplifies shopping experience for the consumers, allowing them to get access to all the information and details about the different products of different stores, without even visiting them, saving their time and efforts.

Additionally, the current project aims to support small local retailers, enabling them to compete with aggressive campaigns of international brands and big online retailers by using technology and social media.

To develop the project and reach the proposed objectives, the author intends to start with the research over existent literature covering innovation, entrepreneurship, technological development and current trends to better understand the nature of the project and how the paper should be developed.

Afterwards, the author will study the context in which the company will work in, with the help of Market analysis, PEST analysis and the application of the Porter's Five Forces analysis. Following the external (market) analysis and internal (organisational), SWOT and TWOS frameworks will be applied to formulate a business strategy.

The next stage will be to segment the market and study the company's future clients, which will be done through the application of a questionnaire, developed by the author. Additionally, marketing mix will be developed based on the obtained evidences.

Based on the previous analyses, the strategy for the company will be formulated.

Finally, implementation plan will be performed. Within this framework, the structure of the online shop, organisational structure and operating activities will be developed.

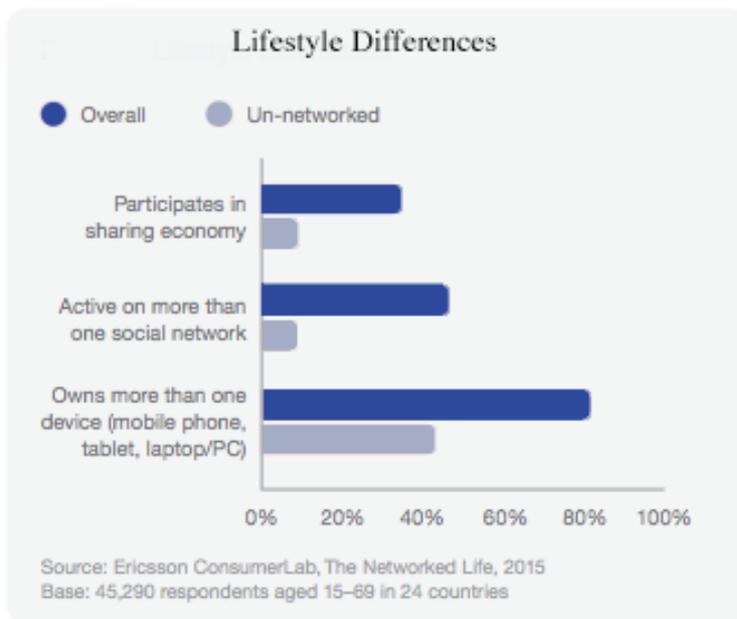
2. Literature Review

2.1. Consumer Behaviour and Growing Trends

For building successful business strategy it is important to understand consumer behaviour and analyse thoroughly latest trends. Consumer behaviour is the study of how individuals, groups and organisations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and wants (Kotler and Keller, 2012). Studying consumers provides clues for improving or introducing products or services, setting prices, devising channels, crafting messages, and developing other marketing activities (Kotler and Keller, 2012). Consumer behaviour has been changing rapidly over the last decade due to Internet growing popularity and technological development.

The findings made by Ericsson ConsumerLab (2015) state that major shifts in consumer behaviour include the following (Graph 1):

Graph 1. Lifestyle Differences.



Source: Ericsson ConsumerLab (2015)

- All consumer trends involve the internet, since people's physical lives are merging with their online habits, due to easy access to mobile Internet or Wi-Fi.
- Consumers have more influence, sharing their feedback more easily with the help of the social media.

The general findings made by market researcher Euromonitor International (2016) refer that 55% of the total global population will live in cities in 2017, which is five points higher than it was in 2007, when the urban population first surpassed rural population. The average age of the global population in 2017 will be 30.1 compared to 27.9 a decade ago. The findings state that 3.5 million additional consumers will come online per week globally in 2017. Percentage of

payments made with cards instead of cash also continues to grow, reaching 44.1% in 2016 with a forecast to reach 49.1% of all value by 2021. Consumer spending is projected to rise by 2.3% for 2017.

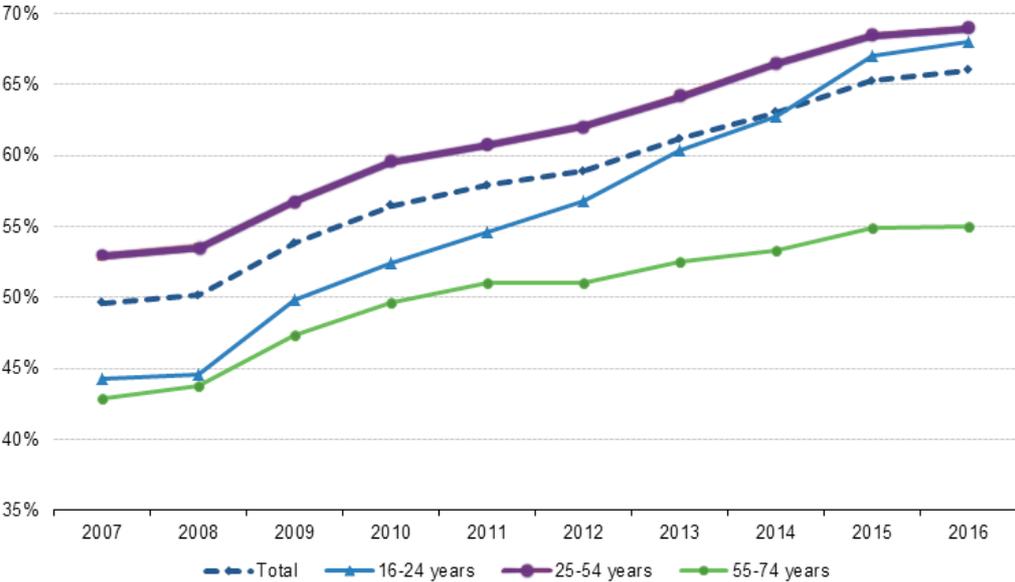
Globally, more consumers are using smartphones and tablets for shopping with the total number being 1.08 billion people in 2016 (Euromonitor International, 2016).

2.2. Rise of E-Commerce

Internet shopping is gaining popularity in the modern world and people feel more and more comfortable with buying online (Bourlakis *et al.*, 2008). Online shopping provides more information to compare products and price, larger variety, and it also brings satisfaction to modern customers seeking convenience and speed (Yu and Wu, 2007).

Nevertheless, Katawetawaraks and Wang (2011) distinguish the factors which impede consumers from online shopping, such as security issues, intangibility of online product, social contact, and previous unsuccessful experiences while shopping online.

Graph 2. Online shoppers by age groups.



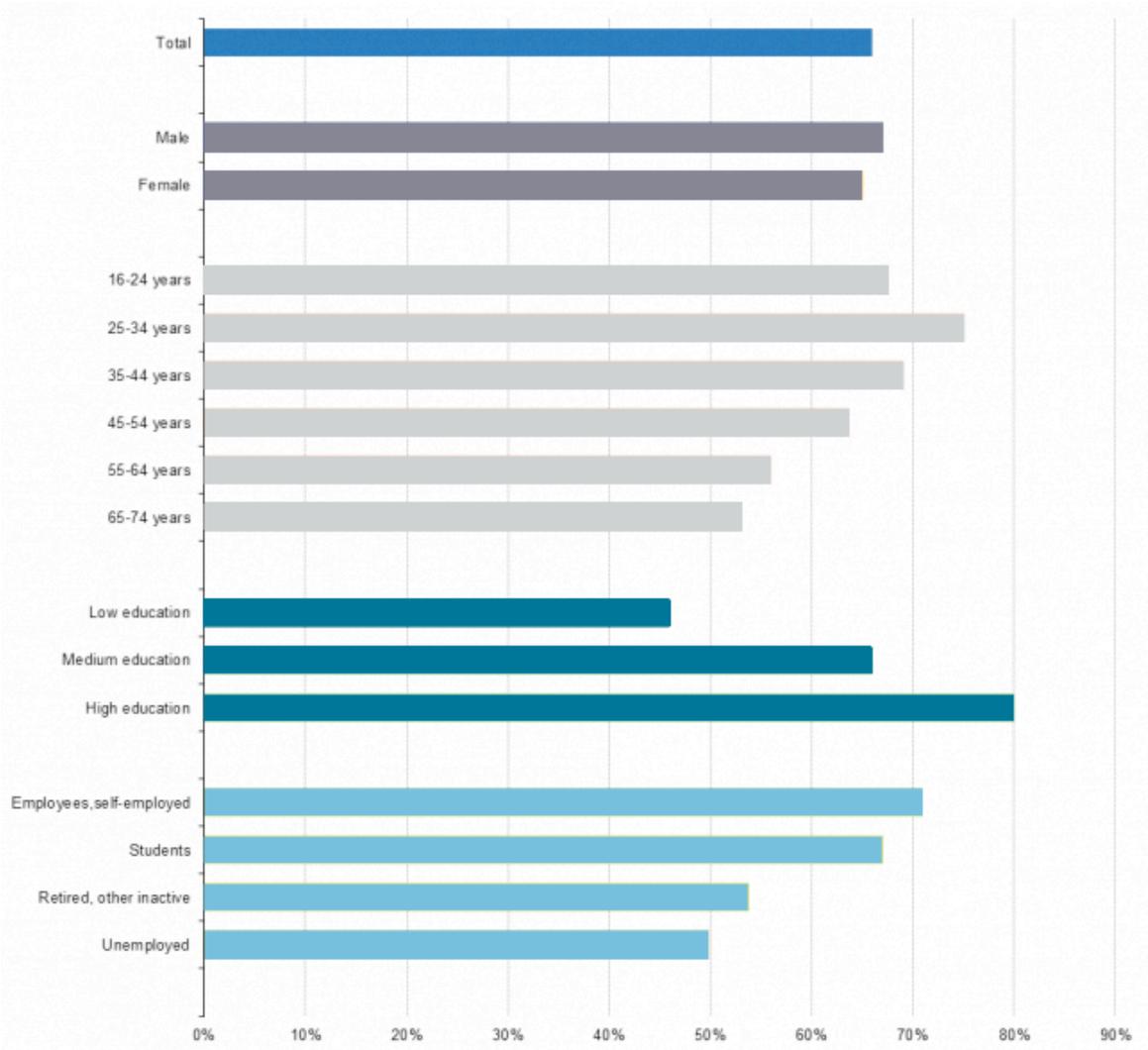
Source: Eurostat (2016)

Survey on Information and Communication Technology by Eurostat (2016) also confirms the growing share of e-shoppers in internet users, with the highest proportions being found in the 16-24 and 25-54 age groups (68% and 69% respectively).

Consumers aged 25-54 represent the highest number of online shoppers among internet users in 2007-2016. In 2015 the youngest group aged 16-24 overtook the EU average level and almost reached the level of 25-54 year olds (Graph 2).

As for the average profile of the online shopper, gender, age, level of education and employment situation all have an impact on the e-commerce activity (Graph 3). For men, the share of online shoppers among internet users is slightly higher than for women (67% and 65%, respectively), while individuals aged 25-34 tend to be more active e-shoppers (75% of internet users) than other age groups. Internet users with higher level of education shop online intensively 80%.

Graph 3. Average profile of online shoppers.

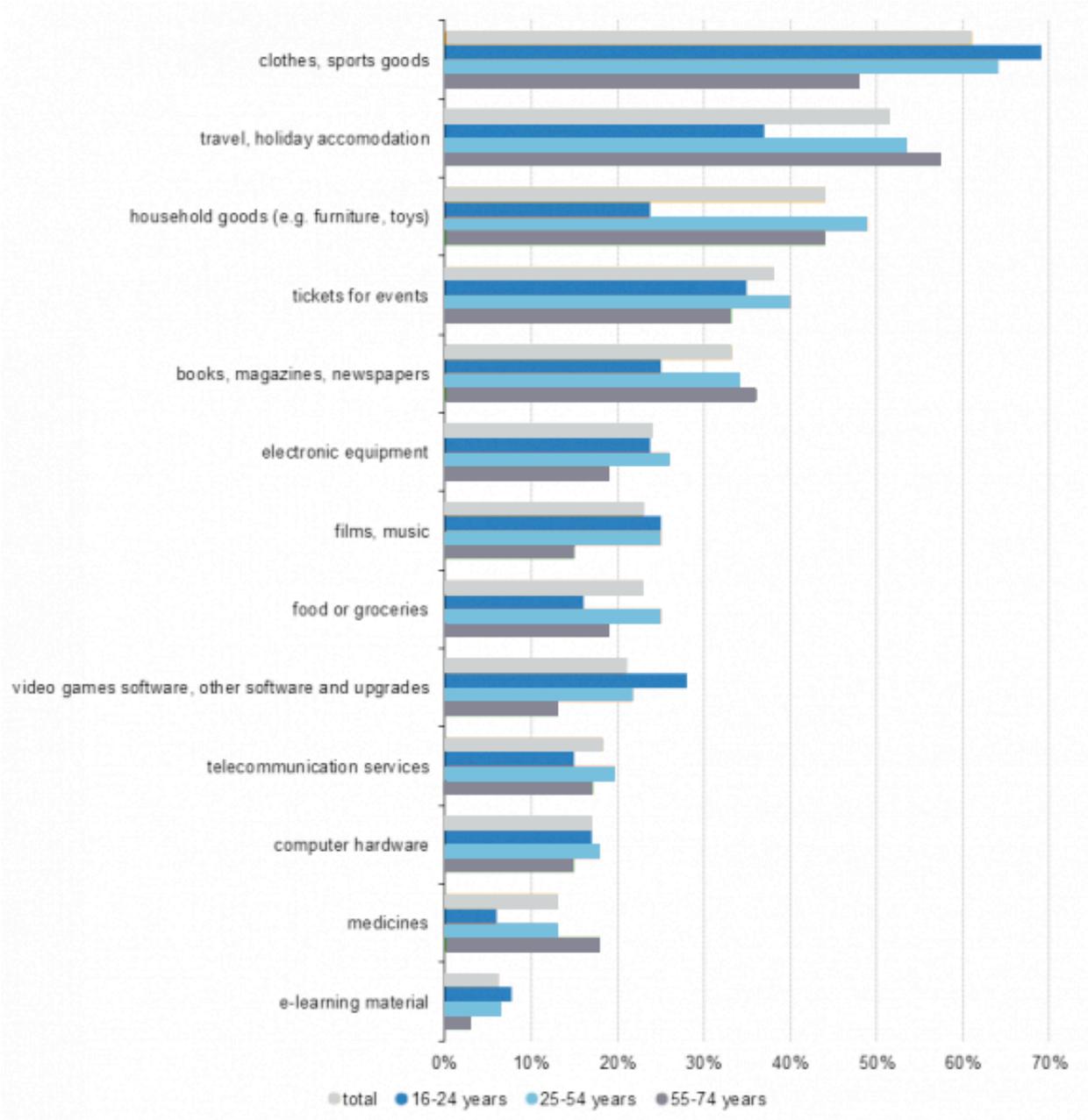


Source: Eurostat (2016)

Employees and self-employed internet users are more likely to buy or order goods or services over the internet (71%) than unemployed internet users (50 %).

Again, according to Eurostat (2016), the most popular type of goods and services that was purchased online in the EU was clothes and sport goods (61% of e-buyers), followed by travel and holiday accommodation (52%). E-shoppers aged 16-24 were the top age group when it came to clothes and sports goods purchases (69%) (Graph 4).

Graph 4. Types of goods, ordered online.



Source: Eurostat (2016)

2.3. Strategy

Efficient and well-thought strategic planning is critical to the success of future businesses. There exist many definitions of strategy. Chandler (1963) defines strategy as “*the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals*”. Hambrick and Fredrickson (2005) see strategy as “*a central, integrated, externally oriented concept of how the business will achieve its objectives*”. Strategy details how the firm can differentiate from, or compete with, its rivals to gain a competitive advantage. It is focused on the firm’s unique position in the marketplace (Porter, 1996).

Hambrick and Fredrickson (2005) distinguish five elements of strategy, that provide answers to five questions (Figure 1):

Arenas: Where will we be active?

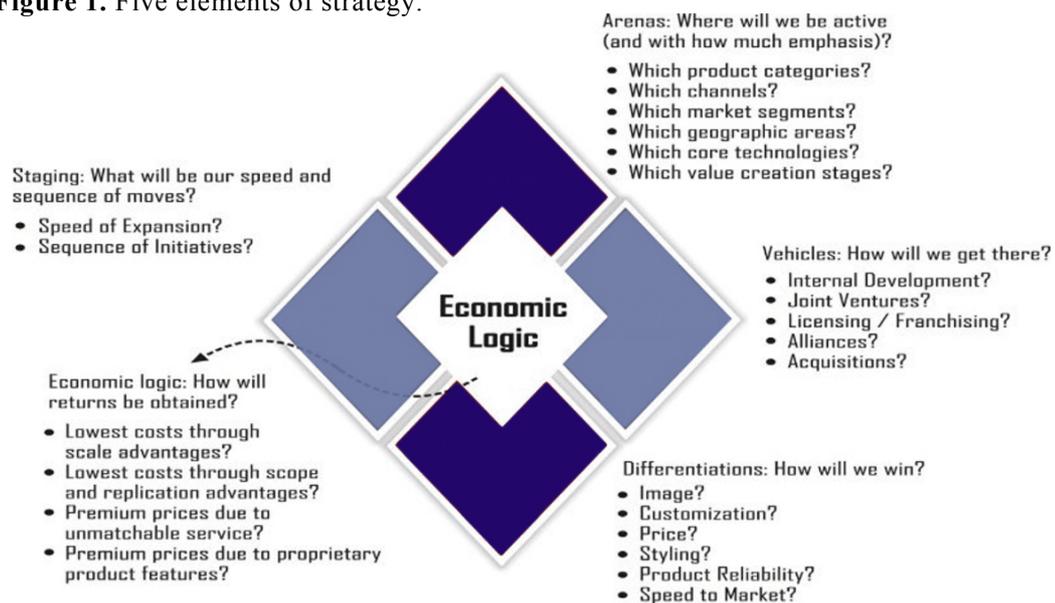
Vehicles: How will we get there?

Differentiators: How will we win in the market-place?

Staging: What will be our speed and sequence of moves?

Economic logic: How will we obtain our returns?

Figure 1. Five elements of strategy.



Source: Hambrick and Fredrickson (2005) Are You Sure You Have A Strategy?

Source: Hambrick and Fredrickson (2005)

Strategy has to capture internal and external aspects, which involves competencies and market opportunities. Therefore, some certain tools can be applied, depending on the specific case.

For example, PEST analysis, which stands for Political (P), Economic (E), Social (S) and Technological (T) analysis of the external environment. Besides being an efficient tool, Kim-Keung (2014) mentions that “*PEST analysis has very limited analytical value to contribute to learning about the strategic position of a company, and in this respect, the strategic management literature is rich in ideas on the broader topic of external environmental analysis, such as environmental scanning, scenario analysis and business ecosystem analysis*”.

To further explore the external environment of the company, Porter’s Five Forces model analysis can be applied. Johnson, Scholes and Whittington (2008) define it as a simple but powerful tool for the identification where power lies in a certain business situation by using the outside-in perspective. The framework distinguishes five forces in the microenvironment that drive competition and threaten a company’s ability to make profit, which are threat of new entrants in the industry, threat of substitute products, bargaining power of suppliers, bargaining power of buyers and the rivalry within the rival sellers in the industry. “*Awareness of these forces can help a company stake out a position in its industry that is less vulnerable to attack*” (Porter, 1979).

Porter’s Five Forces model analysis enables a company to evaluate competition and estimate alterations in profitability, based on changes in the industry structure. However, due to the fact that the analysis was developed in 1979, it has undergone some criticism, with general accusations of being outdated.

Main criticisms concern changed economic conditions, for instance Information Technology becomes more and more important in achieving a competitive advantage, but Porter's analysis does not include IT as a separate competitive force. “*IT was only considered as a means of supporting the five forces*” (Andriotis, 2004).

According to Thurlby (1998), Five Forces model of Porter is static and does not take account of time. Therefore, it is more challenging to determine markets with higher competition dynamic as they can change very quickly. This demands a constant creation of new models.

Both Flower (2004) and Downes (1997) criticize Porter's model because of the lack of attention to Digitalisation, Globalisation, and Deregulation. Those three factors stand behind rapid changes of the industry structures during the last decades.

After analysing the external environment SWOT analysis can be applied. The final SWOT matrix contrasts the results of the internal analysis (strengths and weaknesses) and the external analysis (opportunities and threats) to define strategic fields of action. *"It is meant to spark strategic insight and distill fragmentary facts and figures into coherent backdrops for strategic planning"* (Mintzberg, 1994).

2.4. Innovative Thinking in Traditional Retail Industry

Innovation is one of the basic concepts when defining entrepreneurship. According to Ducker (1997), *"innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service"*.

Brown and Ulijn (2001) define innovation as the idea of *"creating something new and implementing it successfully at a market"*. Innovation can be also explained as *"new processes and new ways of doing things"*, that add significant value in delivering the services and products that are demanded by the customers.

Innovation aspect plays an important role in all sectors, including fashion industry. According to Lowe and Marriott (2006), the common aspects of entrepreneurs and innovators' creativity occurs in the variety of areas, such as science, technology, design, arts and organisational development and they work for various types of organisation.

According to Sorescu *et al.* (2011), *"innovations in business models are increasingly critical for building sustainable advantage in a marketplace defined by unrelenting change, escalating customer expectations, and intense competition"*.

The rise of e-commerce is reshaping the retail industry, forcing established retail businesses to embrace the technological innovations and digital trends to take the lead in this competitive and fast-moving marketplace. In order to beat the competition, boost profitability and attract digitally-minded consumers many retailers will have to respond by restructuring, reevaluating the cost structure, adopting a broader and deeper Lean-Agile mindset.

Traditional retailers still have their strengths enabling them to leapfrog, for instance a personal service that still preserves to be a very important characteristic for attracting and retaining customers, helping traditional retailers to fight off digital competition.

To face the challenges Sorescu *et al.* (2011) recommends retailers to level up with new technologies and new consumer trends, as well as maintain organisational flexibility. As a solution, Rigby (2011) promotes a strategy of omni-channel retailing, which he defines as an integrated sales experience that counteracts the advantages of physical stores with the information-rich experience of online shopping. He sees omni-channel retailing as the way forward for retailers to satisfy demanding consumers, stating that *"Customers seek the perfect integration of the digital and physical experience, as they want the advantages of digital—such as wide variety, price transparency at the click of a mouse, and the advantages of physical stores—such as face-to-face interaction with store personnel, products available for trying on, and the social experience of shopping as an event"*.

Generally, the literature on innovation and entrepreneurship in the fashion clothing sector suggests that fashion businesses and employers are required to combine sophisticated management techniques with a high level of creativity and innovation in order to generate an additional competitive advantage in the existing competitive business environment.

2.5. Technology Entrepreneurship

According to Beckman *et al* (2012), *"technology entrepreneurship exists when developments in science or engineering constitute a core element of the opportunity that enables the emergence of a venture, market, cluster, or industry. These technical developments may lead to business models that rely on network effects, technical standards, and declining costs"*.

Speaking about fashion industry, Prahalad and Krishnan (2008) state that *"the new game is about more efficiency and innovation"*. Fashion is also about technology management and design intelligence that use technology as an important element for customer benefit. There is a link between creativity and innovation in new markets, products, processes and technology.

Ulijn and Brown (2001) mention that innovation and entrepreneurship have creativity in common, and that in most technology-based entrepreneurship a high level of innovation is required.

Companies that can embrace new technologies and at the same time preserve the authenticity and artistic, aesthetic elements of their businesses, would hold an advantageous position to sustain their business profitability.

3. Market Research

3.1. Methodology

To collect more information on the consumer behaviour and current trends online survey was conducted. The online questionnaire could be seen in Annex 1. In total 226 respondents took part in the online survey. The survey was performed from February 15 till February 25, 2017. Respondents were young consumers living in Portugal. Survey was distributed through internet by direct links, and also through lifestyle blogs and communities (fashion, shopping, beauty, clothes brands).

The main purpose of the online survey was finding out major concerns about online shopping versus traditional shopping, finding out more about shopping habits and trends, and getting a better understanding on the priorities of the consumers when shopping online or traditionally.

The choice of online survey was made on purpose as business will operate in an online environment, and future e-commerce project is mainly designed for internet users.

3.2. Conclusions

The results of online survey (Annex 2) show that 52 % of all respondents are women and 48 % are men, which correlates with the statistics by Eurostat (2016) on the average profile of online shoppers (Graph 3), stating that the proportion of male shoppers versus female shoppers is almost equal, with male shoppers slightly prevailing over females. Still, when it comes to shopping for clothes, female shoppers dominate over male shoppers by 4% according to the survey.

The average age of respondents in survey is 27,2 years. The youngest respondent was 19 years old, and the oldest 57. The majority of respondents are young people aged 26-35 (38%), followed by youngsters aged 19-24 (32%). Another large group is people aged 36-45 which corresponds to 21%. The respondents aged 46-55 contribute to 8%, and those aged 56-65 only to 1%. These results show that 91% of all respondents were up to 45 years old, with the highest amount among those aged 26-35 years old.

70% of respondents still prefer to shop for clothes traditionally compared to 30% of people shopping online. This result highlights the strength of traditional retailers versus online retailers when it comes to the clothes industry.

Regarding frequency of online shopping, the majority of respondents tend to shop once every 6 months (27%). 19% of respondents shop once per month, 12% of respondents shop once every 3 months. Frequent shoppers purchasing for clothes once a week, more than once a week, and 2-3 times per week correspond to 4% for each category, reaching 16% altogether. 8% of the respondents shop once a year, and 4% less than once a year, and 19% of respondents claim not to shop online at all. The main reason for not shopping online is inability to try the items before buying (94%). Other reasons are product quality (50%), preference of traditional shopping (38%) and too complicated procedures (13%).

At the same time the possibility to try the product is the main reason for shopping traditionally for the majority of the respondents - 96%. Other important factors are quality (34%), convenience (12%), price (8%) and choice (4%).

The respondents state that the most important factors when shopping online are delivery (54%), convenience (46%), variety (42%) and price (39%). Other factors are customer support, quality and payment security (23% for each category).

When the shoppers have to search for a specific item in stores, the majority of respondents spend 2-4 hours (35%), or less than 2 hours (31%). 16% of respondents spend 4-6 hours (8%) and more than 6 hours (8%), while 19% of respondents never find the specific item they are looking for.

When analysing satisfaction with online shopping, the respondents rated size adjustment as the least satisfactory (3.08 out of 5). Regarding traditional shopping, time efficiency tends to be the least satisfactory factor (2.56), followed by price (3.08) and variety of goods (3.08).

The majority of respondents reduced the amount of traditional shopping due to online shopping (60% compared to 40% who answered negatively).

70% of respondents think that high street retailers need to make changes to the overall shopping experience to compete with online stores.

Overall, after analysing the survey results it can be concluded that the largest part of the consumers (70%) are males and females aged 19-24, 26-35 years old. Traditional shopping still remains to be more popular than online shopping, although time efficiency was rated as the least satisfactory factor by the majority of the respondents. Also, when shopping traditionally, 19% of respondents claimed never to find the specific item of clothes they are looking for. The basic problem for consumers not shopping online (19%) is inability to try the product before buying and problems with size adjustment. What the consumers enjoy about online shopping is convenience, variety and price comparison.

Therefore, the solution that the current project is proposing is based on the current needs of the consumers, as it combines the benefits of traditional shopping with the convenience of online shopping - allowing the consumers to shop locally by using online search for comparing prices and products, and then collecting the product at the local shop, therefore reducing time factor. Collecting product locally also eliminates negative factors of shopping online, providing opportunity to try the item on, and check its quality.

4. External Analysis

4.1. Macro Environment Analysis (PEST Analysis)

There are different external factors that affect the vitality of the organisation, and therefore these factors have to be identified and analysed, so that the company could plan an effective business strategy and achieve optimum performance in future. To analyse the external macro-environment PEST analysis is performed, which studies political, economic, social and technological factors of the environment affecting the organisation.

4.1.1. Political Factors

This factor analyses how government regulations and legal issues influence company's ability to be profitable and successful.

Currently, there is a strong entrepreneurial culture that is being encouraged by multiple incentives of the Portuguese government, making it easier for the start-ups to set up and establish themselves.

For instance, the initiative "Empresa na Hora" simplifies significantly the process of setting up a company. The procedure is much less bureaucratic and requires the completion of a single form to set up a business, moreover it allows to register the company in a single day.

As it is stated on their website, “interested parties will no longer have to obtain in advance a certificate of company admissibility from the National Registry of Companies (RNPC). Nor will it be necessary any longer to sign a public deed. During the incorporation procedure, the definitive legal person identification card will be handed over, the Social Security number will be given, and the company will immediately receive its memorandum and articles of association and an extract of the entry in the Commercial Register”.

One of the latest developments of the Portuguese start-up ecosystem is Startup Portugal, an initiative launched by the Portuguese Government on 8th March 2016, aimed at promotion and stimulation of entrepreneurship, which includes 15 measures from incubation and acceleration to financing.

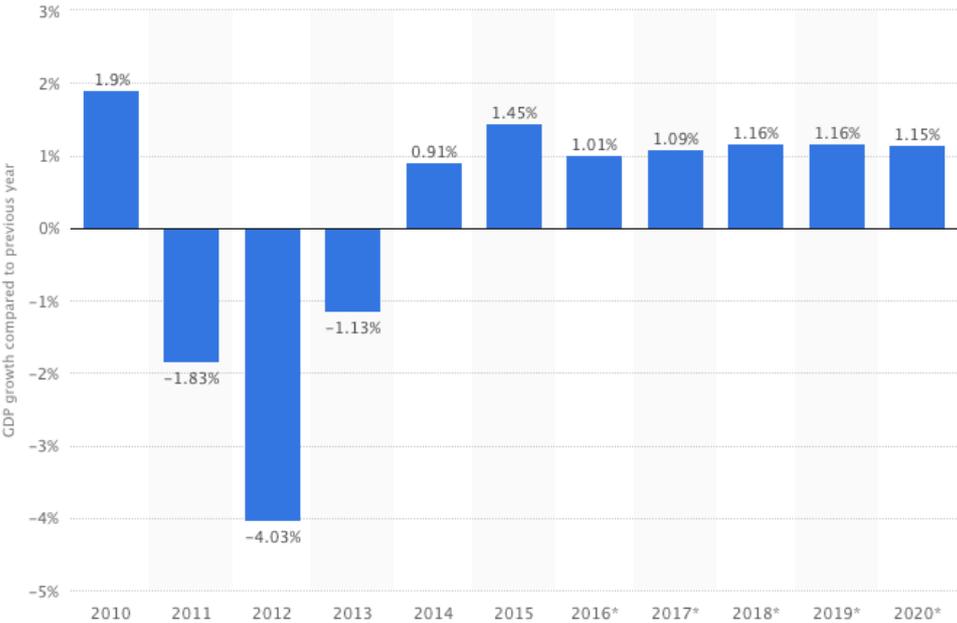
However, it must be taken into account that the VAT (value-added tax) is fixed at 23%, and the statutory corporate income tax rate for Portugal is 25%, which is a high rate.

4.1.2. Economic Factors

This factor takes into consideration the external economic issues that can affect company's success.

Since the EUR 78 billion bailout agreement with the Troika (EU-ECB-IMF) in 2011 and restructuring reforms, the Portuguese economy is now recovering and returning to growth.

Graph 5. GDP growth rate in Portugal.



Source: Statista (2015)

Nevertheless, in 2016 the economy slowed down due to a decline in investment, particularly in construction, and a drop in private consumption and exports. GDP growth reached only 1,01 % in 2016, and is forecasted to slowly grow till 1,15 % by 2020 (Graph 5).

Although the rate of Portuguese private consumption experienced a slight decline in the previous years (Annex 3), it has increased by 2.3% by the end of 2016, which is a positive tendency (Graph 6).

Graph 6. Personal spending in Portugal.



Source: Trending Economics (2017) SOURCE: WWW.TRADINGECONOMICS.COM | BANCO DE PORTUGAL

Portuguese public debt has risen to 130.40% of the country's Gross Domestic Product in 2016 after it dropped to 129% in 2015 (Graph 7), which makes it riskier for the investors to invest in Portuguese economy.

Graph 7. Government debt to GDP, Portugal.



SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT

Source: Trending Economics (2017)

Another negative trend is the average income of the families, which has declined from 30832.9 in 2012 to 28,736.4 in 2014 (Annex 4).

In general, economic growth is expected to remain modest in 2017, slowed down by a high level of corporate and household debt, weak credit, fragile banking system, rising energy prices and uncertainties in the Eurozone.

4.1.3. Social Factors

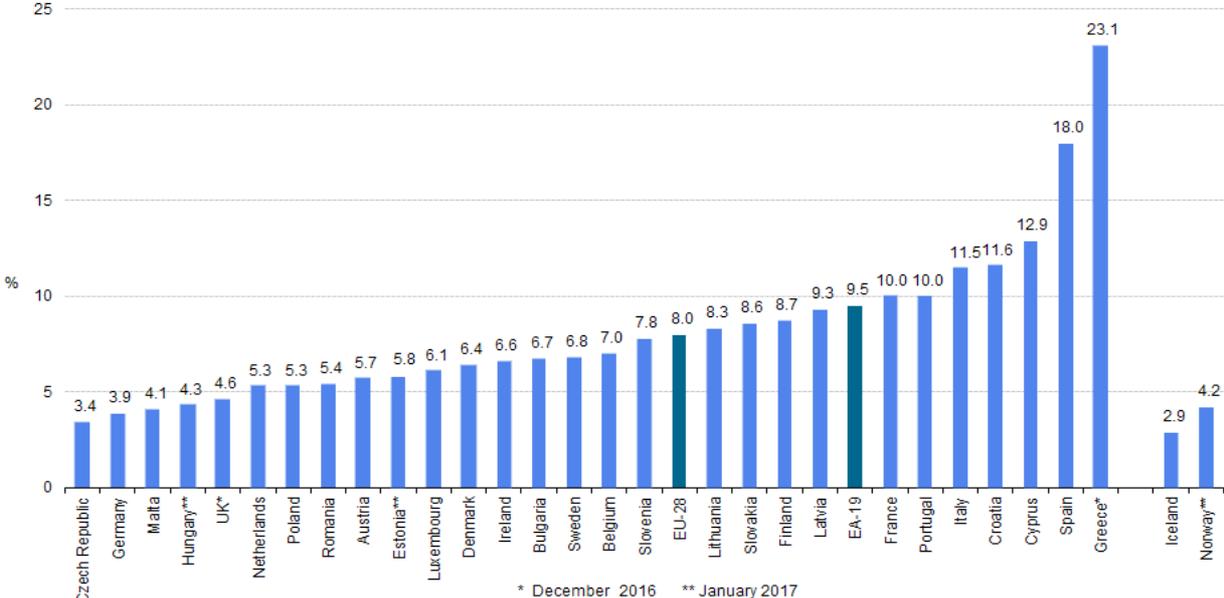
This factor examines the demographic and socio-cultural aspects of the company's market.

It is estimated that more than 10.8 million people live in Portugal, of which 42.4% is between 25 and 54 years old (INE, 2015).

One of the alarming trends that should be taken into account is the ageing of the population in Portugal. INE forecasts the ageing index to raise from 131 to 307 seniors per each 100 young people by 2060. The ageing of the population is caused by a few reasons. One of the main reasons is the fact that average life expectancy has been increasing due to technological and medical development. Another reason is the drop of the birth rates due to the low income of the families and financial difficulties related with raising a child, and also due to the priority given to professional development and career progression instead of family creation.

The unemployment rate is still high in Portugal compared to other European states, reaching the rate of 10.0 by February 2017 (Graph 8).

Graph 8. Unemployment rate in Europe.



Source: Eurostat (2017)

However, the unemployment trend is declining (Graph 9) due to the economical improvements made to recover from economic and social crisis.

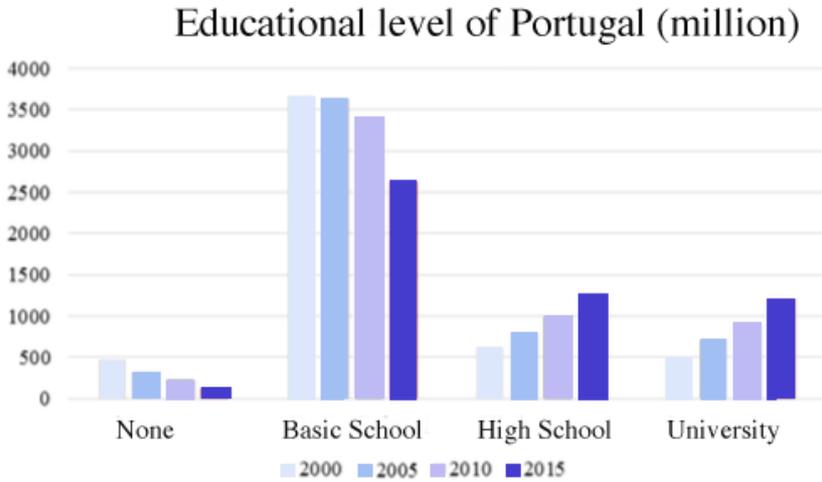
Graph 9. Unemployment rate in Portugal.



Source: Trading Economics (2017)

The unemployment among educated skilled workers makes it easier to hire local talents at competitive prices. Regarding the educational level, the rate of population without any studies has dropped, while the number of university students has risen. By 2016, 33% of the Portuguese population aged 25-34 already completed a 4-year university degree or higher (Graph 10).

Graph 10. Educational level of Portugal.



Source: Pordata (2015)

According to OECD (2016), the first-time graduation rate at the upper secondary level has dramatically increased from 54% in 2005 to 97% in 2014 (Annex 5).

Another trend worth mentioning is the idea of national sustainable development, which is very important for Portuguese society. Recently, public awareness campaigns have been launched to encourage people to buy domestic products, and there are different governmental incentives to support local farmers, national footwear industry, wine industry etc. In this way, the current project is bound to be considered positively by Portuguese consumers, as it supports local retailers and therefore aims to boost the economy on the national level.

4.1.4. Technological Factors

This factor studies technology issues that make an impact on how a company delivers its product or service to the marketplace.

In the last few years Portugal has experienced astonishing technological evolution. Following the general trend of increased usage of Internet and technologies, the total number of internet users has increased from 6.495.023 in 2013 to 6.930.762 in 2016, rising from 62.1% to 67.3% respectively (Annex 6).

The smartphone penetration among total population in Portugal surpassed 50% in 2015.

Data from Ecommerce Europe B2C (2016) shows that the amount of online shopping has increased by 15.7%, above the European average in 2015, with sales of 3.3 billion per annum. There are 2.97 million e-shoppers in Portugal, which spent an average 988€ in 2014.

It is estimated that these values will keep growing for the next years due to the technological evolution people are living nowadays. For instance, by 2020 it is estimated that the number of internet users will reach more than 9 million, which amounts to 84% of the population. The number of e-shoppers in Portugal is forecasted to reach 4.5 million e-shoppers, with each spending more than 1000€. Global e-commerce activities - including B2B, B2C and B2G - will surpass 90 billion Euros, worth 54% of national GDP.

4.2. Micro Environment Analysis

After analysing the macro environment, the business industry and the existing competitors will be studied carefully. To determine the industry attractiveness Porter's Five Forces analysis will be undertaken.

4.2.1. Industry Analysis

Textile and Clothing industry is one of the most important to the Portuguese economy. With a total production of 6.4 billion euros, Portuguese Textile and Clothing industry is one of the largest among 28 EU member states. After a decline period impacted by global economic and financial crisis of 2008, national economic instability of the previous years, consumption disruptions, the industry is now recovering. Nowadays local companies are recognised for their authenticity, individuality, high quality of goods and services, flexibility and service intensity.

The Portuguese Textile and Clothing (T&C) industry includes 6.000 societies and 5.600 individual companies, with a total working force of 130.000 direct employees, and 4.8 billion exported euros in 2015 (Table 1).

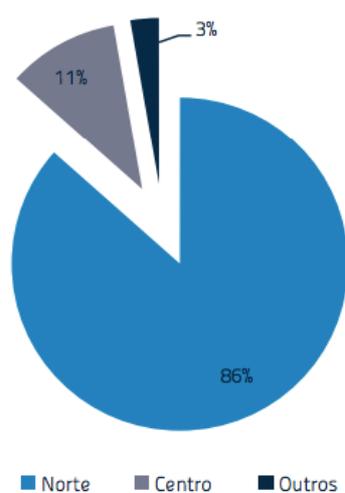
Table 1. Textile and Clothing industry in Portugal

	2010	2011	2012	2013	2014	2015
Produção (milhões €) Production (million €)	5.640	5.770	5.647	6.028	6.485	6.359*
Volume de Negócios (milhões €) Turnover (million €)	5.815	5.983	5.838	6.296	6.712	6.755*
Exportações (milhões €) Exports (million €)	3.844	4.167	4.127	4.283	4.620	4.836
Importações (milhões €) Imports (million €)	3.419	3.467	3.116	3.344	3.608	3.795
Saldo BC (milhões €) Trade Balance (million €)	425	700	1.011	939	1.012	1.041
Emprego Employment	137.264	132.133	124.329	124.147	128.414	129.452*

Fonte Source: INE, 17.3.2016. * estimativas ATP para 2015 * ATP forecast for 2015.

Source: INE (2016)

Graph 11. Textile and Clothing by regions in Portugal.



Source: INE (2016)

T&C industry accounts for 10% of the national exports, 19% of the manufacturing industry employment and 8% of the manufacturing industry turnover (INE, 2016). The Portuguese T&C industry is mainly located in the North region of Portugal which represents 87% of the sector's turnover and 85% of employment, followed by the Central region with 11% of the turnover (Graph 11)

The main export destinations of Portuguese T&C industry are Spain (with over 30% of total exports), France, UK, Germany and US (Table 2).

Table 2. Main export destinations of T&C industry in Portugal.

Milhões million €	2015	Peso share 2015	Milhões million €	2015	Peso share 2015
Espanha Spain	1605,4	33,20%	Espanha Spain	1463,3	38,60%
França France	612,6	12,70%	Itália Italy	437,4	11,50%
Reino Unido UK	437,5	9,00%	França France	273,4	7,20%
Alemanha Germany	409,6	8,50%	Alemanha Germany	257,3	6,80%
EUA USA	284	5,90%	China	215	5,70%
Itália Italy	195,9	4,10%	Holanda Netherlands	180,8	4,80%
Holanda Netherlands	156,1	3,20%	Índia India	162,5	4,30%
Bélgica Belgium	97,9	2,00%	Turquia Turkey	123,9	3,30%
Suécia Sweden	95,6	2,00%	Bélgica Belgium	105	2,80%
Dinamarca / Denmark	74,2	1,50%	Paquistão Pakistan	90,4	2,40%
Intra UE (28)	3981,7	82,30%	Intra UE (28)	2966,7	78,20%
Extra UE (28)	854,6	17,70%	Extra UE (28)	828,8	21,80%
TOTAL	4836,3	100,00%	TOTAL	3795,5	100,00%

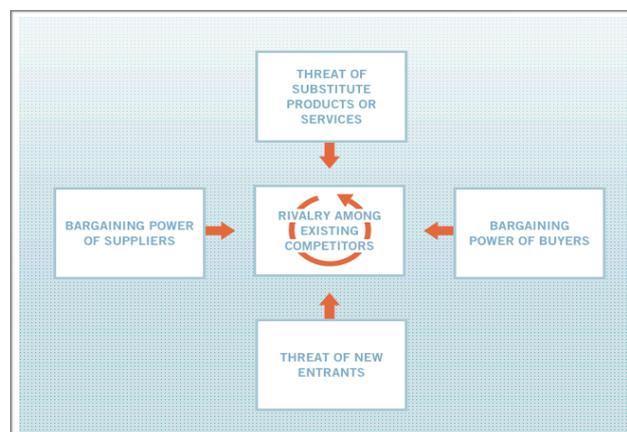
Source: INE (2016)

To stimulate the development of T&C industry Portuguese Association of Textile and Clothing Industries of Portugal (ATP) carried out a strategic plan "TÊXTIL 2020" in 2014, for the period 2014-2020, prioritising entrepreneurship, innovation (technologic and non-technologic), internationalisation of global companies, management of organisations, companies' capitalisation, Human Resource valorisation, and sector's better visibility (ATP, 2016).

4.2.2. Porter's Five Forces Analysis

Porter's Five Forces model developed by Michael Porter is an efficient tool enabling to analyse the attractiveness of an industry through the joint action of five forces: threat of new entrants, threat of substitutes, bargaining power of supplies, bargaining power of customers and industry rivalry.

Figure 2. Porter's Five Forces model.



Source: Porter, M. E. (1985)

4.2.2.1. Threat of New Entrants

Firstly, it is important to analyse the barriers to entry, as they can prevent a start-up company from entering a particular market. Therefore, the following factors have been considered as barriers:

Capital requirements

To start up this type of business the investment is mainly needed for the technology, such as full-stack web service/client, mobile application that incorporates third party API's, as well as the web application, hosting/scalable database, hiring an outside developer to perform these duties. In general, the capital necessary to invest for initiating the business is low. Therefore, this factor represents a low barrier for the entrance of new competitors.

Product Differentiation

Since the project brings a different innovational service to the market, it faces competition with established products of large well-known brands, which forces entrants to spend and promote heavily to overcome existing customer loyalties. To eliminate the barrier, the benefits of the service must be clearly communicated to the target customer.

Access to distribution channels

This can represent a medium barrier as this type of business requires a strong cooperation with the suppliers forcing them to list and structure their stock items.

Switching Costs

To get involved in the project the suppliers need to face one-time costs (technology update and support, photographing the stock items), which represents a medium barrier, as the suppliers can act reluctantly to additional expenses.

4.2.2.2. Threat of Substitutes

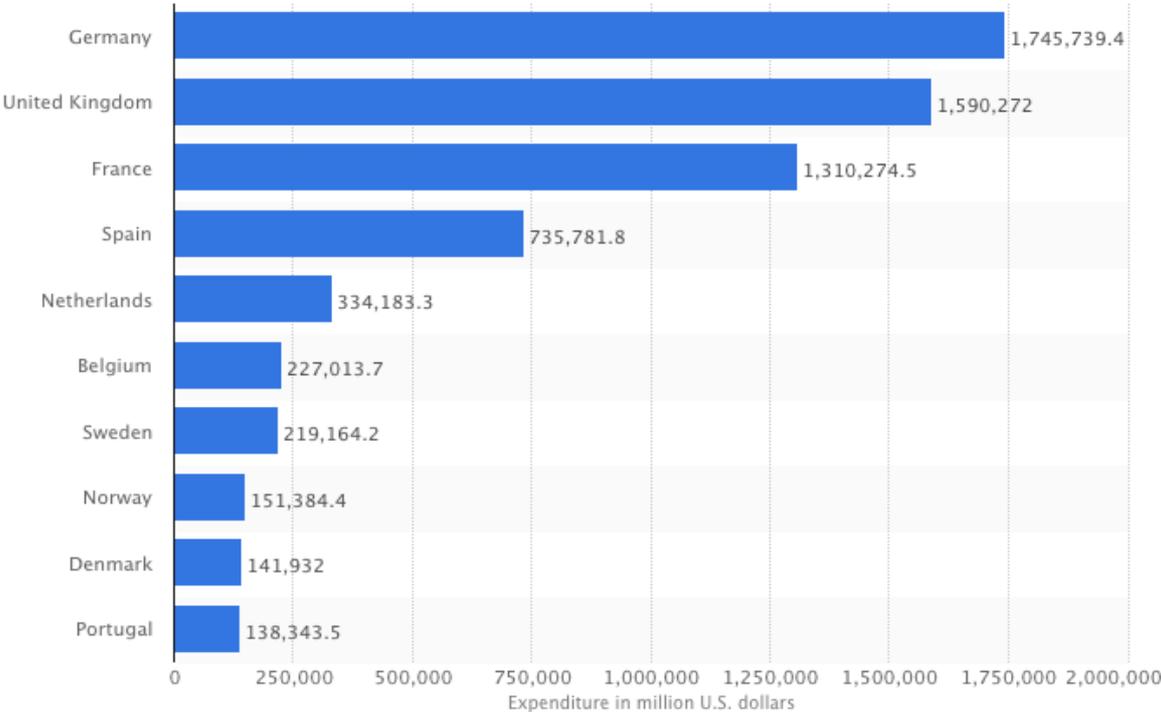
The identification of substitutes is done through a research of other products or services that can perform the same function as the industry's product or service. Since the current project is a business of services, offering a unique type of service, that is not yet provided in the current market, there are no other services that can replace it in the same way, although there are

alternatives such as regular online stores. Therefore, a start-up company can face a low brand loyalty as it will be new to the market.

4.2.2.3. Bargaining Power of Buyers

The power of strong buyers has an impact on the industry's profit potential, and can increase competition in the industry by bringing down the prices, or claiming for improved quality or more services. The variety of choice in the market and the existence of alternative services give the buyers a stronger bargaining power. The buyer group is concentrated, although the purchases do not reach very high volume in relation to total expenditure.

Graph 12. Total expenditure in Europe.

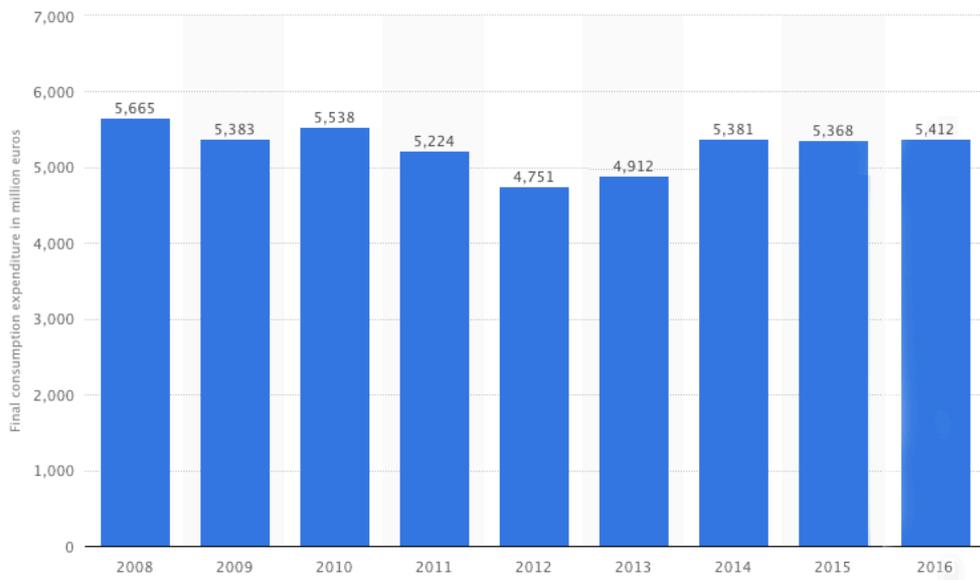


Source: Statista (2016)

For instance, out of total consumer expenditure of 138.343 billion euros in 2016 (Graph 12) only 5.4 billion euros were spent on clothes in Portugal (Graph 13).

Brand identity plays moderate role in buying behaviour. Such brands as Zara, H&M, Bershka, Pull&Bear, Mango are very popular among consumers, making it more difficult to switch to local unknown brands. The majority of the buyers are price sensitive when they shop for clothes, and usually the preference is given to the cheapest option in terms of product quality, although it mainly depends on the social status of the consumers.

Graph 13. Expenditure on clothes in Portugal.



Source: Statista (2016)

4.2.2.4. Bargaining Power of Suppliers

The presence of powerful suppliers decreases industry's profit potential. Suppliers can increase competition within an industry by threatening to raise prices or reduce the quality of goods and services. The supplier dimension and cooperation and the switching costs are the most important factors to consider during the supplier power analysis.

Supplier Dimension and Cooperation

The current project is a business of service, in which local retailers perform the function of suppliers. It is important to establish strong partnerships with multiple suppliers, as the future profit of this start-up idea basically depends on the cooperation with high-quality respectable local brands.

Switching Costs

As it was mentioned earlier switching costs to get involved in the project can represent a medium barrier. The suppliers will have to make some investments in the technology update, as well as on the portfolio of existing clothes items.

4.2.2.5. Industry Rivalry

Regarding the degree of rivalry in the industry, the following factors have been considered:

Diverse competitors

There are numerous competitors providing alternative services, which is studied in more detail in the competitive analysis. Generally, it can be concluded, that although there are alternatives such as regular online stores with strong brand recognition, the current project differentiates itself by providing unique type of service, and thus has a competitive advantage over possible competitors.

Industry Growth

As it was mentioned in the industry analysis, T&C industry is slowly recovering after a decline period, but the growth in the industry is quite slow, which leads to a bigger rivalry between the competitors.

Service Differentiation

In general, differentiation between players is not very explicit. There are many online stores, which are similar to each other, and there is a high degree of rivalry between online stores, as well as between traditional retailers.

Exit Barriers

The cost of leaving the market is low, as this type of business is a technological start-up, and does not require huge initial investments. Low exit barriers increase the rivalry between the competitors.

4.2.2.6. Conclusion

To summarise, the following table shows the conclusions of the above-mentioned five forces that affect the competition in the industry and define its attractiveness (Table 3).

Table 3. Porter's Five Forces conclusion.

Porter's Five Forces	Conclusion	Attractiveness
Threat of New Entrants	Moderate potential for new competitors	Medium
Threat of Substitutes	Low bargaining power	High
Bargaining Power of Buyers	Moderate bargaining power	Medium
Bargaining Power of Suppliers	High bargaining power	Low
Industry Rivalry	Moderate competition in the industry	Medium

Source: Author (2017)

4.2.3. Critical Success Factors

After analysing the industry, it is possible to distinguish some of the most important factors that the company must fulfill to overcome competition and become sustainable in the T&C industry. When the critical success factor (CSF) is difficult to have, the competitive advantage is stronger.

The main critical success factors are the following:

Technology and Innovation

Sustainability and constant innovation are important in design process, supply chain and distribution, expansion into other products and consumer involvement. This factor enables the company to decrease costs and improve performance by investing in new technology.

Omni-channel strategy

Business models, enabled with technology and analytics, are able to implement such a strategy. Companies orchestrating both the offline and online channels will gain a competitive advantage compared with the retailers selling only through one channel.

Brand Management and Recognition

Consumers tend to trust more to the reputable well-established brands, as they convey many images, such as product quality, innovative and unique design, and value.

Cost Efficiency

As the market is price sensitive, it is important to regulate costs in an efficient manner.

Therefore, the above critical success factors are seen as means to improve the financial situation and increase the profit margins for the companies operating in the industry, allowing them to gain an additional competitive advantage.

4.2.4. Opportunities and Threats

Based on the external analysis of the industry the following opportunities and threats can be distinguished:

Opportunities

Industry Growth

Although the growth is relatively small due to the recent economic crisis, the trend is positive, and therefore can be considered as opportunity.

Space for Innovation in the Industry

Many small retailers and manufacturers do not use Internet channels to sell and promote their products, making it harder for them to deal with competition with established brands. Therefore, their current business model can be improved with the help of technology.

Changing Consumer Patterns

As it was stated before, more and more people use Internet to shop online nowadays, as it is convenient, time-efficient and simple. It becomes essential to consider this trend in the business model of the company.

Social Responsibility

The idea of national sustainable development has been promoted widely recently, and it becomes more and more important for Portuguese people to support local brands.

Existing Demand

According to the questionnaire, 70% of respondents think that high street retailers need to make changes to the overall shopping experience to compete with online stores. They consider traditional shopping not to be that time-efficient as online shopping. 19% claim never to find the items they are looking for, when shopping with traditional retailers.

Threats

Competition in the Industry

T&C industry is one of the main industries in Portugal, and therefore it involves high competition among different retailers. The strongest competition is represented by established well-known brands like Zara, Mango, H&M that use omni-channel model.

Supplier Dependency

The business model of *Shoprnto* is based on strong cooperation with suppliers, and therefore there is a big extent of dependency on them.

Switching Costs for Suppliers

As it was stated earlier, it might be hard to get the suppliers involved in the project, as they need to face one-time costs, and therefore they can act reluctantly to additional expenses.

Slow Economic Growth

Economic growth in Portugal is still relatively slow, which means a smaller spending budget of people. The growth is slowed down by a high level of corporate and household debt, weak credit, fragile banking system, rising energy prices and uncertainties in the Eurozone.

4.2.5. Competitive Analysis

Competition in the industry can be either direct (competing by providing the same service or products) or indirect (competing for the same market). The intensity of this competition, whether direct or indirect, will have an impact on the overall potential for future business success.

Since the current project aims to provide unique type of service, that has not been implemented yet in the market, the business idea does not face direct competition. However, there is a number of indirect competitors with alternative solutions, which will be analysed and described below.

4.2.6. Comparison Shopping Engines

Comparison Shopping Engines are the main competitors offering similar service - allowing shoppers to view a wide range of items from numerous retailers all on one site. Such engines collect detailed product information from participating merchants and then display that collected information on a single results page in response to a consumer's search query. Thus, consumers can compare each retailer's price, shipping options, and service on one page and choose the retailer that offers the best overall value. What differentiates current project from existing business models in this segment is that it provides options from real brick-and-mortar retailers, not just collecting online options from online retailers. Nevertheless, it is important to evaluate main competitors in this segment, in relation to Portuguese market.

[Kuantokusta](#)

Kuantokusta is the main local price comparison engine. It stores thousands of technological and non-technological products from hundreds of online stores. There are numerous categories to search for products, some of them are Computers, Mobile Phones, Home Appliances, Video Games, Apparel and Accessories and Toys. Regarding shopping for clothes, the platform does not offer extensive search in this section, providing options mainly from a few big online retailers.

[Amazon](#)

Amazon is an American online retailer that sells its own brand items and also provides numerous products from other sellers. Founded in 1995, the website initially intended to sell books, but then it expanded to sell electronics, music, furniture and apparel. Now it is one of

the largest online shopping websites in the worlds, and it has individual websites, software development centers, customer service centers for many European and non-European countries, such as UK, Spain, the Netherlands, Italy, Germany, France, Australia, Brazil, Canada, China, India, Japan, Mexico. The website stores options only from online retailers, and there is no website designed for the Portuguese market, which exceeds the delivery time and the price of shipment.

4.2.6.1. Online Retailers

Another alternative can be found in options provided by online stores with no physical address. There are numerous established well-known brand sellers in Europe, which are also popular in Portugal, since the delivery is fast and cheap within European Union. However, according to the data provided by SimilarWeb (2016), the top websites ranking by unique visitors per months in Portugal are Zalando, LaRedoute, and ASOS.

Zalando

Zalando is a German online fashion platform offering a wide assortment of fashion for men, women and children. The portfolio of company includes over 1.500 brands and over 150.000 product choices for over 17 million customers in 15 countries. The company does not have a separate website for Portuguese market, but the shipment within Europe is fast and cheap.

LaRedoute

La Redoute is a French online retailer, specialising in apparel and home decoration. La Redoute is the second largest seller of women's apparel. The company operates in 26 countries and has more than 10 million active customers. It has an optimised website for Portugal, with easy payment methods and delivery.

ASOS

ASOS is a UK online platform engaged in the retail of fashion and beauty products for men and women. It offers approximately 65.000 branded and own branded product lines, including women's wear, men's wear, footwear, accessories, jewelry and beauty collections. It ships for free worldwide, and even accepts returns.

4.2.6.2. Omni-Channel Merchants

Due to the increasing consumer preference for the online shopping, many established brands have recognised the necessity of expanding their business model and selling their product through different channels. Nowadays, it becomes more and more common for brands to open online stores in addition to their brick-and-mortar options. Such a strategy strengthens their position in the market, adding to their revenues and customising the experience of shopping for its customers. According to the data provided by SimilarWeb (2016), the top websites ranking by unique visitors per months in Portugal are Zara, H&M, and Mango.

Zara

Zara is considered to be the world's biggest fashion retailer, that is focused on design, production, distribution, and sales through its extensive retail network. The company is owned by Inditex, which also owns brands such as Massimo Dutti, Pull and Bear, Stradivarius, Oysho and Bershka. Now there are 1.830 shops in more than 79 countries. There are numerous physical stores in Portugal, as well as online store with fast delivery and easy-to-use interface.

Hennes & Mauritz AB (H&M)

H&M is a Swedish multinational retail-clothing company, and is considered to be the world's second largest retailer in the clothing business after Zara. H&M's design team creates sustainable fashion for all, always at the best price. The categories include clothes, shoes, bags, jewelry, make up, underwear and interior and home appliances. The options from online shop are delivered within 4 business days, and can be returned within 30 days of receiving the parcel.

Mango

With more than 2.000 stores in 103 countries, Mango is one of Zara's biggest competitors. The categories include womenswear, menswear, shoes, bags and accessories. In addition to the main online store, the brand also has Mango Outlet website, selling discounted items at very low prices and fast and free delivery.

4.2.6.3. Traditional Retailers

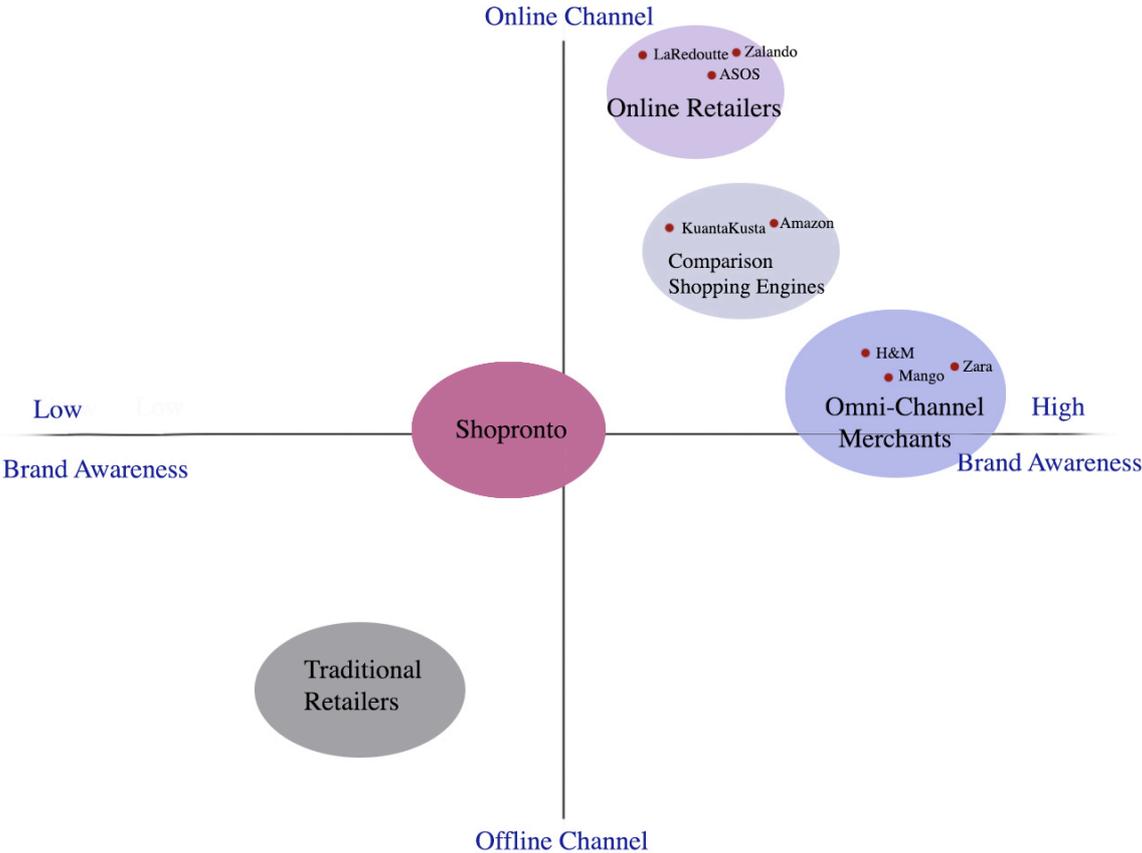
Another option for the consumers is shopping at local small shops. It could be the shops within their living area, or some other shops, that have managed to create customer loyalty for certain

consumers. The idea is to unite these retailers within the current project to enable them to beat the competition with the above-mentioned merchants.

4.2.6.4. Conclusion

To better determine a competitive dynamic of the clothing industry, Strategic Group analysis was developed. Strategic Group analysis enables to cluster the competitors according to the dimensions, defining their profitability in the industry. All the main competitors are clustered within two dimensions - Brand Awareness and Online/Offline Channel of selling their products. As it was mentioned before, the usage of omni-channel strategy, by allowing customers to buy their apparel both online and offline, will enable the firms to differentiate themselves from the competition.

Figure 3. Strategic Group Analysis.



Source: Author (2017)

As it is shown in Figure 3, the international brands like Zara, Mango and H&M have the strongest position in the market due to the brand loyalty of its consumers, and the ability of the companies to provide both online and offline experiences. The position of the traditional

retailers is weak, as they fall behind the competitors, and therefore they need to boost their resources in order to beat the competition. *Shopronto* sees the opportunity to enter the market implementing omni-channel strategy, allowing the traditional retailers to gain competitive advantage. In addition to physical stores, they will be able to promote their products online.

To overcome existing customer loyalties to well-established brands, the benefits of the service must be communicated and promoted clearly to the target customer.

5. Internal Analysis

5.1. Strengths

Low Start-up and Operating Cost

Since it's a technological start-up with no actual stock, low overhead to start a company is required.

Unique Offering

The current project intends to offer unique service by providing numerous options from traditional retailers online, with possibility of either reserving it or ordering online.

Competence in PR, Marketing and Digital Marketing

The creator of the project has high competences in PR, marketing and digital marketing, which will help in the promotion of the project.

5.2. Weaknesses

Low Brand Recognition

Since the company is a newcomer in the market, it will struggle with gaining more popularity among the consumers, since there are numerous consumers who are loyal to well-established brands in the area.

Suppliers Reliability

The fact of the suppliers being unreliable will impact company's overall reputation, which can be hard to manipulate, if the company deals with numerous suppliers.

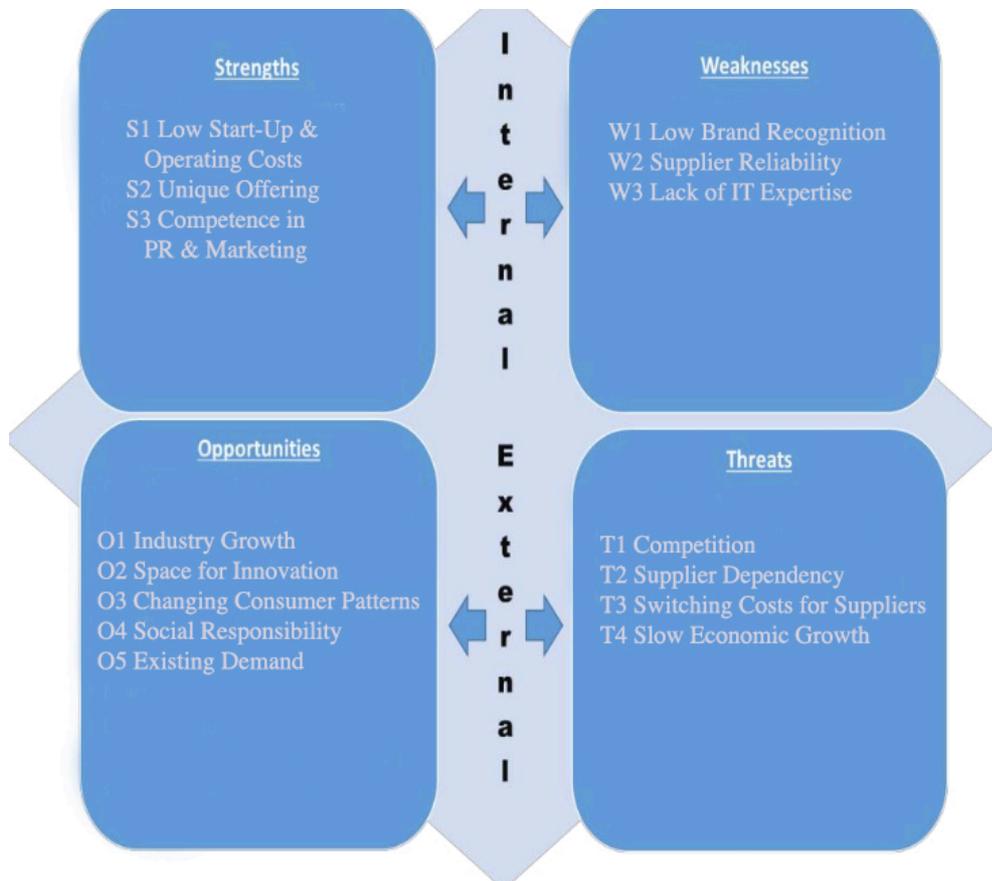
Lack of IT Expertise

Since the creator of the project is not highly qualified in IT issues, it is needed to hire a good specialist to perform certain IT tasks and get consultation on different IT issues.

6. SWOT Analysis

SWOT analysis (Figure 4) is undertaken to facilitate further development of business strategy by considering business's strengths, weaknesses, opportunities and threats it faces in the marketplace. Opportunities and threats represent external factors external to the company, and as a result they are applicable to the whole industry. In case of strengths and weaknesses it is worth mentioning that they are projected for a company which has not been created, implying that they are predicted points and they are subject to change over time.

Figure 4. SWOT Analysis.



Source: Author (2017)

7. TOWS Analysis

After the analysis of external environment (threats and opportunities), and the internal environment (weaknesses and strengths), TOWS analysis can be applied to create the strategy of the company. This tool enables to generate feasible strategic alternatives, tactics and actions.

In order to perform TOWS analysis (Table 4) external opportunities and threats are matched with internal strengths and weaknesses, and the following questions are being answered:

- How can you use your strengths to maximise the opportunities? (strengths and opportunities - SO);
- How can you use your strengths to minimise real and potential threats? (strengths and threats - ST);
- How can you use your opportunities to overcome the weaknesses? (weaknesses and opportunities - WO);
- How can you minimise your weaknesses and avoid threats? (weaknesses and threats - WT).

Table 4. TOWS Analysis.

SO Strategies	WO Strategies
Industry growth, existing demand and low start-up and operation costs facilitates future company to breakeven and start earning profits (S1, O1, O5)	Existing demand among consumers helps to raise brand popularity (W1, O5)
The company differentiates itself in the market through unique offer, innovative nature and appeal to social responsibility of the consumers (S2, O2, O4)	Use innovative and powerful marketing tools in order to develop loyal interactive community of customers (W1, O2)
Use marketing and digital marketing techniques to market the company as social responsible. Use social platforms to target more consumers (S3, O3, O4, O5)	Use social awareness issues to promote local retailers (O4, W1)
ST Strategies	WT Strategies
Use unique offer and competence in PR and marketing to efficiently promote the business and beat competition (S2, S3, T1)	Stress authenticity and unique service being provided to differentiate from the competitors (W1, T1)
Low costs of business minimise the threat of slow economic growth (S1, T4)	Make careful supplier selection according to their reliability and monitor the quality of their work regularly (W2, T2)
Creating stronger brand image through marketing, making it more attractive to suppliers to better promote their products and increase profits (S3, T2, T3)	Due to the shortage of vacancies and current economic situation, there are many available highly-qualified IT specialists in the job market that could be hired to perform IT tasks, related with the project (W3, T4)
	The benefits of being involved in the project should be clearly advertised to the suppliers to boost their interest, such as extra profits, promotion of their products, new clients etc. (W2, T3)

Source: Author (2017)

8. Segmentation, Target and Positioning

Before formulating company's strategy, it is necessary to segment and target the market, so that to understand what are the main customers for a future company, as well as how to best appeal to them. Afterwards, based on identified segments it is possible to define consumers' characteristics and how the company will position itself to reach those consumers.

8.1. Segmentation and Targeting

At first, the demographic criterion age of the end users will be analysed, as well as the geographic criterion type of area and social criterion class.

The conclusions are based on the results previously obtained from the questionnaire as well as on the information provided by Eurostat (2016).

- Age - According to the questionnaire the largest part of the consumers (70%) are young males and females aged 19-24, 26-35 years old. Still, people aged 36-45 represent should also be considered since they represent 21%. Consumers aged 46-55 years old represent a small percentage of 8%. According to Eurostat (2016), the highest proportion of internet users is aged 16-24, 25-54 years old.
- Area - At first the project will be targeted at the consumers in Lisbon area. Later, with gaining more popularity and stability, other Portuguese cities will be considered (Porto, Braga, Coimbra, Aveiro etc.).
- Social class - Obviously, to take advantage of any kind of service it is necessary to have funds of it, thus unemployed people and people with low income tend to represent a relatively small percentage of the end users. Still, the service provided by the project allows to compare different items according to the price criterion, and therefore can be beneficial for those consumers looking for a deal or wishing to save money.

In conclusion, the target-market to which the company will appeal are middle and upper-middle consumers in Lisbon area, who are fashion-oriented, aged 19-55, due to the little interest shown by people above 55 years old in this service. Still the demographic pattern tends to change over time, since the population is ageing each current year. Therefore, in future the company will include the older age bracket in its target by making sure that the current target-market is loyal to the company and satisfied with the service.

8.2. Positioning

Blank (2012) claims that a typical model for taking products to market is distorted, and companies focus too much on building their product and then forcing it into the market, instead of using a defined process to discover their markets, since “*startup’s market type dictates early positioning strategy and affects everything the company does*”.

According to Blank (2012) the first step in positioning a start-up is to understand the four market types:

- A new product in an existing market;
- A new product in a new market;
- A new product attempting to re-segment an existing marketing via low cost;
- A new product attempting to re-segment an existing market by creating a niche.

The second step in positioning a new company is to define the specific high-level positioning strategy for each market. The current project can be considered as a new product in an existing market, and since the market already knows the competitors, it is necessary to focus on why new company's features are better or different than the competition.

The service of the company is addressed to fashion-oriented consumers, who love shopping and sometimes face the problem of finding necessary clothes’ items rapidly and efficiently. *Shopronto* combines the benefits of traditional shopping with the convenience of online shopping - allowing the consumers to shop locally by using online search for comparing prices and products, and then collecting the product at the local shop, or ordering it online. The main competitive advantage of *Shopronto* is that it eliminates the negative features of online shopping - size adjustment, product quality issues, or long delivery by providing options from small retailers online with the opportunity to pick them up at the same day, or delivering them online, and exchanging locally in case of doubts.

9. Marketing Mix

The purpose of marketing mix is to satisfy the needs and desires of a target audience in the most efficient and economical manner. The marketing mix was traditionally limited to the core 4Ps

of Product, Price, Place, and Promotion. The 7Ps model was developed by E. Jerome McCarthy in 1960, which comprises product, price, place, promotion, people, process and physical evidence. The 7Ps enables companies to review and define key issues that have an impact on the marketing of its products and services. All the points of the marketing mix must be defined and adapted in accordance with both the positioning and strategy that have been previously defined.

9.1. Product

The products, provided by the company, can be tangible and intangible. *Shopronto* is offering intangible product, since it provides a service of comparison shopping to the customers, not the goods themselves. The service of *Shopronto* deals with the problem of spending hours in the brick-and-mortar shops looking for a specific clothes item and being unable to find it. *Shopronto* provides consumers with a convenient and easy to use system to select a product and a place to buy it, compare models and prices, find out more detailed information about a product, search for a product according to the specifications. Offers from local brick-and-mortar retailers can be found on platform, each providing up to date information on their products and prices. It is possible to select, compare and consider positions of goods in a variety of stores and then simply reserve the product and pick it up with a possibility to try it on before buying. *Shopronto* offers a wide product range that appeals to all its target market segments. The range of products will include casual clothes, formal wear, footwear and accessories, such as underwear, watches, bags, belts etc.

Shopronto provides the following features:

- Searching products by model, type, material, price etc.;
- Filtering suggestions according to specifications;
- Visibility of the remaining stock (sizes, colors, locations);
- Providing store locations on a map;
- Possibility to order online or pick up locally and exchange at the local shop;
- Computer/tablet/smartphone mode.

Therefore, the current project simplifies shopping experience for the consumers, allowing them to get access to all the information and details about the different products of different stores, without even visiting them, saving their time and efforts.

Additionally, the current project aims to support smaller local retailers, enabling them to compete with aggressive campaigns of international brands and big online retailers by using technology and social media, thus allowing them to boost their sales, increase the number of clients, and gain more brand recognition. Suppliers will be selected according to following criteria: good quality and stores with good reputation.

9.2. Price

Since *Shopronto* does not own the products it promotes for selling, the pricing strategy is based on the service it provides. So, there are a few ways to gain profit. When selecting a product, the online consumer will be able either to order it online through the system, or reserve it and pick it up locally (which will give the opportunity to try the item on before buying). Either way the consumer will make an action via *Shopronto* website (purchase or reservation). Therefore, *Shopronto* refers users to merchants, and in return, gets paid some percentage of commission if the user buys the item (6-12% commission depending on the category). This affiliate model is called CPA (Cost per Action), or CPS (Cost per Sale).

Another way to gain profit is to sell space for advertisement on the website. Price will depend on the popularity of the website. Therefore, the more popular the website becomes, the more profit can be gained from placing an advertisement there.

9.3. Place

Shopronto's main place where products will be available is online environment. Then, the users can decide to order it online through the system, or reserve it and pick it up locally (which will give the opportunity to try the item on before buying). Delivery will be made to client's home around all the territory of Lisbon within 1-2 business days. *Shopronto* will not have a warehouse of its own, since it does not own the products it promotes. Therefore, the merchants are the ones, who are responsible for the delivery, in case there is an order, not just a simple reservation. The challenge here will be to ensure that the suppliers are reliable and deliver the items within a specified time. The distribution of orders will be made by national mail service CTT or by the delivery organised by the stores themselves. Online location also refers to where links are

placed on. In *Shopronto's* case links will be placed mainly in social networking sites such as Facebook, Twitter, Pinterest, and Instagram.

Additionally, online “place” can be also interpreted in other way like place, where customers have internet access and are able to download a web page. In most of the cases this place is located at home or at work place of customers, however nowadays with high popularity of laptops, tablets, and smartphones - location of access to *Shopronto* can be very wide from almost everywhere, where internet connection is available.

9.4. Promotion

Promotion is an important component of marketing as it can boost brand recognition and sales. Through promotion customers are given information that can motivate them to purchase a product or service. *Shopronto* will be new to the market, therefore being in the initial phase of the life cycle of the brand. During this phase, the emphasis during promotion should be put on PR activities and community creation in order to generate awareness and build the positive image and attitude among the parties, benefiting from the service.

The main message in promotional activities will be according to the positioning, mission and vision of *Shopronto*, which has been described before, therefore emphasizing the benefits of traditional shopping with the convenience of online shopping in one single simple solution.

Shopronto will promote its brand without using traditional advertising channels, such as TV, newspapers or radio. Since it is a small start-up company with limited advertising budget, it is reasonable to use a more direct marketing approach, which is less expensive and could be even more efficient.

Online PR: Online PR is similar to traditional PR in the sense that it is about influencing people rather than buying placement for brand content. There are different tactics within online PR approach, such as SEO, media and social media, placing online content at guest blogs, community management, customer relations, web design and so on.

Community Creation

To promote this fashion brand, it is important to create a community of fashion consumers. Therefore, one of the important steps will be connecting with influencers/fashion bloggers, and collaborating with them by placing content on their blogs, or asking them to make reviews of

some products, purchased via *Shopronto's* website. This will help to increase the traffic on the website, and attract fashion-minded clients. Influencer marketing is a way to build relationships with the industry and target markets, while also boosting brand's credibility as an industry thought leader. Moreover, target customers tend to trust industry peers feedback about the products when researching a purchase decision. Additionally, it will be possible for the consumers to rate different brands and leave reviews on the products. It will encourage them to exchange information, share advice and recommendations.

Social Media Marketing

In supporting the community creation, it is vital to connect with consumers via social networks. Facebook is getting more popular rapidly throughout the world. According to Eurostat statistics (2016), there are 5.100.000 active users in Portugal. The majority of Facebook users are in age range of 18-24 years olds (24%), not far behind there is an age group of 25-34 years olds (26%) and 35-44 years-old (20%). These age groups fit *Shopronto's* target audience age range, therefore Facebook has great potential as media of promotional activities. The plan is to widely use opportunities offered by social networking sites such as [facebook.com](https://www.facebook.com), [instagram.com](https://www.instagram.com), [twitter.com](https://www.twitter.com), that are currently the most popular social networking web sites in Portugal, which could be used to promote, connect with the customers and brand the company, as well as to enforce brand loyalty among existing customers.

Search Engine Optimisation (SEO)

For an e-commerce website, it is vital to be easily findable and accessible via search engines. Google web search is often a starting point for the consumers seeking information or looking for businesses in the internet. Effective SEO helps to increase the visibility of the website and increase traffic.

SEO also helps to control reputation management of the company, as it makes it easier to suppress any negative information or reviews about the company by taking a proactive approach to prevent it, rather than a reactive approach when problems already occur. It is especially relevant for new companies, as they form their first impression in the market, which will have an impact on their further activity.

Reputation management can be controlled through dominating the first page of search results for the queries that include the brand name of the company. The website of *Shopronto* should

rank in the first position in the top search results for branded queries, as well as social channels, such as Facebook, Twitter, Instagram. This enables current and prospective customers to form the best possible impression of the company, when they search for the company's brand name or any related keywords. It is important to understand which keywords are used to find company's website (as well as the websites of the competitors), as it can give valuable insights onto the consumers' minds, needs, desires and problems. Users tend to trust more to the web sites that rank well for the keywords they are searching for, and building trust is important in online success, especially for the young companies, that do not yet have a recognisable brand name.

Also, to introduce the idea of *Shopronto* in a simple and clear way, there will be a collaboration with graphic designers and video makers to create a short promotional video, with a tendency to go viral. When defining viral marketing, Kotler and Armstrong (2010) say that “*viral marketing involves creating web-site, video, e-mail message, or other marketing event that is so infectious that customers will want to pass it along to their friends*”. Additionally, *Shopronto* will use viral promotions in the form of images (covering current trends, looks etc.) or text messages in social networks.

Offline Marketing

As a way to advertise the company, promotional flyers and brochures can be left in some coffee shops, hairdressers, salons, cultural spaces and so on, upon the agreement with the owners. With the eye-catching, creative and interesting design such flyers can attract the attention of the potential customers and create brand awareness.

Word-of-Mouth Marketing

It is important to always provide a good service to the customers and leave them satisfied, since afterwards they can positively reference the company to their friends, colleagues, relatives.

According to Nielsen (2016), 92% of consumers trust recommendations of their friends and family over all forms of advertising. The key to establish word-of-mouth marketing to build a good relationship with the clients, and maintain this relationship. The level of trust created by this type of marketing is really high, and benefits the company in many ways, boosting the sales and attracting new customers.

9.5. People

People are the most important aspect in any service, as they are the ones who are directly responsible for the quality of the service. Therefore, it is very important to hire talented and passionate people, who share the idea of the project. As a result, such people could input their own thoughts and passions which can scale and grow the business. Highly-qualified and motivated employees could act as an “internal” competitive advantage a company can have over other competitors, which can consequently affect company’s position in the marketplace.

The most important thing in the service industry is understanding that delivering value in the form of experience to the client is more efficient than delivering just product. *Shopronto* benefits equally from the retailers it will form partnerships with, and from consumers that will buy the products. To provide the best service to the end customers, *Shopronto* must ensure that the suppliers are reliable, their products are of good quality, and the delivery of items is on time. Therefore, to monitor the quality of their work and to deal with any enquiries of the customers there is a need of customer support. Customer support specialists of *Shopronto* will have the appropriate interpersonal skills, attitude, and knowledge about the internal processes to provide the service that consumers are willing to receive for. Service quality is important in this kind of business. As sales volumes, at least in the beginning, will not be extra high, *Shopronto* will use traditional human service to provide customer service with a more personal approach instead of automated online customer service. Since *Shopronto* is planning to develop online community, a person with competence in media and communications will be chosen to moderate and administrate online activities on the web page. *Shopronto* will also implement all necessary activities to make customer service on the highest level such as calling back, answers to frequently asked questions, support and assistance in buying process, online chat, e-mail responses etc.

Another important issue for *Shopronto* is to hire a talented and knowledgeable tech specialist from the beginning, since this is a technological start up, and there are many important technical issues that should be considered when implementing a project. There are plenty of talented IT graduates in Lisbon, and at the same time start-up culture is very strong now in Portugal, which facilitates the process of finding a good candidate. There are different ways of hiring young talents, which can be done via some websites in the start-up area, such as Angel List, Portugal Startups, Start Us, or presenting the company during career fairs at certain Universities.

9.6. Process

Process in marketing mix could be described as systems and processes enabling the organisation to deliver the service. Three major categories during the process can be distinguished:

- Pre-sales process: communication with suppliers, cooperation with suppliers, creating and updating their portfolio, ensuring availability of requested goods, quality of goods;
- Sales process: user friendly ordering process, security during transactions performed on the website, security of data collected and stored from the customers, efficient response to customers' requests and enquiries, ensuring prompt and reliable delivery, monitoring the quality of suppliers' work.
- After – sales process: prompt attention to complains, courtesy calls.

Starting as a small company, *Shopronto* will execute a quite flexible approach of process. *Shopronto* will enrich the experience of the customers by engaging them in the interactive community of beauty and fashion bloggers and selected trendsetters, who will give tips and share major trends in their articles, prompting community discussions and different interactive competitions.

9.7. Physical Evidence

According to Blythe (2003), “*physical evidence is the customer’s proof that the service has taken place and offers a permanent (or at least semi-permanent) reminder of the quality of the service. Without this the consumer would rely on memory, which is notoriously fallible*”.

Physical evidence is an essential ingredient of the service mix, since the customers are used to form impressions based on their vision of the service being provided. Additionally, physical evidence shows how a business and its service and products are perceived in the marketplace. Physical evidences of the company allow the customers to make judgments of the company. The main physical evidence of *Shopronto* is the website itself and the web page of the website. Main characteristics of the web page are quality, design, easy interface and navigation, the development of which will be delegated to the highly-qualified web designer and programmer with continuous assistance. The quality of images on the web page is crucially important. Other important physical evidences of the web page are security and privacy policies for the payment options.

Needless to say, satisfied clients can also act as the best advertisement for the company. Therefore, *Shopronto* will include customer reviews, as well as ratings for different retailers and brands on the web page to show customer's satisfaction to potential clients as a physical evidence.

Promotional materials distributed to clients or potential clients can also serve as a physical evidence. Such promotional materials can include small brochures with main trends, discounts, special promotions, which will remind about *Shopronto* and its service.

Finally, corporate image and identity could be supported by the packaging of the orders, delivered to the clients. So, the suppliers will be provided with the stickers with *Shopronto* logo and website details typed on them, which they will stick on the packages of the purchases made by internet or give with the orders, picked up locally.

10. Strategy

Johnson and Scholes (2008) define strategy as *"the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"*.

There are different levels of strategy within a company. In general, new companies develop corporate, business and functional marketing strategies. Corporate strategy focuses on the strategic scope of the organisation as a whole through a vision and a mission statement. Business strategy formulates competitive advantages within a business's segment. Functional marketing strategy covers marketing, operations and finance, enabling each part of the company to have efficient strategies to support the business.

10.1. The Vision

The company's vision is to make local shopping as easy and convenient as it is possible for the consumers, and create extra opportunities for local retailers.

10.2. The Mission

Shopronto is a technology start-up with the mission of making buying goods faster and more convenient by finding them in the closest physical shop possible. It combines the benefits of

traditional shopping with the convenience of online shopping. *Shopronto* provides the consumers with a wide range of clothing items from numerous local retailers, filtering them according to price, size, colour, material, style etc. The shoppers have the possibility to reserve the desired item and pick it up later in the shop, or order it online and receive it within 1-2 days. The company aims to ensure long-term profitability and growth due to innovation, uniqueness, social awareness, and high-quality service. Shopping should be a fast, easy and smooth experience, not distracting us from life real goals and objectives.

10.3. Slogan

The chosen slogan is “*Your favourite dress is just 500 meters away*”. This slogan highlights the convenience of discovering fashion with the use of *Shopronto*.

10.4. Strategy Formulation

Figure 5. Porter's Generic Strategies.



When formulating a strategy, Porter (1985) suggests Porter’s Generic Strategies that could be adopted by the organisations to gain a competitive advantage. He defines three Generic Strategies - Cost Leadership (gaining competitive advantage through lower costs in the industry), Differentiation (creating uniquely desirable products and services) and Focus (offering a specialised service in a niche market). He then subdivided the Focus strategy by two components - Cost Focus Strategy and Differentiation Focus Strategy (Figure 5)

Source: Porter, M. E. (1985)

Shopronto has chosen brand competitive scope and competitive advantage of differentiation – thus implementing a differentiation strategy. In a differentiation strategy, a company aims to be unique in the industry within the dimensions that are widely valued by consumers. *Shopronto*

concentrates on a brand market segment – fashion consumers in Portugal – and within this segment attempts to achieve differentiation by offering unique service of being able to analyse and compare a variety of clothes from local retailers, and either ordering online or picking up locally. A differentiation strategy works well in a competitive market, where customers have specific needs which are yet underserved. To stay competitive the company needs to have unique resources and capabilities, that enable it to satisfy these needs in ways that are difficult to copy. Such resources or capabilities might include individual cooperation agreements with local retailers, talented personnel, or innovative processes. It is for the company to enforce marketing and sales to create awareness and desire for its unique products.

During TOWS analysis, several alternative options of business strategies have been developed. When choosing the best alternative, it is necessary to evaluate them within the scope of opportunities and threats, strengths and weaknesses. The Quantitative Strategic Planning Matrix (QSPM) approach attempts to objectively select the best strategy using input from TOWS analysis. In QSMP key strategic factors are weighted, so weights are assigned to both threats, opportunities, weaknesses and strengths. The value of each weight is between 0 and 1. Zero signifies that the factor is not important. One signifies that the factor is the most influential and critical one. The total value of all weights together is equal 1.

Therefore, two strategies have been chosen for evaluation considering the differentiation strategy described before. The two strategies chosen are as follows (Table 5):

- **Strategy A** Create strong brand image in order to compete with established industry brands;
- **Strategy B** Use innovative and powerful marketing in order to develop loyal interactive community of customers and suppliers.

Hence, to evaluate QSPM alternative strategies Attractiveness Scores (AS) are determined for each strategy to indicate the relative attractiveness of each strategy among two alternatives. Attractiveness Scores are determined by asking a question, “*Does factor affect the choice of strategies being made?*” If the answer is positive, then the strategies are compared relative to that key factor. The range for Attractiveness Scores is 1 = not attractive, 2 = somewhat attractive, 3 = reasonably attractive, and 4 = highly attractive. If the answer to the above question is negative, the score = 0. After that the Total Attractiveness Score (TAS) is calculated by computing weight with AS. The strategy with the highest sum of all TAS is considered as the best alternative to implement. In *Shopronto's* case although both strategies are attractive and

have similar scores, it has been decided to implement Strategy B, since it has the highest score, and thus is the most attractive one.

Table 5. Quantitative Strategic Planning Matrix.

		Strategy A		Strategy B	
Key Factors	Weight	AS	TAS	AS	TAS
Opportunities					
Industry Growth	0,11	2	0,22	2	0,22
Space for Innovation	0,12	3	0,36	3	0,36
Changing Consumer Patterns	0,13	3	0,39	4	0,52
Social Responsibility/Awareness	0,13	3	0,39	4	0,52
Existing Demand	0,13	3	0,39	4	0,52
Threats					
Competition	0,13	4	0,52	3	0,39
Supplier Dependency	0,07	0	0	0	0
Switching Costs	0,10	3	0,30	2	0,20
Slow Economic Growth	0,08	1	0,08	1	0,08
	1.00				
Strengths					
Low Start-up & Operating Costs	0,12	1	0,12	1	0,12
Unique Offering	0,21	4	0,84	4	0,84
Competence in PR & Marketing	0,21	3	0,63	4	0,84
Weaknesses					
Low Brand Recognition	0,21	4	0,84	3	0,63
Supplier Reliability	0,12	2	0,24	2	0,24
Lack of IT Expertise	0,13	1	0,13	1	0,13
	1.00		5,45		5,61

Source: Author (2017)

11.Implementation

11.1. Structure of the Online Shop

The basic structure of the landing page of *Shopronto* could be seen in Annex 7. The content of each section will be briefly described further on.

About Us

In this section, the users will find information about the company, what it stands for, about its values and philosophy, and also a promotional video about the company and its service will be posted there (Figure 6).

Figure 6. Landing page Header Shopronto.



Source: Author (2017)

Forum

In Forum section (Figure 6) there will be mainly three types of social networking options: frequently asked questions and answers, discussions and blogging articles about the current trends. In terms of blogging there will be cooperation with famous fashion bloggers and their opinions in terms of looks, trends, style. Also, users will be able to express their suggestions and complains in order to improve the service of *Shopronto* and product range. The aim of this section is to develop *Shopronto*'s networking community – the place to share opinions, give recommendations, or find out information. The important goal in relationship management is creating the community of loyal and dedicated customers, building and maintain good customer relations.

Contact Us

It is very important to stay connected with the users and give them necessary support if needed, especially in the service industry. In this section (Figure 6), there will be different links to social networks of *Shopronto*, as well as a contact form to get connected with customer support service.

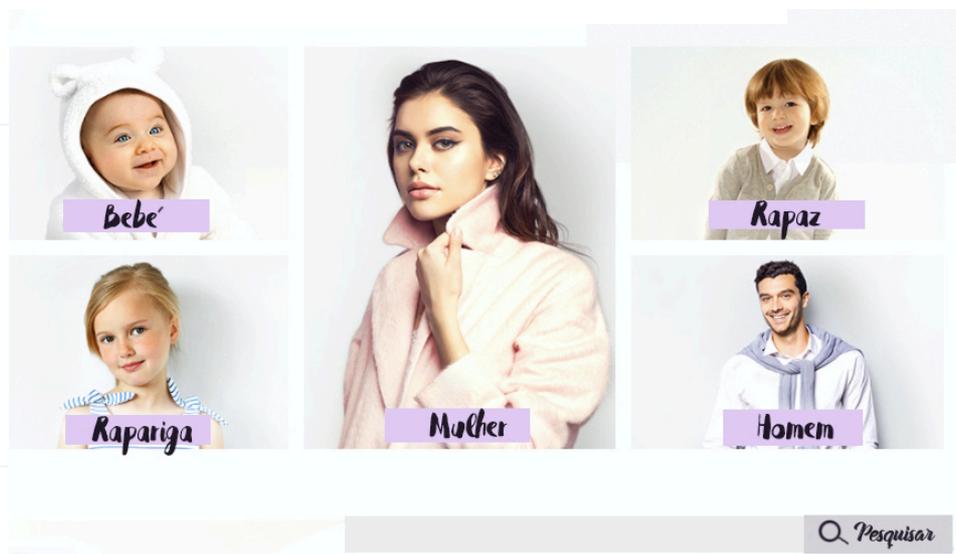
Online Shop Home Page

Figure 7. Shopping categories Shopronto.
Left side of the page.



The online shop will offer a wide range of products including casual clothes, formal wear, footwear and accessories, such as underwear, watches, bags, belts and so on. As it can be seen in Annex 7 there are different shopping categories on the main page (in the centre of the page (Figure 7) and on the left side of the page (Figure 8) with a more detailed description of the categories).

Figure 8. Shopping categories Shopronto. Centre of the page.



Source: Author (2017)

Source: Author (2017)

Basically, the main categories will be Female, Male, Gils, Boys, Babies and Accessorize. Within these main categories there are sub-categories with product lines. At the bottom of the page there will be search tab, allowing the users to type the title of any specific item they are looking for.

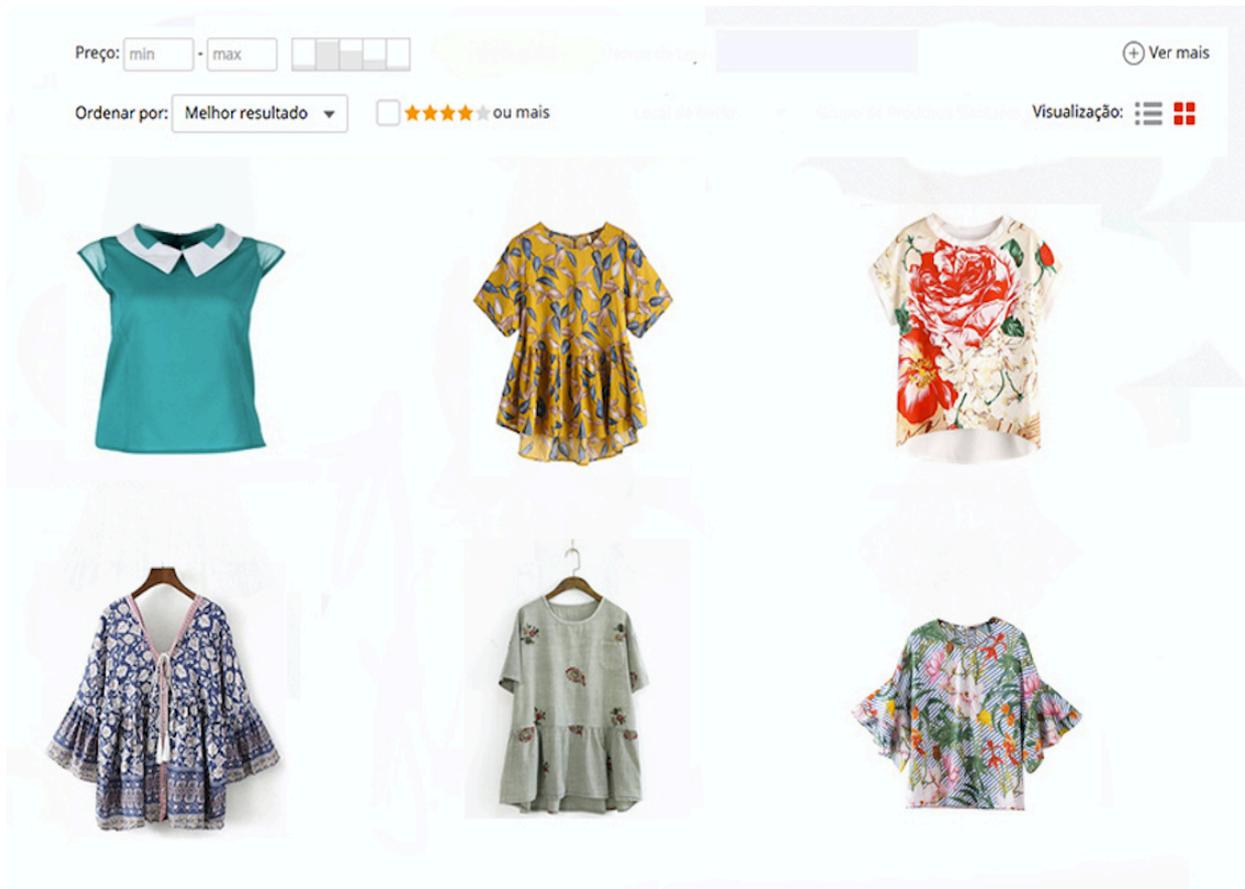
The home page of *Shopronto* is the main page of further business. The main principles to be considered in developing this section are as follows:

- High quality pictures of the products, so that the picture could provide realistic and good impression about the product. Also, a detailed description of product will be provided, as well as information about the manufacturer.
- The interface will be easy to navigate and user-friendly, with page adjustment to be used on different devices, such as PC, laptops, smartphones and tablets.

Online Shop - Browsing Category

If a certain category is selected, the user is re-directed to the category page, which can be seen in detail in Annex 8. The products can be filtered by price and ratings of the participating brands (Figure 9).

Figure 9. Browsing category Shopronto.



Source: Author (2017)

Regarding the products themselves, the filters will include size, colour, material type, style, length of the product, sleeve type and so on. The idea is to make the search precise and accurate, allowing the users to find exactly what they are looking for (Figure 10).

Figure 10. Browsing category Shopronto. Filters



Source: Author (2017)

11.2. Design and Logo

One of the initial tasks in business implementation procedures is creation of visual identity and logo of the company. Appealing and creative visual identity can work on behalf of company's image and represent its mission. A qualified graphic designer will be hired to create all visual identity attributes in order to maintain consistent design – logo, design of the web page, design of promotional materials, adjusting image palette of colours and other visual identity elements. The example of potential logo of *Shopronto* is shown on Figure 11 and can be found in Annex 9. The letter O in the middle represents a variety of products provided by the website, and the

Figure 11. Logo Shopronto.



Source: Author (2017)

dropped pin makes association with how easy it is to find and buy products with the help of *Shopronto*. The name of company also reflects the idea of fast and convenient shopping - *shop pronto* standing for shopping fast.

11.3. Organisational Structure

As *Shopronto* is a small technological start-up, it will have a simple and flexible organisational structure, which can be described as functional organisational structure, since each member of the company will be allocated with a certain function. The Organisation Breakdown Structure can be seen on Figure 12.

Figure 12. Organisation Breakdown Structure.



Total amount of the employees in the beginning is five, including the owner of the business (CEO). The CEO will be responsible for the total control and quality of operations, PR and marketing management, establishing partnerships with suppliers and contract agreement, establishing cooperation with influencers/bloggers, finance issues and accounting.

The IT developer will be responsible for all the technical issues of maintaining the website, as well as development of API (Application Programming Interface), which will allow to access the stock of different brands. This is a very important function within the company, since it is an e-commerce website, so the employee for this position must be highly-qualified, knowledgeable, and responsible.

Customer Support Specialist will be in charge of answering to all the inquires of the users, and settlement of any possible issues of the customers.

Supplier Relationship Specialist will supervise the quality of suppliers' work. This is an important duty as well, since there is a certain dependency from the suppliers, and in case of chosen delivery of the items, the suppliers are the ones who are responsible for the delivery. Therefore, it is important to constantly monitor the quality of their work, since any mistakes made by them will reflect a bad image on company's reputation.

Social Media Specialist will execute content creation for occasional articles in the forum section of the website. He will also update the information on social networks of the company, prepare visual materials for the website and social networks, and will have some skills in photo processing.

To create the portfolio of the clothing items, a freelance fashion photographer will be hired.

An important factor is that this is a virtual organisation, and all the parties involved can perform their duties from their own homes/places, there is no need to rent a separate office in the beginning of the project. The performed job functions will be evaluated by the end results and their quality.

11.4. Operating Activities

Payment Procedures

If the customers decide to order the product online from the suppliers, instead of picking it up locally, there will be a few options of payment. The payment procedure must be easy and safe, as it is one of the key requirements for customers to make purchase in the internet. *Shopronto* will offer three kinds of payment opportunities:

- Payment with PayPal, which is considered one of the easiest and safest methods of online payments;
- Payment with credit/debit card/Multibanco;
- payment with cash at the time of receiving goods.

Delivery Options

The customers will have the opportunity to select the most suitable option of collecting the product. They can reserve the product and pick it up with a possibility to try it on before buying, or they can order the delivery of the product.

In case of delivery option selected, the suppliers themselves are responsible for the delivery, but there will be generally guidelines applied:

- Orders will be delivered within 1-2 business days;

- Orders done till 12 am, will be delivered on the same day, afternoon and evening orders will be delivered on the next day.
- Deliveries will be mainly done during business days, though weekend delivery is possible, if coordinated and confirmed with the suppliers.

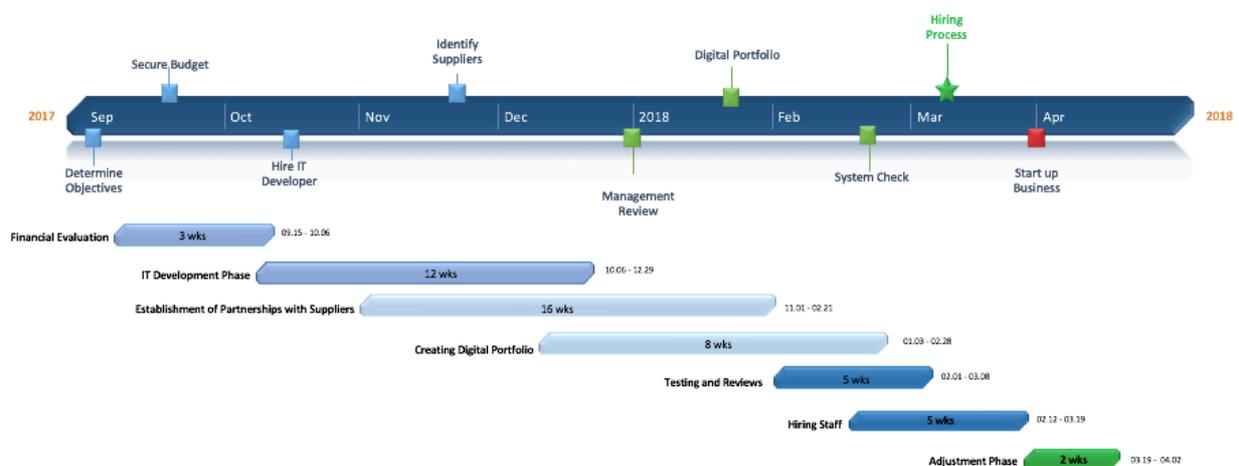
11.5. Chronogram

To develop and set up the project, the following steps will be taken:

- Development of Business Plan and Financial Analysis to identify if the company is economically viable – defining what are the financial requirements, investment and profitability;
- Contracting IT Developer to develop the website, and mobile application, and give further technical assistance in cooperation with suppliers;
- Establishing partnerships with local retailers;
- Assistance to suppliers in creating digital portfolio (with the help of freelance photographer);
- Hiring staff (initially 3 more people – Supplier Relationship Specialist, Social Media Specialist, Customer Support Specialist);
- Start-up business

The project schedule is defined within Gantt chart, which can be seen on Graph 14.

Graph 14. Gantt chart



Source: Author (2017)

12. Conclusions

Even though, Portugal is still recovering from recent economic crisis, the periods of economic challenge provide business opportunities to foster innovation for sustainable growth. Therefore, current economic environment presents a unique opportunity for fresh thinking and new business models. Creating new business models is especially relevant when habits and lifestyle of the consumers are changing, and there is a space for innovation in the industry.

E-commerce model is a great potential for business opportunities, since Internet is one of the quickest growing media, and it is becoming more and more common to manage businesses online. Moreover, this kind of business does not require a huge investment, and thus is very attractive to initiate.

The service of the future company, named *Shopronto*, is targeted at middle and upper-middle Portuguese consumers, aged 19-55, who love shopping and sometimes face the problem of finding necessary clothes' items. The main competitive advantage of *Shopronto* is that it eliminates the negative features of online shopping - size adjustment, product quality issues, or long delivery - by providing options from small retailers online with the opportunity to pick them up at the same day, or delivering them online, and exchanging locally in case of doubts.

Shopronto has chosen to implement a differentiation strategy, as it works well in a competitive market, where customers have specific needs which are yet underserved. *Shopronto* concentrates on a brand market segment – fashion consumers in Portugal – and within this segment attempts to achieve differentiation by offering a unique service. Within this strategy, to stay competitive the company needs to have unique resources and capabilities, that enable it to satisfy these needs in ways that are difficult to copy. Such resources or capabilities will include individual cooperation agreements with local retailers, talented personnel, and innovative processes. Further on, through Quantitative Strategic Planning Matrix (QSPM) alternative options of specific business strategies has been analysed and it has been decided to implement the strategy of using innovative and powerful marketing in order to develop loyal interactive community of customers and suppliers. This will help the company to further differentiate itself and compete with well-known brands.

It must be noted, that since the current paper is a Strategic Plan, financial analysis has not been performed. To access project's economic viability, further business plan should be developed.

13. Limitations

Although the study was carefully prepared, certain limitations should be taken into consideration, which are as following:

Size of sample. Because of the time limit, the research was conducted on a small size of the population. Therefore, to generalise the results for larger groups, the study should have involved more participants at different levels. Therefore, the results of the current study cannot be generally applied to a larger population, only suggested.

Time frame. The current study has been conducted over a certain interval of time, and thus is a snapshot dependent on conditions occurring during that specific period of time. National economic, political and social factors have a certain degree of influence on the successful implementation of the current project.

Taking in consideration the above-mentioned limitations, a certain degree of subjectivity in the current project is implied.

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16. Annexes

Annex 1 - Online Survey

Survey basic information:

This is a questionnaire about online shopping and traditional shopping habits of Portuguese consumers. The survey is provided to support master project dedicated to the development of online shopping platform, which aims to ease the experience of modern shoppers, as well as to support local retailers in competition with international well-known brands. You will need not more than 3-4 minutes to fill this questionnaire. Thank you kindly in advance!

Information on respondents:



The screenshot shows a survey form with four fields, each with a dropdown arrow on the right side:

- Gender: A dropdown menu with four options, represented by four dashes (----).
- Age: A dropdown menu with four options, represented by four dashes (----).
- Education level: A long dropdown menu with a blank space for text.
- Occupation: A dropdown menu with a blank space for text.

Survey settings:

Survey taking: From one computer can be taken only once

Question display: Survey questions are displayed one by one

Survey language: English

Questions:

1. Do you generally prefer to shop for clothes online or in-store?

- Online
- In-store

2. How often do you shop for clothes online?

- More than once a week
- Once a week
- 2-3 times a month
- Once a month
- Once every 3 months
- Once every 6 months
- Once a year
- Less than once a year
- Not at all

3. If you answered negatively to the previous question, what are the reasons for not shopping online?

- Worry on personal privacy
- Worry on product quality
- Enjoy traditional shopping
- Too complicated procedures
- Unable to try the products
- No interaction with shop assistants
- Other (please specify)

4. According to you what is the most important criterion when you buy in a traditional shop?

- Salesman advice
- Possibility to see and try
- Price
- Quality
- Choice
- Payment facility
- Convenience
- Other (please specify)

5. According to you what is the most important criterion when you buy online?

- Delivery
- Payment security
- Customer Support
- Price
- Quality
- Variety
- Convenience
- Other (please specify)

6. If you need a specific item of clothes to buy in-store, how much time do you spend on finding and buying it on average?

- Less than 2 hours
- 2-4 hours
- 4-6 hours
- More than 6 hours
- Sometimes I never find the specific item that I am looking for

7. Please rate your satisfaction with online shopping for clothes on the scale form 1 to 5

	Very Dissatisfied	Dissatisfied	Neither Satisfied nor Dissatisfied	Satisfied	Very Satisfied
Quality of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size adjustment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variety of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Please rate your satisfaction with traditional shopping for clothes on the scale form 1 to 5

	Very Dissatisfied	Dissatisfied	Neither Satisfied nor Dissatisfied	Satisfied	Very Satisfied
Quality of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size adjustment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variety of goods	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Have you reduced the frequency of traditional shopping due to online shopping?

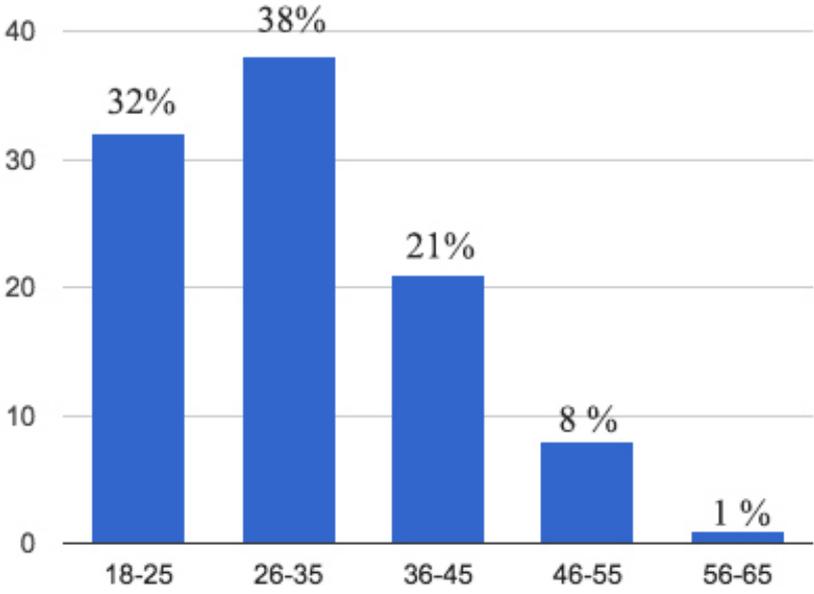
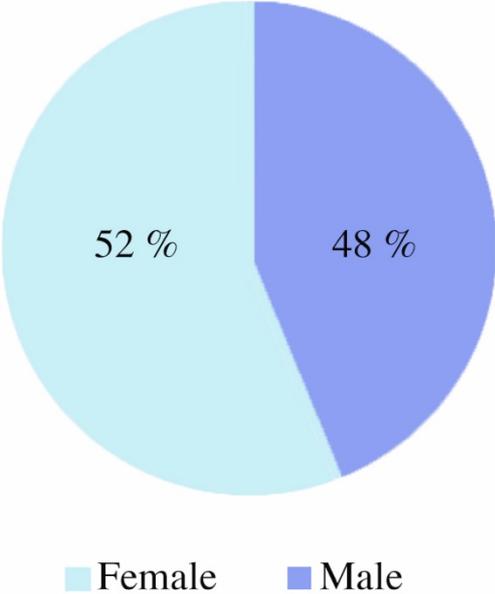
- Yes
 No

10. Would you agree that high street retailers need to make changes to the overall shopping experience to compete with online stores?

- Yes
 No

Source: Author

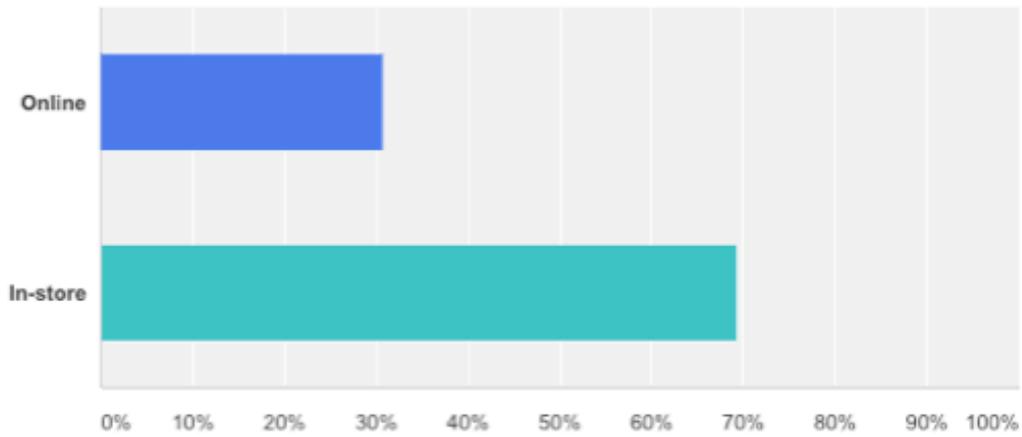
Annex 2 - Survey results



Age of the respondents

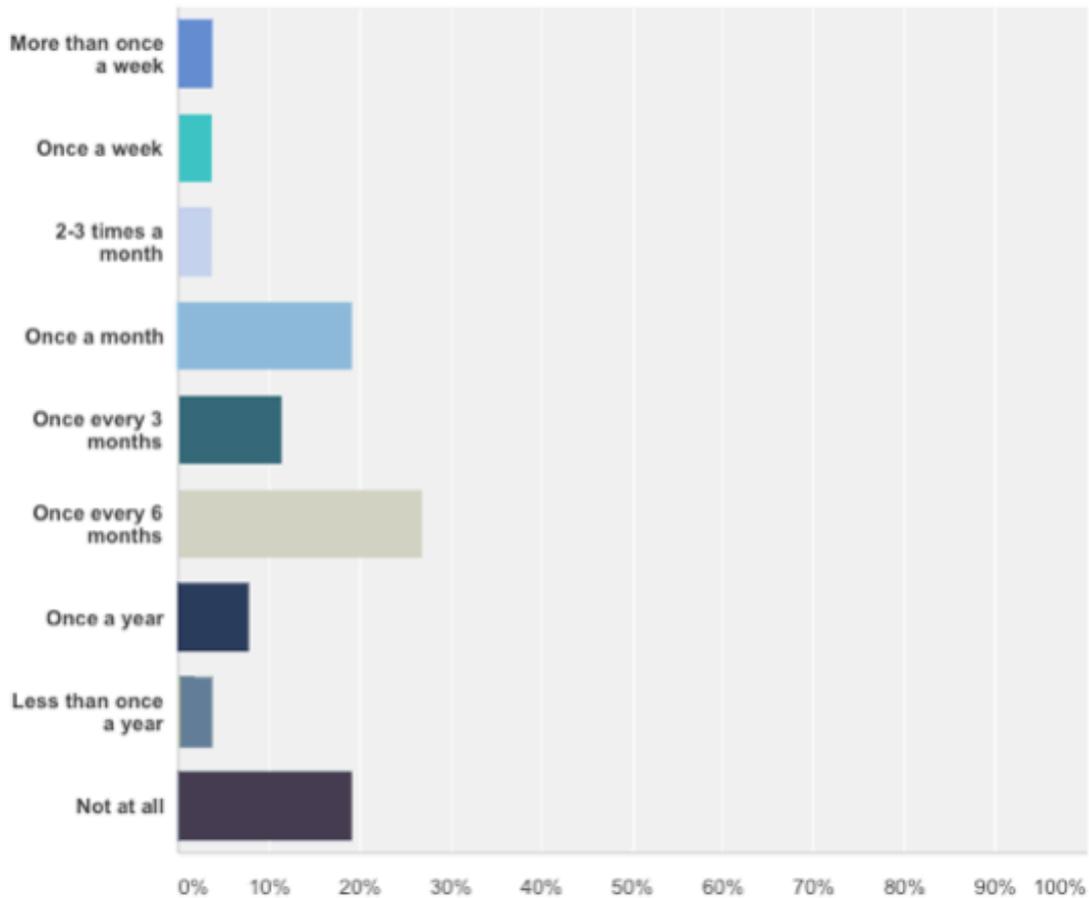
Do you generally prefer to shop for clothes online or in-store?

Answered: 226 Skipped: 0



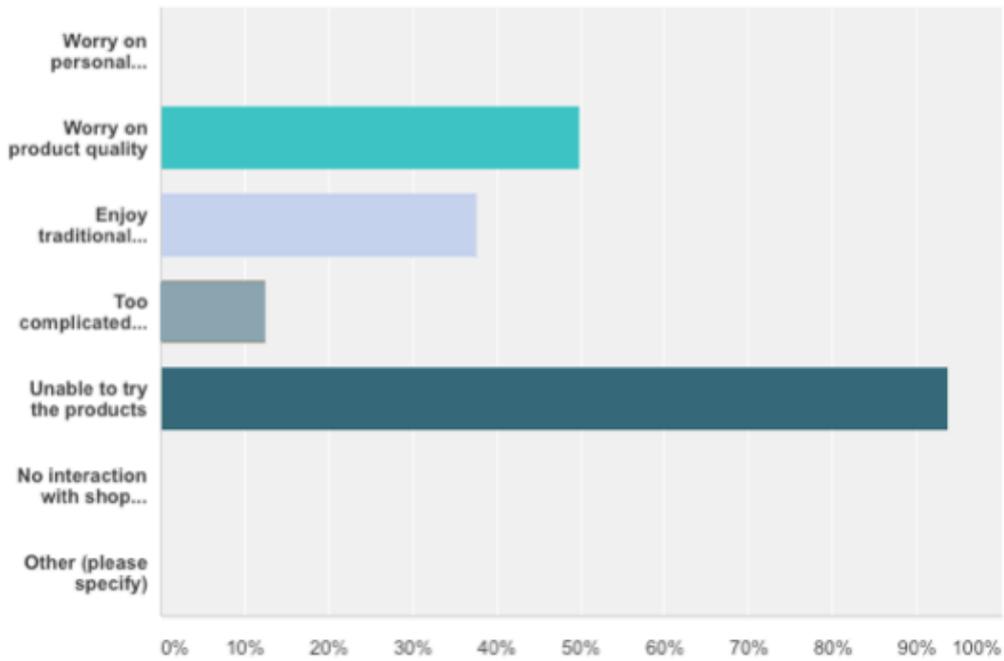
How often do you shop for clothes online?

Answered: 226 Skipped: 0



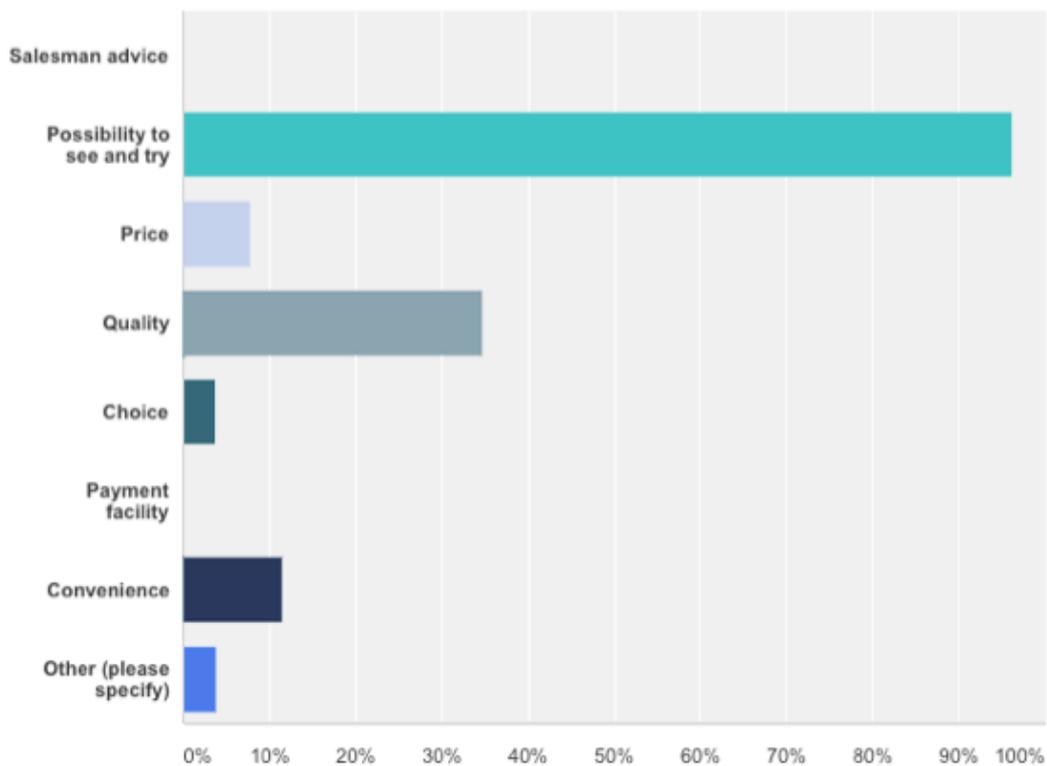
If you answered negatively to the previous question, what are the reasons for not shopping online?

Answered: 140 Skipped: 86



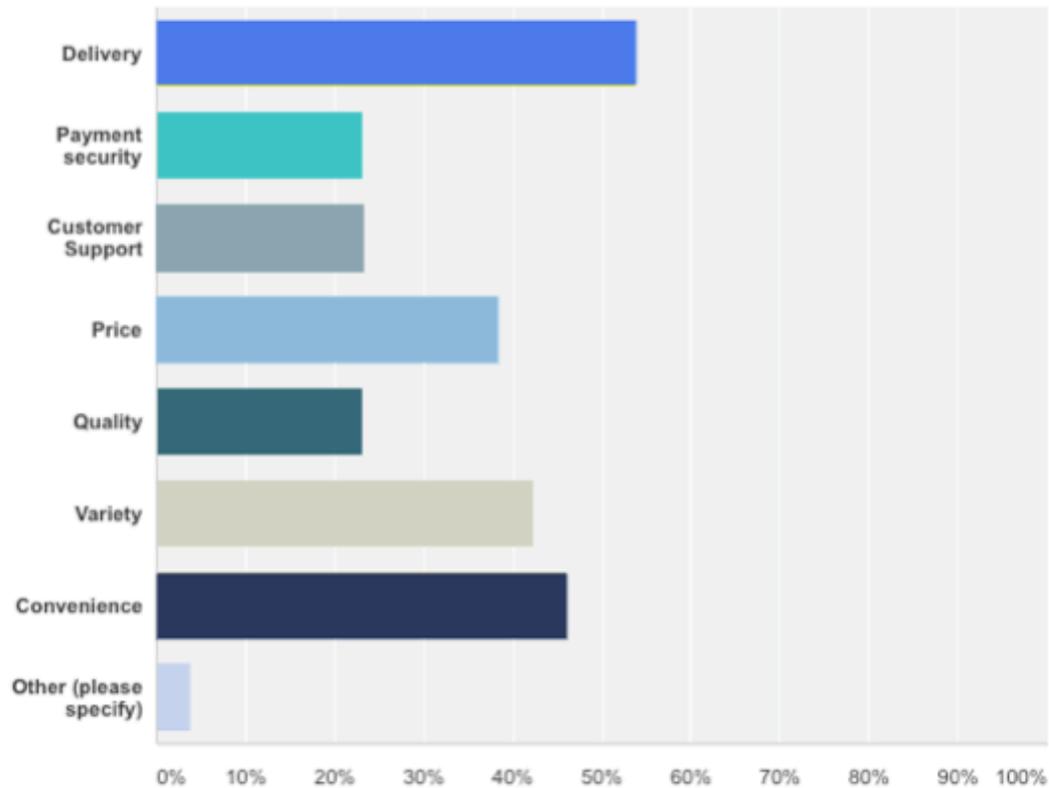
According to you what is the most important criterion when you buy in a traditional shop?

Answered: 226 Skipped: 0



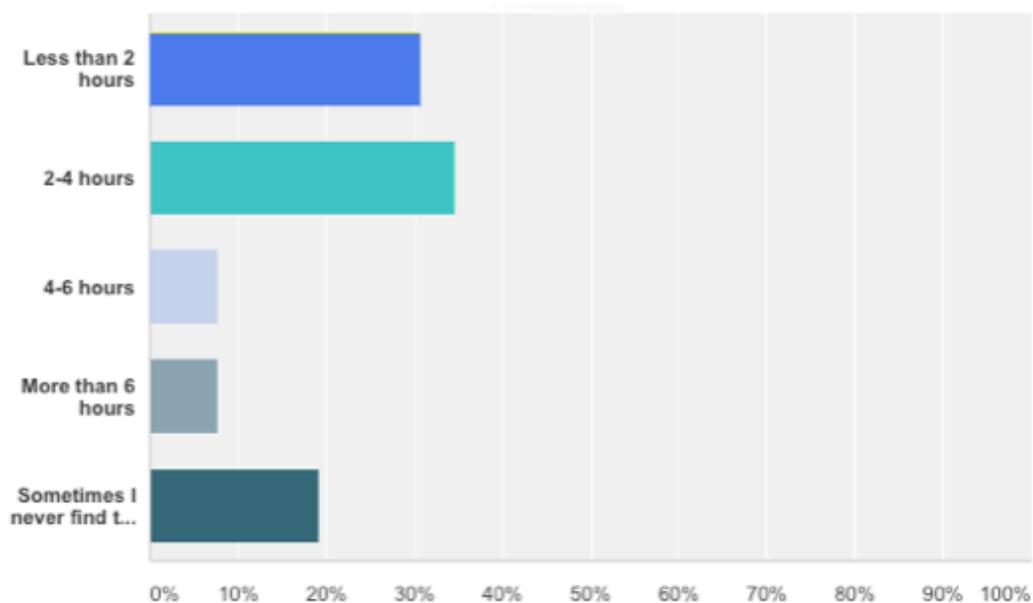
According to you what is the most important criterion when you buy online?

Answered: 226 Skipped: 0



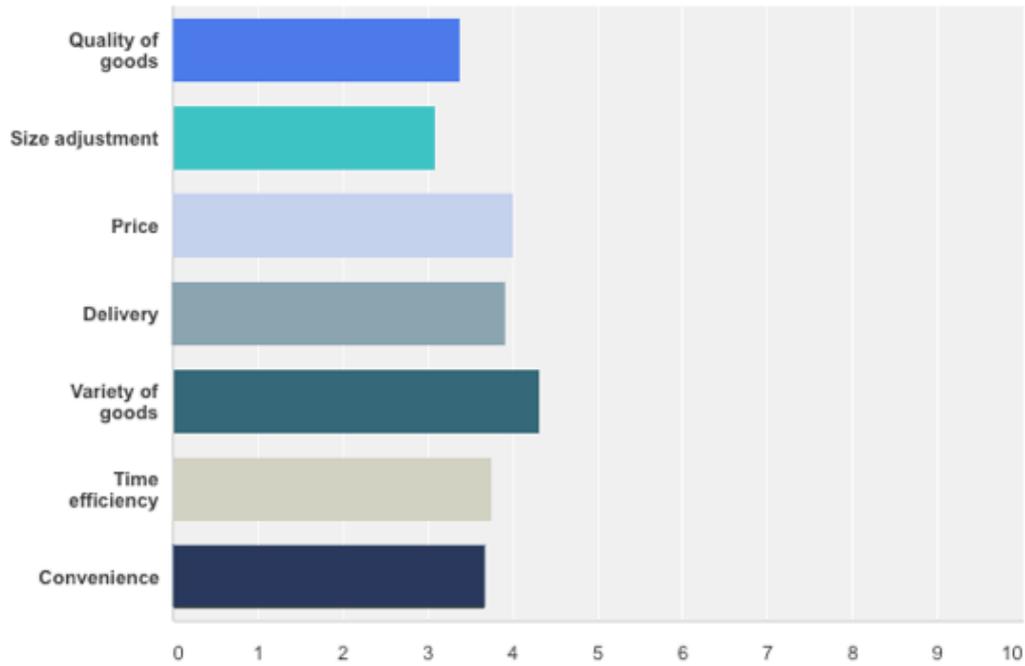
If you need a specific item of clothes to buy in-store, how much time do you spend on finding and buying it on average?

Answered: 226 Skipped: 0



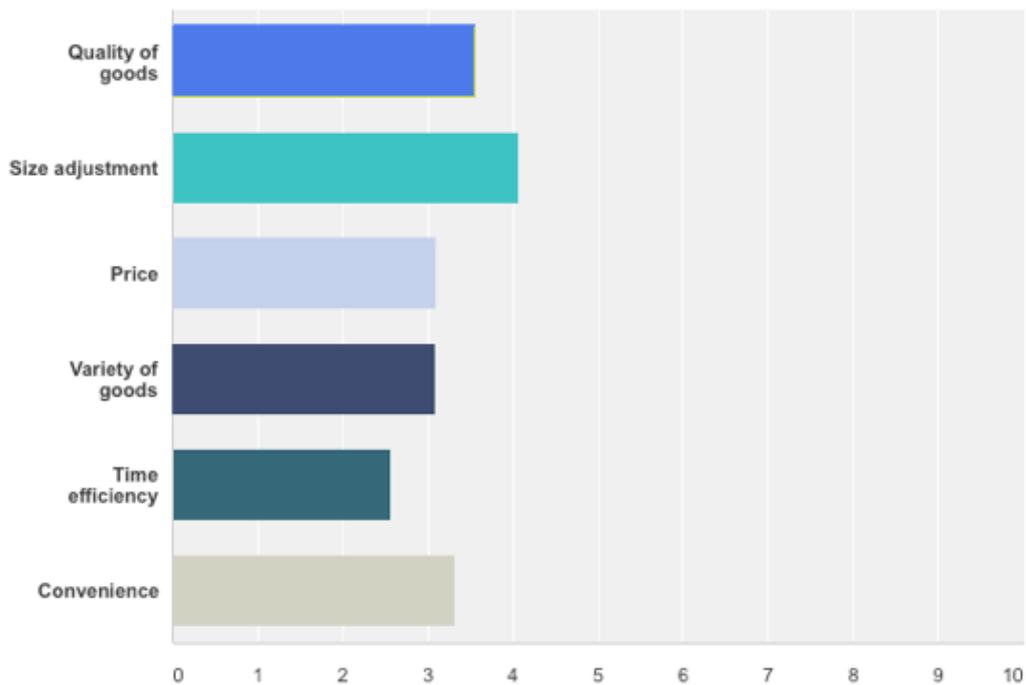
Please rate your satisfaction with online shopping for clothes on the scale form 1 to 5

Answered: 208 Skipped: 18



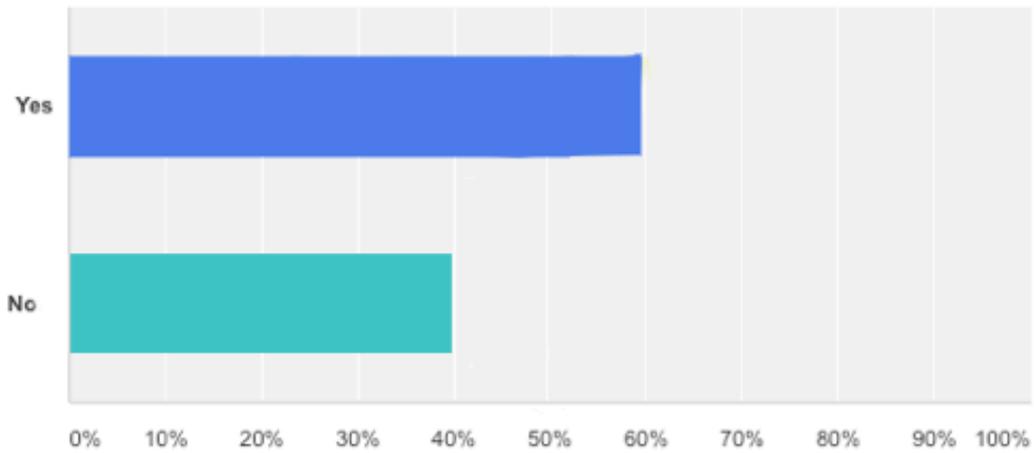
Please rate your satisfaction with traditional shopping for clothes on the scale form 1 to 5

Answered: 226 Skipped: 0



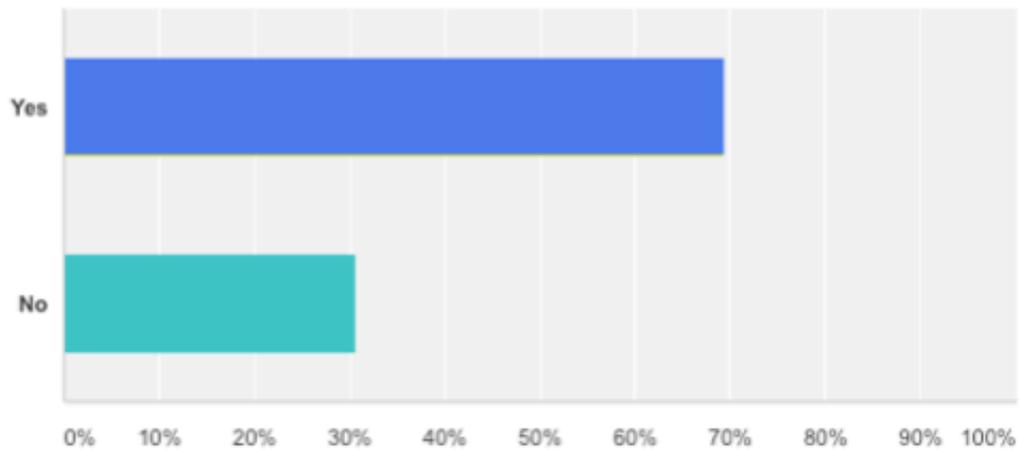
Have you reduced the frequency of traditional shopping due to online shopping?

Answered: 226 Skipped: 0



Would you agree that high street retailers need to make changes to the overall shopping experience to compete with online stores?

Answered: 226 Skipped: 0



Source: Author

Annex 3. Private Consumption in Portugal

Key Short-Term Economic Indicators : Private Consumption (volume)

		→ Subject		GDP Private final consumption expenditure; constant prices, s.a. 															
		→ Measure		Growth on the same period of the previous year 															
		→ Frequency		Annual															
		→ Time		2013			2014			2015			2016						
→ Country	Unit																		
Portugal	Percentage			-1.2	2.3	2.6	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.1		
European Union (28 countries)	Percentage			-0.1	1.2	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.1		
				Quarterly															
				2015															
				Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2015	Q2-2015	Q3-2015	Q4-2015
								2.8	3.4	2.1	1.9	2.8	3.4	2.1	1.9	2.8	3.4	2.1	1.9
								1.9	2.0	2.1	2.1	1.9	2.0	2.1	2.1	1.9	2.0	2.1	2.1
				2016															
				Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2016	Q2-2016	Q3-2016	Q4-2016
								2.5	1.6	1.9	3.0	2.5	1.6	1.9	3.0	2.5	1.6	1.9	3.0
								2.3	2.3	2.1	2.2	2.3	2.3	2.1	2.2	2.3	2.3	2.1	2.2

Source: OECD

Annex 4. Average Household Income in Portugal

Average household income - Portugal

Euro - Ratio

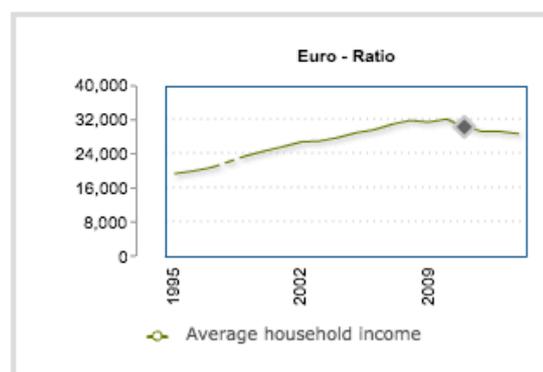
[see more](#)

Years	Average household income
+ 1995	19,409.3
2000	24,705.3
2001	25,789.1
2002	26,834.5
2003	27,012.1
2004	27,853.8
2005	28,981.3
2006	29,735.4
2007	31,028.0
2008	31,903.9
2009	31,499.0
2010	32,187.0
2011	↓ 30,424.6
2012	29,286.9
2013	29,249.0
2014	28,737.4

Sources/Entities: INE, PORDATA
Last updated: 2017-03-27



Average household income



Sources/Entities: INE, PORDATA

[Click the chart to see in detail](#)

Source: INE, PORDATA

Annex 6. Internet Users in Portugal

Year	Internet Users**	Penetration (% of Pop)	Total Population	Non-Users (Internetless)	1Y User Change	1Y User Change	Population Change
2016*	6,930,762	67.3 %	10,304,434	3,373,672	0.8 %	54,608	-0.44 %
2015*	6,876,155	66.4 %	10,349,803	3,473,648	2.3 %	157,281	-0.51 %
2014	6,718,873	64.6 %	10,402,343	3,683,470	3.4 %	223,850	-0.55 %
2013	6,495,023	62.1 %	10,459,716	3,964,693	2.4 %	150,263	-0.53 %
2012	6,344,760	60.3 %	10,515,016	4,170,256	8.8 %	510,963	-0.42 %
2011	5,833,797	55.2 %	10,558,909	4,725,112	3.4 %	192,079	-0.24 %
2010	5,641,718	53.3 %	10,584,837	4,943,119	10.4 %	529,800	-0.05 %
2009	5,111,919	48.3 %	10,590,260	5,478,341	9.5 %	444,086	0.12 %
2008	4,667,832	44.1 %	10,577,458	5,909,626	5.1 %	227,045	0.25 %
2007	4,440,788	42.1 %	10,550,695	6,109,907	11.1 %	443,443	0.32 %
2006	3,997,344	38 %	10,516,559	6,519,215	9 %	330,362	0.35 %
2005	3,666,982	35 %	10,480,085	6,813,103	10.5 %	348,372	0.36 %
2004	3,318,609	31.8 %	10,442,446	7,123,837	7.5 %	232,088	0.38 %
2003	3,086,521	29.7 %	10,402,836	7,316,315	53.8 %	1,079,397	0.39 %
2002	2,007,125	19.4 %	10,362,028	8,354,903	7.5 %	140,449	0.4 %
2001	1,866,676	18.1 %	10,320,463	8,453,787	10.5 %	177,864	0.41 %
2000	1,688,813	16.4 %	10,278,542	8,589,729	11.9 %	179,552	0.4 %

* estimate for July 1, 2016

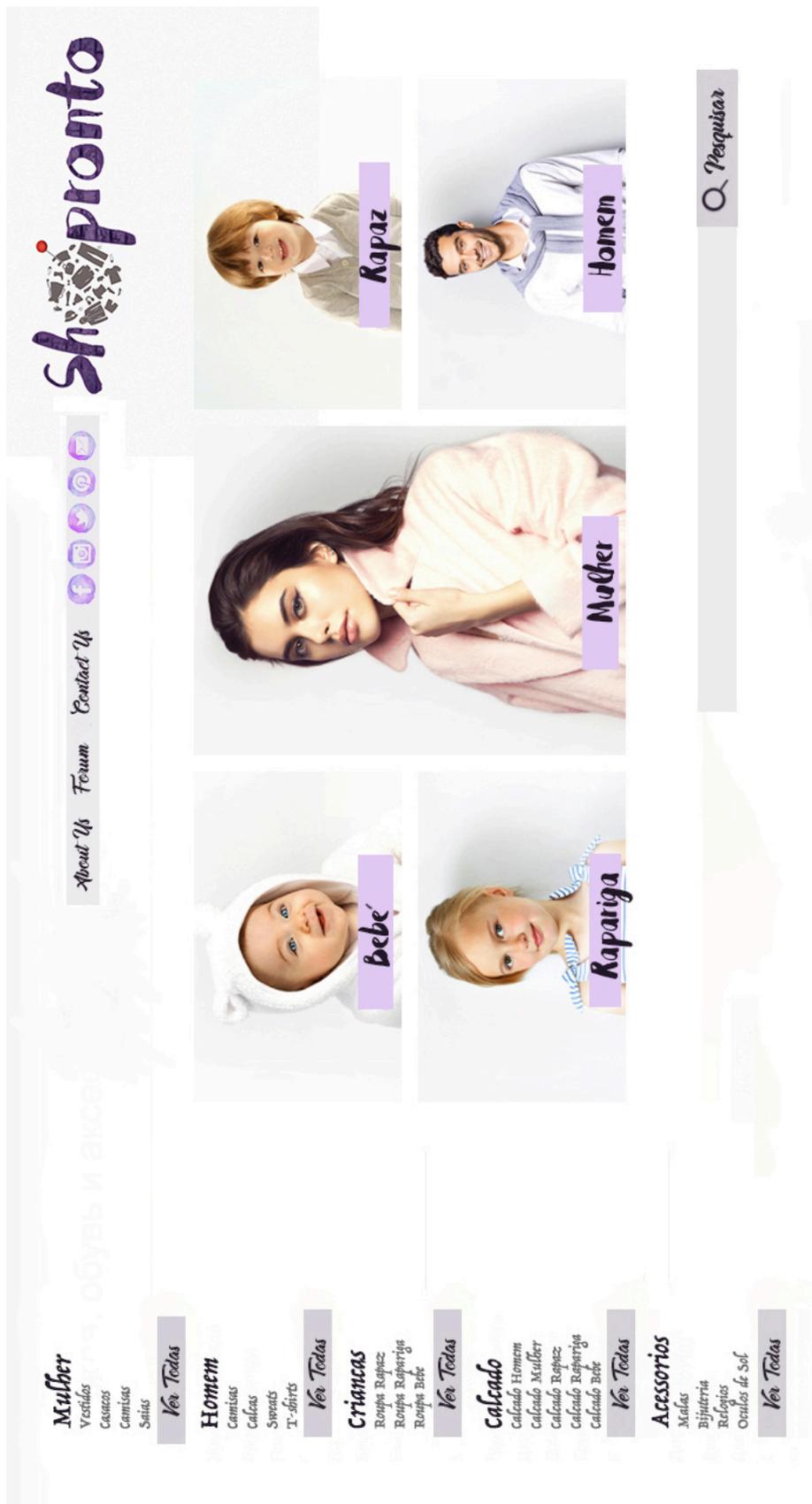
** **Internet User** = individual who can access the Internet at home, via any device type and connection. [More details](#).

Source: **Internet Live Stats** (www.InternetLiveStats.com)

Elaboration of data by *International Telecommunication Union (ITU), World Bank, and United Nations Population Division*.

Source: Internet Live Stats

Annex 7. Landing Page of Shopronto



Source: Author

Annex 8. Shopronto Browsing Category Page

The screenshot shows the Shopronto website's browsing interface for blouses and shirts. At the top, the Shopronto logo is displayed in a stylized purple font. Below the logo, the navigation path is shown: "Início > Todas Categorias > mulher Roupas & Acessórios > Blusas & Camisas".

The main content area is divided into a filter sidebar on the left and a product grid on the right. The filter sidebar includes:

- Tamanho** (Size): A dropdown menu.
- Cor** (Color): A color selection tool with a grid of color swatches.
- Material** (Material): A dropdown menu with options for Acetato, Acrílico, and Algodão.
- Comprimento de Manga** (Sleeve Length): A dropdown menu with icons representing different sleeve styles.
- Comprimento** (Length): A dropdown menu with icons representing different blouse lengths.
- Estilo de Manga** (Sleeve Style): A dropdown menu with icons representing different sleeve details.

At the top of the filter sidebar, there are additional controls: "Preço: min - max" (Price range), "Ordenar por: Melhor resultado" (Sort by: Best result), and "Visualização:" (View) with icons for grid and list views. A "Ver mais" (View more) button is also present.

The product grid displays six blouses:

- A teal-colored blouse with a white collar.
- A blue and white patterned blouse with a ruffled hem.
- A yellow and blue patterned blouse with a ruffled hem.
- A light green blouse with a ruffled hem and small floral prints.
- A white blouse with a large red and orange floral print.
- A white blouse with a colorful tropical print.

Source: Author

