

**BUSINESS PLAN FOR THE CREATION AND LAUNCH OF
(L'FORTANA), A FASHION BRAND FOR WOMEN**

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Abstract

Fashion has been influencing our lives for hundreds of years and has become a symbol of status, belonging or opposing something. Every day we make a choice to dress in a certain manner and by doing so, send messages to those who surround us, about who we are, and how do we want others to see us.

Every brand in the industry helps us make our choices and while we think we are the ones choosing what to buy or to wear, it is only true to a certain extent. Mostly, we are influenced by the trends set up for us months or even years before the product arrives to the store.

This project is a business plan of a new Portugal based fashion brand. The aim of the brand is to combine design, comfort, sustainable materials and ethical work. The literature review for this project includes the data available about the women's retail clothing market within Europe (EU28, Iceland, Norway, Switzerland and Liechtenstein), and the evolution of online shopping. The information reviewed made it rather clear that sustainable fashion is increasing its influence on the population, especially among younger generations.

The business plan was built with the purpose to launch the brand in Portugal in the beginning of the year 2020, build the brand and at the same time promote in international markets the quality clothes made in Portugal.

Keywords: Business Plan, Fashion Brand, Online Retail, Sustainability

JEL Classification System: L26 - Entrepreneurship

Abstrato

Há muitos anos que a moda influencia as nossas vidas tendo-se tornado num símbolo de estatuto, pertença ou oposição a algo. Todos os dias escolhemos o que vestir e, com isso, enviamos mensagens aos que nos rodeiam sobre quem somos, e como queremos ser percecionados.

Cada marca da indústria ajuda-nos a fazer as nossas próprias escolhas, no entanto, apesar de pensarmos que somos nós que decidimos o que comprar ou vestir, isso só é verdade até certo ponto. Na maior parte das vezes somos influenciados por tendências preparadas há meses ou, mesmo, anos antes do produto chegar às lojas.

O presente projeto consiste num plano de negócios para a criação de uma nova marca de vestuário sediada em Portugal, que pretende incorporar o design e o conforto, com a produção sustentável e a presença ética no mercado. A pesquisa para este projeto inclui a análise dos dados disponíveis sobre o comércio de roupa de senhora na Europa (EU28, Islândia, Noruega, Suíça e Liechtenstein), e a evolução das compras online. A informação recolhida permitiu concluir que a indústria da moda sustentável está a ganhar influência junto dos consumidores, principalmente entre as gerações mais jovens.

O plano de negócios foi elaborado com o intuito de lançar online esta marca portuguesa no início de 2020, construir a sua reputação e, simultaneamente, promover a boa qualidade do vestuário feito em Portugal nos mercados internacionais.

Palavras chave: Plano de Negócios, Marca de Moda, Comércio Online, Sustentabilidade

JEL Classification System: L26

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GLOSSARY

EU – European Union

WTO – World Trade Organization

USD – United States Dollar

EFTA – European Free Trade Association

EEA – European Economic Area

EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

EBIT – Earnings Before Interest and Taxes

EBT – Earnings Before Tax

NPV – Net Present Value is the difference between the present value of cash inflows and the present value of cash outflows over a period of time.

IRR - Internal rate of return is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero.

1. EXECUTIVE SUMMARY

The following project is the business plan for a new clothing brand and its respective business. The company will be producing high quality pieces for women and sell them on its web platform and social media pages. The name of the brand is “*L’fortana*” and it will be positioned in the high-end of the apparel market with the quality products at affordable prices.

The target audience of the brand are adult women who shop online and are knowledgeable about good online shopping experience. These customers know what they want and how they want it, especially regarding the quality of the products and services. In order to meet and exceed these expectations, *L’fortana* will provide the best experiences possible and make sure every communication is effortless and personalized.

The geographical targeting of the brand is limited to the European countries – EU28, Iceland, Norway, Liechtenstein and Switzerland. This choice has been made due to the inexistence of international trade taxation with these countries, which gives the brand an opportunity to reach larger number of customers without any major barriers.

The positioning of the brand falls into high-end segment, which showed the highest growth in the past couple of years and is predicted to keep growing (Ahmed & Berg, 2018). This segment is differentiated by the balance between the quality and the price of the items, where the excellency of the materials and execution meet the affordable prices for the goods and services.

The *L’fortana* products consists of 4 yearly collections of seasonal clothing that will be launched every winter, spring, summer and fall. It will start with three pieces and will grow according to the demands of the market and preferences of the customers. The production of the clothing will be outsourced to a micro factory in the North of Portugal while the creation process and elaboration of the collection will take place in the atelier, in Lisbon.

The company and the brand aim to be recognized as trustworthy and respectful both by partners and customers. In order to achieve this position, the brand aims to make every customer experience as personal as possible and use the best communication practices to achieve effectiveness and earn a good name in the industry. Moreover the company’s aim is to avoid negative impacts on the environment and society, and for that reason it will be using only

national sustainable materials, specifically natural fibres, and will select its partners carefully, keeping in mind the work ethics at the production site.

The competition in the high-end market segment is high, especially between companies with traditional production strategies. Within the sustainable market, there are not many companies that provide sustainability, quality of design, materials and execution, and personalized customer service. These three characteristics are possible to achieve because of the favourable conditions provided by Portuguese textile and clothing industry, where the cost of production of quality clothing remains lower than in the neighbouring countries so it is possible to dedicate more resources for product development and customer service training.

The industry also presents a number of risks and opportunities for every new brand. The risks for *L'fortana* are:

- The novelty – it takes time and a number of resources to build the customer base and gain trust;
- Production dependant business – as a clothing retailer, the company is highly dependent on its partners.
- Rapid market changes – the fashion market is very vulnerable to the fluctuation of the economy; thus it is important to follow attentively the trends and watch closely the customer behaviour.

The opportunities for *L'fortana* are:

- Large market of Europe;
- Relatively low cost of production and materials
- Possibility to occupy a place in the market between quality sustainable and design clothing.

The brand is also planning on the future expansion where it will be giving the opportunity to its customers to personalize the pieces and make slight alterations. This option will be valuable for those customers who would like to make a piece more comfortable or for those whose physical complexion requires a specific approach.

According to the above information, it is possible to assume that *L'fortana* brand will be able to achieve its sustainability within its first years of existence and become a profitable trusted brand and will represent Portugal in the international markets.

2. LITERATURE REVIEW

The apparel business involves various areas that require extensive knowledge about how the industry works and what the key forces driving it are. For the purposes of this business plan, the most pertinent topics involving the apparel industry have been studied and analysed, in order to outline its most relevant aspects and to propose potential solutions on dealing with the challenges this specific business presents.

The first topic that will be covered in the literature review is entrepreneurship and how the approach to this activity is to influence the future of the business. The following sub-chapter presents an overview of the Apparel Industry in general, which has the aim to help the readers to better understand the importance of it to the people and to the economy. Next, as the company is to be established in Portugal, an outline of the respective industry in Portugal is given in order to highlight the existing challenges and opportunities in the field. The sub-chapter “European Market Changes” covers the market segments that the brand will be targeting and the ways to approach these ever more demanding segments. In the sub-chapter “Brand and Branding”, the concept of a brand, its importance in terms of the image of the company, its meaning and influence on the customers and the business itself will be explained. One of the most complex topics covered in the literature review is the sub-chapter on “Product Development”, that consists of a detailed description on why certain products make it to retail, while others do not even pass the initial testing phase. In the following sub-chapter “Logistics”, the particularities of the processes and their significance on customer service will be discussed with the focus on competitiveness in the market. The final chapter of the literature review covers the topics of E-commerce and the various retail channels existing in fashion retail today. In addition to that, the chapter outlines the ways the customers are using these channels and the reasons behind the importance of the omnichannel strategy in present times.

2.1. Entrepreneurship

As per John Bessant and Joe Tidd in the book “Innovation and Entrepreneurship”(2011), the two activities complete each other when one person’s problem becomes another’s opportunity and they conclude that the nature of innovation is that it is fundamentally about entrepreneurship. Before starting a business, an entrepreneur must evaluate the cost of taking a bright idea forward in doing something different, especially if that involves upstaging the players already in the game. In the fashion business, innovation mostly emerges in design,

which allows clothing to be adapted to the needs of the customers. Additionally, the technological advancements have made it significantly easier to offer the desired products to the customers and to create more value through the functionality, quality, speed and the ways of production.

Peter F. Drucker explains that:

“Innovation is the specific tool of entrepreneurs, the means by which they exploit the change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being practiced.” (Drucker, 1985).

Peter Drucker also outlines that within the interaction between a new idea and its implementation the resource must be useful – only in this way it becomes economically valuable. The fashion industry can be deemed to be very creative and many of the items produced are not usable in general sense of clothing. Nevertheless, it is from these items and by applying the creativity to the commercial collections that the brands differentiate themselves from each other, bringing increasingly more useful and better made clothes and accessories to their customers. Moreover, in order to survive the competition, any business should incorporate systematic innovation as a significant part of entrepreneurship (Bessant J., 2011).

Only a few industries require such speedy and attentive management like the fashion industry. The changes happen fast and require the companies to adapt almost immediately and be able to implement new changes as quickly and efficiently as possible (Keller C., 2014). The constant progress in the construction of the clothing, production of new, more sustainable materials and the constant reinvention of the ways to establish and maintain the relationships with the customers, allow to build renowned brands and to maintain their profitability.

On the customer side, one of the main questions to be addressed in today’s society, is how to capture the new generation of shoppers and keep them engaged with the brand. The fashion industry requires constant presence and a reinvention of the ways to approach the existing and potential customers. According to McKinsey&Company report (2018), personalization will be one of the major features expected to rise in the following years. The youngest generations of buyers seek self-expression and demand personalization to express their values, and in many cases share their experiences in social media. The challenge is how to meet their expectations and respond to the demand of personalized items. The positive side of it is that these buyers are more and more looking for the small niche companies with good quality products, as the

preference lies on the item that nobody has, and even better, nobody else can find it (Ahmed I., Berg A, 2018).

The Internet is not only absorbing the brick-and-mortar market, but also is creating a generation of buyers that have extremely high expectations. The possible solution lies in deluge data, that allows the companies to select and work with the information collected from the customer experience which, after properly selected and filtered, can yield in better and better targeting, swift responses and more precise predictions of the future (Keller C., 2014).

Entrepreneurship as an activity should always go hand in hand with innovation in order to truly make a difference in the society. As the fashion industry moves at a remarkably fast pace, one has to constantly remain attentive and face the present challenges, while being able to predict the future ones, in order to strive or, at times, even just survive the fierce competition in the market. It is highly important to delve deeper into customer behaviour and their preferences, in order to innovate in the right and sustainable direction and to be able to compete in the market.

2.2. The Apparel Industry

Clothing, textiles, apparel and accessories are a part of the global manufacturing industry. In its 4th review, ISIC¹ names 33 economic activities, which include the manufacturing of textiles, wearing apparel, leather and related products. The focus of this work will be on the manufacturing of wearing apparel, specifically the affordable luxury or as it also called high-end segment of the market. This subdivision is composed of another three segments: the manufacturing of wearing apparel, except fur apparel; the manufacturing of articles of fur and the manufacturing of knitted and crocheted apparel (UNSD, 2017).

This business plan will be considering the production of the high-end fashion segment, which is frequently mistaken by the luxury one. Nevertheless, there is a substantial difference, which mainly lies in the strategy and positioning of the brand or the company. Some of the most prominent characteristics of luxury products are the following: a design that does not change within the season, it is rather stable and does not depart much from the initial concept; a different pricing strategy, as luxury brands do not practice any types of discounts, and on the contrary, the more expensive they are, the more desirable they become for the customers; a

¹ International Standard Industrial Classification of All Economic Activities

product line that is very narrow with just a couple of options; manufacturing that is not outsourced to any lower cost countries. Therefore, the luxury items and high-end fashion items can be similar in certain things, for e.g. high prices or high-quality materials, but they are not necessarily the equivalent. As for the brand created in this business plan, it will be making all its products in Portugal using the best possible materials and manufacturing techniques.

The global apparel industry includes the manufacturing of all clothing types for men, women, and children. It is often referred to as the apparel and textile industry (IBIS World, 2017). The main reason for combining the two is that many companies produce their own raw materials and either own these textile factories or outsource the production to partners. From the business point of view, it is safer to have one's own production supplies and products, but as it is a somewhat investment intense operation, only large established brands can afford to do so. Nevertheless, if a company is able to subcontract these processes to a reliable partner, it has been shown to be relatively cost-efficient and represents a lesser degree of involvement in the production process.

The global apparel market, excluding footwear and jewellery, was in 2018, worth around \$1.3 trillion in retail sales globally, where women's retail clothing has a significantly higher share (53%) than menswear (31%) (The Size of the Global Fashion Retail Market, 2018).

Meanwhile, Europe, as the main market for this project, is one of the most attractive markets for apparel and clothing worldwide and according to Euratex data, in 2017, the EU - 28 overall turnover in the textile and apparel industry has demonstrated increasing growth since 2016 (Euratex, 2018) as represented in the table below. It is considered to be one of the most significant industries, despite being perceived as somewhat indulging and frivolous.

Table 1 The Textile and Apparel industry growth in the EU – 28 (2017)

Overall turnover	Overall turnover (compared to 2016)	Investment	Number of textile and clothing companies	Persons employed	External trade balance (comparing to 2016)
€181 Billion	+ €10 Billion	€4.9 Billion	176,400	Over 1.7 Million	+ €3 Billion

Source: Euratex 2018

The WTO places the EU as the second largest clothing exporter after China. It has grown by 4% in export since 2017 and represents 117 billion USD. It is also one of the ten largest export industries among the exports of manufactured goods sector. This growth in the EU countries is the result of series of important transformations and the combination of technological evolution, the optimization of production costs, the emergence of big international competitors and the elimination of import quotas after the year 2004. Portugal is among the three major production powers along with Italy and Greece (EC-Textile and Clothing in EU, 2018) which represents an opportunity for the Portuguese businesses to compete on the international level.

According to the data available from the European Commission, the industry is mostly represented by small companies with up to 50 employees, which create almost 60% of the value added (EC-Textile and Clothing in EU, 2018). The advantage of the small retailers in this instance is in the capacity to concentrate on a certain type of product, personalise the service or the product, or work within a chosen niche instead of offering everything for everyone, as it happens with the large retailers. By this criterion, Portugal is one of the most flexible and fair-priced producers of small quantity orders of high-quality products. These conditions are vital for the creation of a new brand, which requires a tight financial control. The possibility to produce in small batches and the flexibility in production times will benefit the new business in reduction and better balance of the investment required for the start and the further maintenance.

Each of the opportunities existent in this industry come with its challenges. The latter are easier to deal with using all modern technology and innovation to help to boost the efficiency of production sales or interaction with the customer (Global fashion Industry statistics International Apparel, 2018).

Although being already very rivalrous, competitiveness still remains as one of the major objectives. It is however a rather complex process to structure the company in the most efficient possible way, therefore most of the big players have moved their production sites overseas, which allows them to keep the production costs fairly low (Textile and clothing in the EU, 2018). Nevertheless, for the small and medium companies of affordable luxury or high-end segment, production overseas can mean less control over the quality, lengthy and costly shipment, and as these companies do not produce on big volumes, the local production shows to be more efficient and convenient. That is the main reason why a high-end Portuguese brand should combine all the local possibilities of quality and professionalism in its products.

Even when all the above-mentioned processes are optimised and are as modern as they could be, the fashion industry poses more challenges as it keeps changing designs as much as 52 times per year. The apparel industry in 2017 has been called repeatedly the second most polluting industry, due to the large use of natural resources while disposing of dangerous chemicals and large amount of emissions (Conca, 2015). Consequently, the question of sustainability arises along with the need to reduce emissions in the overall industry and to gain control over the impact on the environment caused by rather ephemeral fashion trends. According to the consulting group Eco-Age, the lifespan of fast fashion is non-existent and globally, is at the point of no-return. Reducing the negative impact is insufficient, requiring a change in the approach towards production, manufacturing, selling, consuming, and recycling. (Hopper N., 2019).

The apparel industry is composed by a variety of segments, out of which only the high-end fashion will be considered for this work. This segment is defined by the quality of the materials and high execution standards of the clothing.

The European apparel industry is projected to grow at a steady pace during the following years, it presents a pool of opportunities for the new entries. Besides the regular challenges to enter the market the most prominent one is the sustainability that drives the customers to prefer some brands over the others and raises the question of the impact of the industry on the environment.

2.3. The Industry in Portugal

According to the data available from the Portuguese Textile Association, in 2017 Portugal exported over €3.163 billion in clothing and accessories which represents almost a 3% growth comparing with the 2016 statistics data.

The textile and apparel industry in Portugal is one of the most important industries for the national economy. It represents 10% of the total exports and 19% of the jobs in the manufacturing industry nationwide. Overall there are about six thousand companies that operate in all of the sub-sectors from the production of textiles to the manufacturing of the final product and putting it out in the market (ATP, 2017).

Furthermore, imports have grown in 2016, and a registered growth of 2% or €3.912 billion, where more than half of the volume accounted for finished textile products. This growth shows

the recovery of the internal Portuguese market and increase in consumption of these products (ATP, 2017).

Finally, the textile and apparel sector is one of the few that contributes positively to the commercial balance sheet of Portuguese economy with €1.151 billion along with 20% of jobs, 9% national production and 8% of the volume of the manufacturing industry (ATP, 2017).

Portugal is one of the most appealing countries for the production of high-quality clothing at comparably low prices. Many high-end fashion brands choose to collaborate with Portuguese manufacturers as they find the flexibility and capacity to produce high quality garments a great benefit for their brands and ultimately for their customers. The only criticism that Portugal as a fashion destination received, is that national companies and the industry in general do not take advantage of its capacities and the lack of domestic brand of high-end products that could be easily recognised worldwide, thus, ‘made in Portugal’ does not sound as appealing to the markets (Mellery-Pratt, 2015). For this reason in particular, the emergence of a new brand that will be designed and produced in Portugal can help strengthen and promote the Portuguese apparel industry, give it more visibility and competitiveness in the markets.

Portuguese designers, with established brands and international recognition refer to the fashion brands as worthy of becoming known and retailed in the international markets. In the interview on the 39th edition of Portugal Fashion, designer Miguel Vieira affirmed that Portuguese brands do not appeal to foreign buyers as they prefer to produce in Portugal but keep their own brands and labelling on the pieces. Designer Fatima Lopes said that in order to put her brand on the international market she opted to base it in Paris and work from there, while Luis Onofre points out that “Made in Portugal” is slowly gaining its place in the market, this way bringing more challenges and opportunities to Portuguese brands. Nevertheless, all three designers remind that the link between national industry and designers is very weak, while the preference and support is given to the foreign clients that choose to produce in Portugal. The designers also agree that the industry should support its national brands more to reach the necessary visibility in the markets and improve awareness of Portuguese designs and products in other countries (Branco, 2016).

As per the above, there is a need to make Portuguese products available to the foreign buyers in order to promote local businesses and bring them closer to the customers by working with more foreign brands in a high-end quality garment production and retail.

As one of the most important Portuguese industries, textile and apparel industry is one of the few that contributes positively to the commercial balance sheet of the national economy. Portuguese manufacturers are popular among high-end international brands for the quality and comparably low prices of the production. Considering the potential of the national manufacturing industry it is possible to assume that a new brand with a good product stands a chance in the market along with other Portuguese brands that are moving forward and become recognizable on the international market for their value and quality despite the prominent internal challenges.

2.4. European Market Changes

Along with political freedom and better transparency of commercial operations, the European market, including all of the European Union members, Iceland, Lichtenstein, Norway and Switzerland, has been a large pool of opportunities for both public and private businesses. The opportunity to concentrate on what is produced best or most, boosted many industries and the facilitated internationalization processes along with the internet, broadening the place for commerce. Since the emergence of e-commerce, it has been challenging for the companies to find new ways of capturing the customer's attention, introducing new effortless ways to purchase their favourite items and mostly to find and get anything for a better price at one click (EU Economy Overview, 2018). Since January 1994, European countries benefit from the EFTA² conditions, which allow free trade between the EU Member States and EEA³ EFTA states - Iceland, Norway and Lichtenstein (EEA Agreement, 2019). Additionally, Switzerland holds several bilateral trade agreements with European Union which allow the free trade (www.ec.europa.eu, 2019). Combining both – the free market and access to the internet – unveils the existent market, that is undoubtedly strong and efficient but also full of room for improvement. By using these advantages a high-end fashion brand that will be accessible to all 32 European countries has a good possibility to thrive and gain its market share.

“Meeting needs profitably” - may be one of the shortest, yet most precise definitions of marketing by Kotler and Keller. The core function of marketing is to turn a private or social need into a profitable business opportunity. Peter Drucker⁴ affirms that efficient marketing

² EFTA – European Free Trade Association.

³ EEA – European Economic Area

⁴ Peter Drucker - American teacher, writer, consultant, and contributor to the philosophical and practical foundations of the modern business corporation.

should result in a customer ready to buy, while giving the company a clear view of what product or service should be made available.

The term market refers to the group of buyers and sellers, who transact over a product or product class. The buyer's behaviour is influenced majorly by cultural factors, social situation, and personal features (Kotler F., 2016). In the clothing industry these factors include the influence from the outside, as for example, internet sources and social media. And, as a mass market is becoming less attractive to the public due to the low quality of the clothing and doubtful production practices and work ethics, small brands are stepping in, claiming their share of the customers and becoming more popular, especially with the younger population.

Within the four generations of shoppers - the Baby Boomers, the Generation X, the Generation Y/Millennials, Generation Z - there is a variety of ways of accepting and processing the information. While the Baby Boomers enjoy television, newspapers, magazines etc. and spend some time learning about the product, Generation Z has the shortest attention span with about 8 seconds opportunity to like or dismiss information. The latter will more likely appreciate a short advert with the involvement of real people in a real-life setting (The Fashion Business Manual, 2018)

The new generation of consumers is specifically attentive to the message of a brand and by being more socially conscious they appreciate the ethically-produced goods. Nevertheless, when they have to choose between a fair-trade t-shirt for 50€ and another for 5€ made in Bangladesh, the latter wins in most cases as the median income is quite low (Moreira, 2017). Nevertheless, if a company is focused on their specific customer and is consistent with its message, attitude and service, there will be a good window of opportunity in the market for a sustainable business (Gehlhar, 2008).

Philip Kotler in *Ten Deadly Marketing Sins* (2004:34) suggests that the success of marketing activities in the company can be described by ten notions that need to be analysed and acted upon:

- Sophisticated customer research;
- Continuous dialoguing with the customers;
- Surveys as a source of information;
- In depth interviewing;
- In-home or in-store observations;

- Monitoring of the competitors;
- Stay on track of any possible innovation and advance in the industry;
- Watch closely their products and evaluate what is making profit and what is not.
- Cross-selling;
- Up-selling.

In the clothing retail industry, these activities are used to better understand the customer, his expectations and experiences, to analyse his behaviour and to receive feedback. For the company, it is also important to track the activities of competitors and analyse its own products in order not to fall behind in the market.

The large use of social media and other online channels for retail, different generations of shoppers adopted their own behaviour regarding how they receive the information and how they process it. For the effectiveness of any marketing campaign, it is important to understand for whom this campaign is designed and how it will be seen (and whether it will be seen) by the target market segment. Moreover, the extensive variety of marketing and research tools and techniques that are currently used by fashion brands allow to observe and analyse people's behaviour and predict what would they like to buy in the future and this way secure the popularity of the brand.

2.5. Brand and Branding

By Kotler and Keller (2016) *Brand is name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.* Nevertheless, the brand is much more than its parts. It starts with how a person meets the brand, how both influence each other, and in the end how they part.

Building a strong brand with loyal customers is both an art and a science (Kotler F., 2016) as the brand is a compilation of every decision surrounding it and also how the customers interact with it (Gehlhar, 2008). It is a never-ending process of strategic brand management where marketers must excel in identifying and establishing the brand positioning; planning and implementing the brand marketing; measuring and interpreting brand performance and growing and sustaining brand value (Kotler F., 2016).

Branding is a process of endowing products and services with the power of the brand. It structures and clarifies customer knowledge (about the brand identity and why a customer should care) about the product and service, influences directly the decision making and, in the process, provides value for the company. Successful brands are perceived as genuine and authentic sending the “what you see is what you get” message and make themselves an indispensable part of its customers’ lives (Kotler F., 2016). In fashion, brands mean the reflection of the customer, their lifestyle, values and wishes. By self-expression through clothing people send messages and position themselves within a certain circle or group or they express where they would like to belong to. When the brand expresses the message that appeals to the customer and tells the story coherent with the customer’s identity it has a high probability to capture the larger share of the market.

Brands have both internal and external impacts. For the consumer it is a promise made by the brand that sets the expectations, predicts a positive experience, it also simplifies the decision making in their rushed and complex lives and can take the personal meaning, becoming the important part of ones’ life. On the internal side the brand offers legal protection for unique features of the product where the brand name is protected by the registered trademark, manufacturing processes by patent and packaging through copyrights and property designs (Kotler F., 2016).

The brand equity as a part of the marketing outcome consists of how customers act around the brand. In *Ten Deadly Marketing Sins*, Kotler (2004) has stated that brand equity results from how well the brand fulfils the customer expectations. It is also a reflection of the prices, market share and profitability that this behaviour commands. Customers associate brands to feelings, images, beliefs and experiences, which differentiate the brand from others and allow it to stay away from becoming a simple commodity.

Advertising is perceived as one of the major factors in the process of making the brand equity stronger, but is not as linear because the quality of the product and all related to it as well as all communication tools used like shows, social responsibility campaigns, sales representatives and especially word of mouth from different stakeholders have a great impact on creation of positive or negative brand impressions (Kotler, 2004).

A brand is a synergy of the factors related directly or indirectly to any part of company’s activities, individuals, and perceptions or interpretations along with the surrounding environment that all together trigger emotions and reactions from the stakeholders. Both on

internal and external level a brand is more than its parts and should send a coherent message through both to internal and external customers reflecting their values and fulfilling, or exceeding, the customers' expectations.

2.6. Product development

Clothing can be considered to be a representation of a personality, a sign of belonging to a certain group or otherwise diverging from another. All people, except for certain deeply traditional groups, use clothing, making it one of the basic and important goods either for adornment or physical survival. From the psychological point of view clothing reveals how a person wants to be seen, what messages wants to send and even what is this person thinking about him or herself (Baumgartner, 2012).

On the entrepreneurial side of the clothing business, the brands and companies aim to adhere to the desires of their potential customers. Some of them create fashion, some recreate it using the fashion cycles, while others follow those who produce first and mimic the pieces with the most commercial value, or potential. Regardless the path that one takes in the vision for their business, the need for innovation and reinvention drive it.

Product development in its core is the simulation of the customer experience. It involves building new design concept and tasting prototypes (Clark & Fujimoto, 1991) and intends a series of activities. The first of these activities was identified by Kotler (2003) as knowledge assembly, that comes from within the organization. The next is the generation of business opportunities and opportunity identification. This process englobes a collection of potential opportunities through thorough evaluation and analysis of the surrounding environment and internal processes like reverse engineering, unexploited patents, brainstorming and synectics, technology assessment, among others. Existing products can also take to a new idea by introducing slight changes to its functionalities or design. Customers and vendors can become a precious source of information for the product development as most of the improvements made are based on the complaints and suggestions made by these stakeholders (Trott, 2008).

Specifically in the fashion industry, the production plan accounts for a lengthy process of planning in advance. Product development starts with the research of materials and concepts, after which a designer creates silhouettes or sketches of the potential items along with patterns for cutting. The ideas then are matched to the fabrics and materials and the first prototype of the collection is made. After a strict evaluation of the fit, the pattern maker does the last

adjustments and the set of samples goes into production. At this stage a company can promote the items, show them to buyers and showrooms. After the orders are placed and there is a clear number of items that need to be produced, the pattern grading, and further pre/production sampling is requested from the factory. This sample should be carefully reviewed by everyone involved in the process as this is the last chance to correct any possible mistakes. After everything is in order, the bulk production takes place followed by a strict quality control. As the last step, the packaging and shipment should be up to the buyers' expectations and in line with the company values (The Fashion Business Manual, 2018).

Product development is a simulation of customer experience. It is a complex process that allows to discover new challenges and opportunities. By taking in account feedback and suggestions, the companies build their reputation and grow the commercial value of their products.

2.7. Logistics

Particularly in the apparel industry, logistics and the supply chain play a significant role and can define the success or the failure of the company. The efficiency of these processes is crucial, as in the case of fashion apparel products, the demand is highly unpredictable due to seasonality (Lee, 2002).

Logistics is a process of planning, implementing, and controlling the efficient flow and storage of raw materials, inventory, finished goods, services, and related information from the point of origin to the point of ultimate consumption. It serves the purpose of satisfying the customer needs through the attainment of value (Novak R. & L., 1995). It involves the integrated planning, control, realization and monitoring of all internal and network-wide material, products flow, transportation, inventory, warehousing, material handling, packaging, security and the complete value-added chain. Inbound logistics that concentrate on purchasing raw material and producing the goods and outbound logistics that refer to the storage of the produced items and the delivery to the customer (Basu, 2018).

Due to the seasonality and unpredictable character of the apparel business, the supply chain should be responsive in order to better satisfy fashion apparel supply and demand specifics. Being responsive, flexible enough for customization processes and with the help of the internet, it can be fed a necessary amount of specific information from the customers for the final customization or configuration. Nevertheless, this system does not guarantee the only necessary amounts of the inventory and reduction of costs (Lee, 2002).

Many times competition between the fashion brands can be resumed to the organization of the logistical processes. Fashion business is highly dependent on the outcome of these processes and the speed of delivery of the final product to the market. Due to the seasonality and the unpredictable character of the apparel business logistics and supply chain should be flexible and be able to adapt to the supply and demand specifics both within the product development and manufacturing processes and delivery of the products to the market or to the customers.

2.8. Retail and E-commerce

Retail delivers the product to its final customer. Nowadays many companies and brands change their strategies to keep up with the technological advances and to be able to satisfy the needs and demands of the customers quickly and efficiently. The online platforms are the opportunity for the small retailers and brands to be known and attain their share in the business.

Most of the renowned designers want to have their products in big department stores for the exposure and sales volume they can provide (Gehlhar, 2008). For a small and newly established brand the costs of having a physical platform require a big investment, in order to be able to support any potential losses that may occur if products are not sold as planned. The department stores are more interested in collaborations that do not pose risks regarding the unsold inventory. Therefore, they pressure the brands to adjust the prices accordingly to ensure that they can maintain their own margins (Gehlhar, 2008).

As the buying habits of populations change, and the number of online shoppers is growing, retail strategies are becoming increasingly sophisticated and adapted to the convenience of the customers (Sebald & Jacob, 2018). Digitalization and Channel Convergence give opportunities to the customer to be well-informed on what is available and look for the opinions of other buyers about the product (Keller C., 2014).

Online sales, if not well structured and analysed, can become the reason for failure. Apps are extremely expensive to develop and maintain and can easily remain forgotten on the users' phones accompanied by yet more similar apps (Tungate, 2012). The study conducted by Civic Science⁵ demonstrated that despite the high volume of app downloads (nearly ¾ of digital shoppers), mobile sites are more commonly used (43%) among US digital shoppers than apps (28%). Additionally, the study shows that app downloads are made more by people between

⁵ Market intelligence provider. <https://civicscience.com/>

the ages of 35 and 54, while Generation X are the ones who make more digital purchases. (Garcia K., 2018) Generation Z shoppers have not yet embraced the M-commerce. As per another study by UNiDAYS and Ad Age customers use mobile device in majorly to search for product reviews, store locations or price comparison. The results state that 22% of users prefer mobile websites for purchases and 15% use the apps. Most of the users, however, prefer making purchases on a desktop or laptop (60%). (Garcia K., 2018).

From the customer's perspective, buying something online represents convenience and comfort, but uncertainty and trust may play a crucial role in completing the purchase (Sebald & Jacob, 2018). Consequently, the role of the companies is to perform up to their promises or better exceed the demanding expectations of online shoppers.

So what would be the best path to choose between the abundance of the platforms within the web? The best strategy is to follow the brand's own path. Digital is only a part of the marketing toolkit. The tools used by the brand already tell a part of the brand's story (Tungate, 2012).

Customers today expect shopping to be a brand experience. As they move from store to store, they move from atmosphere to atmosphere (Tungate, 2012). Many brands adopted the looks of the physical stores to their websites (Laudon, 2014).

The online store must be appealing and easy to use. Some of the essentials for an online store are user-friendly navigation, high quality images, thorough information, security certification, loading speed, responsiveness (The Fashion Business Manual, 2018).

Trust would be the main reason for the customers to come back for more products (The Fashion Business Manual, 2018). The transparency of costs for processing the order and shipping are another subject of preference by modern shoppers as is must be fast and, preferably, free. Below presented some of the main reasons why customers choose to shop on the online channel:

- 24-hours shopping convenience 35,1%⁶
- Free shipping offers 31,5%
- Easier to find item online then in stores 17,5%
- Convenience of online shopping 29,2%

(adapted from Kenneth Laudon, 2014. Based on data from eMarketer, Inc, 2011a.)

⁶ Percentage of respondents

Another factor that reassures customers, gives them more freedom of choice and inspires trust is the return policy. In 2018, 49% of the retailers offered easy and costless return experiences. On the customers' side, 92% of them will buy something again if returns are made easy, 79% of customers want the free return shipping. The risk of free returns is that customers may start "borrowing" the items. There is no simple way to reduce these cases and in order to overcome this tendency the company can state on the website conditions in which the return can be made, and provide a reasonable time frame for the decision making (The Fashion Business Manual, 2018).

At present, among many ways to bring together the market and the product, the online retail is gaining the most popularity and is constantly reinventing its way to approach to the customer and build fruitful relationships. Having a physical location where the customers can touch, see and try the piece on undoubtedly have their advantage, nevertheless, they also represent challenges and constrains on the budgets of the companies with high rent or shelf space prices and other related costs which small companies cannot afford. Furthermore the physical stores limit the geographical boundaries of the market. As a result, the possibility of having an online store that can be accessed anytime and anywhere becomes a solution. Moreover, the online retail is growing steadily enlarging the opportunities for anyone who wishes to join, and while there are many odds in running an online retail business, if it is properly structured and thought through, it becomes a real solution for both the customers and the businesses.

2.8.1. Omnichannel retail

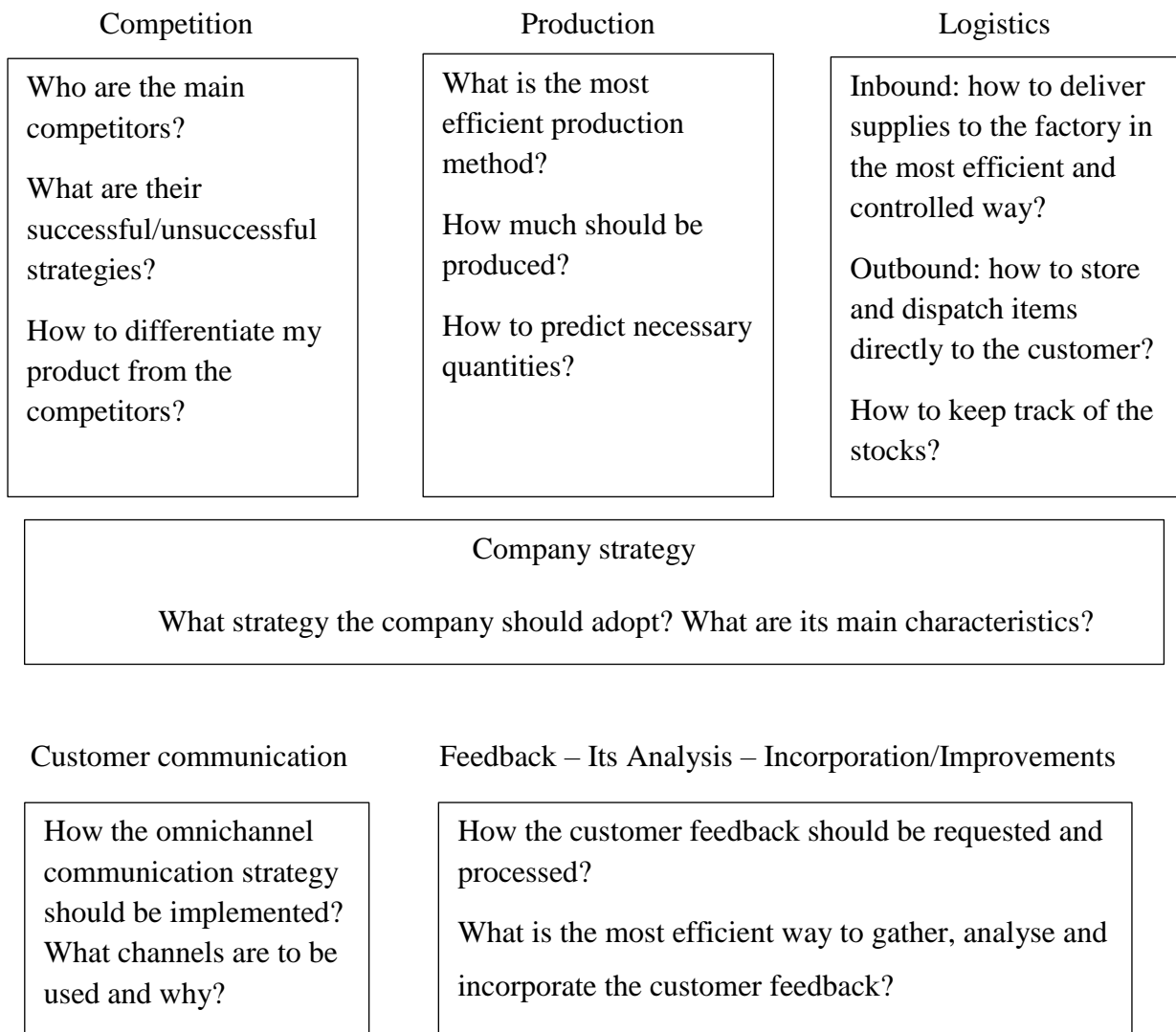
Nowadays customers have several ways to engage with brands and companies therefore as the traditional journey of a purchase evolves, so do the retail channels. There is a variety of places and methods for buying finished goods. While the physical store can provide the immediate satisfaction from the purchase, the online channels give the opportunity to the customers to access a larger variety of the items at better prices.

Though the offline commerce is still dominating the market, about one third of the purchases are made based on the information that was found online. It includes the reviews, price comparison and the research about the available substitutes. In order to gain the customers' trust and convey the product value the websites are designed with the most clarity and detailed product reviews, the social media pages are appealing and consistent with high-quality lifestyle imagery.

In an effort to replace the traditional retail channels many companies develop and optimise their digital channels in order to capture and keep up with the customers' preferences. (Amar J., 2019) The customer in this case benefits mostly from the information that can be obtained in advance, but not the actual purchase experience, which, most frequently, is not available or coherent on all channels. The omnichannel retail is a process of selling across multiple channels and it includes physical and digital channels that work in synergy providing coherent experiences and services to the customers (2018 Omnichannel Buying Report, 2018). Elimination of the effort that the customer would have to make in order to purchase an item, the omnichannel invites the customer to choose the most comfortable way to interact and buy the products from the brand, creating more effortless relationships and positive experiences.

3. REFERENCE TABLE

The main objective of this reference table is point out the main issues encountered in the literature review and the determine the main questions to be answered for the sustainability and success of the business plan. The most importance will be given to the appropriate strategy for development of the brand and the company, to the evaluation of the risks, challenges and how to use the strong sides of the business to its advantage.



What is the company’s differentiation advantage?

What are the risks and how to overcome them?

What are the necessary actions to make the company profitable?

4. METHODOLOGY

In order to develop this business plan and find the most suitable strategy for the company, the following questions will be answered:

- What is the best strategy for establishing a new brand in the international market?

The market research and the identifications of the competitors will allow to define the main characteristics of the apparel business and what are the most important features to be taken into the account. The analysis of the trends, the technics, the value and the volume of the sold goods will help to adjust the plan to the demand of the market. Moreover, and as this business plan presumes the establishment of an international brand, it will be crucial to find the most efficient retail channel that will allow the full access for the international customers of the chosen countries so along with the competitors analysis, their retail strategies and the channels they use will be studied and evaluated.

As the apparel industry presents several constraints that may have a negative effect on the company. It will be important to understand what the reason behind these constraints is, and how to build the brand and the company in order to avoid or minimise the negative impact and deal with the future challenges.

- What resources are required to establish and run a fashion brand?

As the apparel business operation require accurate planning several months ahead, it is important to understand what the necessary resources are and how to manage them in order to approach the market in time for the season. This question will provide the insights on what steps does the company need to take and what is the time frame for each of them.

- What are the most important features of the brand, its competitive advantage and what are the possibilities of being well received by the customers?

Nowadays the customers are very aware of what they want, when and how they want it. This effect is partially cause by the abundance of the products available and the variety of platforms that commercialize these products. Many times the history behind the brand and its core values play an important role in the decision to purchase an item. Thus, brand positioning and activities related should not be overlooked, and on the contrary, carefully studied and implemented consistently throughout the business plan.

- What kind of customer assistant and communication Why the omnichannel strategy matches I the most efficient way the customer support and communication for this business?

As brands are competing for their market share, they adopt communication approaches that reflect the preferences of their target customers. Moreover, keeping track of any shifts in the customer behaviour online and offline helps the company to predict the trend and to make available the most popular items in larger quantities, turning the business more profitable. On the side of logistics, it is important to have as much control over stocks as possible and to discontinue or produce more or certain items depending on the data collected. The omnichannel communication strategy allows to enhance the performance of the company both internally and externally.

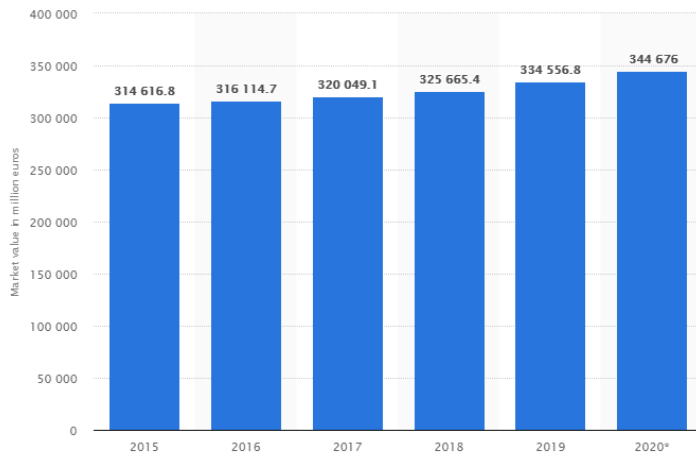
- When this company will become profitable?

The last part of the business part will carefully analyse the financial data, outlining the risks and the possibilities for the brand and for the company. As just for any business in general, it is the ultimate test, and the proper funding and turn over can determine whether the brand will be able to sustain the next season.

The research method will mostly rely on the available information about the performance of the chosen brands, and statistics, analysing their strategies and positive or negative actions and their direct and indirect consequences.

5. THE MARKET

European market is one of the most lucrative markets worldwide. It is expected to keep growing, especially in the luxury and premium sectors. (Tugba Sabanoglu, 2019).



Market value of apparel and footwear in Western Europe from 2013 to 2020 (in million euros)

Source: [Statista](#) (2019)

The fashion industry in the next couple years will go through a variety of needed changes. As per yearly industry review by McKinsey&Company⁷, 2019 is the year of awakening for the majority of the brands with the need to think digital-first and achieve the fastest possible speed to the market. Moreover, consumers demand transparency as they become more conscious about what and how they purchase, so in order to captivate and win the trust of the new generation the brands have to disrupt themselves and invest in innovative sustainable methods of work.

Despite the predicted growth, 2019 and 2020 represent their challenges to the producers and retailers. Amid the political changes and instabilities the apparel trade could encounter new barriers risen by the tariffs. The most prominent example is the tension between the United States and China with the constant raise of restrictions, which causes big brands to consider moving their production out of China. Also the new agreements between the EU and Canada, Mexico, Japan, Singapore, Vietnam and some Eastern European countries may encourage the moving out of the production sites from Chinese territory. Overall, the difficulties the companies are going to expect in trade will make them rethink the strategies and international partners. For those who are working with China, the mass market segment will have to find a better solution for reduction of the lead times, while luxury brands will probably have to choose

⁷ “The State of Fashion 2019” McKinsey&Company, p.11

between raising their prices further up or managing the slim margins. (Ahmed & Berg, 2018) As for the *L'fortana* brand, the geographical positioning within the European Union will be beneficial as for the absence of any tariff of tax, nevertheless, it is possible that by moving the production sights to Portugal, the factories will be much busier and will give their preferences to the big clients to the point of working exclusively for that company. Thus the dimension of the production should be taken in account while partnering with the factory, or, as a future possibility, own production should be planned in order to avoid risks of failing to deliver the product to the market. Moreover, this year of 2019 has been turbulent even for the European Union, as the United Kingdom is preparing for abandoning the Union. The possible damage it might cause to the trade conditions between the European Union and Great Britain is not clear yet, nevertheless, it is important to take in consideration that it is a very big market with good potential, and in case the United Kingdom leaves the European Union, the conditions for working with this market will change and will have a negative impact on sales.

5.1 Technology

The yearly fashion industry review McKinsey&Company (2019) asked the executives of the big retailing companies of how they would characterize the future of fashion where the majority replied that they saw it changing, digital and fast.

Using the latest high technological advance is the next step for the industry as the trials of the artificial intelligence have begun and may substitute many traditional processes. As an example, Google and the German retail company Zalando launched the experimental artificial intelligence digital designer. It is called the Muze Project and it uses an algorithm with a set of esthetical parameters (a neural web) inspired by human brain. It was built to be able to decide and create designs based on users interests and preferences according to the data previously sourced by Zalando. The project was not always successful with its creations and many times they were just unwearable scribbles, so the human brain, talent and capacity to express ourselves on the paper or a piece of material still cannot be simulated in the digital world. (How Technology Is Reshaping the Industry, 2019)

On the other hand, artificial intelligence can be used to assist the designers with data available from the public, as it has been done at Tommy Hilfiger, where the project Reimagine Retail

used the IBM⁸ artificial intelligence tools to pick up trends, collect and interpret the customer sentiments around the fashion show and assist in combining the styles, shapes and colours in trending patterns. The data collected by the artificial intelligence allowed the designers to make better design decisions for the next collection. This experience proves that the artificial intelligence can and will be one of the main assistants in design or production processes. (Arthur R., 2018)

At present the company *Stitch Fix* is using an artificial intelligence driven method that uses the algorithm to identify styles and trends and suggests them as an addition to the inventory. The information is based on the numerous entries made by the customers of the *Stitch Fix*, that fill in a questionnaire about their style preferences. (Marr B., 2018)

These are only several examples of how fashion and technology are working closely together in order to become more efficient and quicker in creation, production and retailing. Undoubtedly, the future will continue dependent on the technology and artificial intelligence and will increase even more already existent tough the competition.

5.2 Geography

Every person, no matter how free thinking or independent, consumes fashion. During many years in the history the access to the designer clothing was limited to high class society until the medium class outgrew the high society and became the main consumer of the fashion. Nowadays, fashion is available for everyone and the difference between wearing a designer piece and the mass market is in quality of the materials, the cut or the silhouette, hand-made details and the brand. These characteristics are at the base of both price and value of premium and luxury items.

The world of fashion is becoming oligopolistic as the European market is highly influenced by three holdings that own the majority of the European luxury and premium (or affordable luxury) fashion brands. They are LVMH (Moët Hennessy — Louis Vuitton), Kering C.A. and Richemont. Only several brands are independent and manage their own businesses, which are: Chanel, Prada Group, Hermès, Armani and Hugo Boss.

⁸ IBM - International Business Machines Corporation - American multinational information technology company.

When the big brands like Burberry, Dior, Cloé are holding a fashion show, the mass market brand representatives assist and then replicate similar styles in cheaper fabric and, of course by the means of mass production in developing countries. For example, the brand MANGO can be observed to get the inspiration from Cloé, while ZARA prefers to pick up its trends mainly from Chanel.

The See now – Buy now strategy has gained a lot of popularity lately as the brands made their showing pieces available at the same time in the stores. In the past, the buyers had to wait for up to a couple of months after the show to be able to purchase the most recent items.

In the yearly fashion report McKinsey&Company called the 2018 the year of new beginnings. The experts predict that the western domination in fashion arena will reduce and the global centre of the fashion retail will shift towards the east, mainly to Asian and Latin America regions. This does not mean that European fashion would suffer a reduction in their profits because this change is due to the opening of the new horizons for the European fashion brands. The rise of the purchasing power and the increasing demand in fashion by the Chinese will open new big opportunities for the fashion brands. In the meantime, these changes will stimulate the local Asian market and give a chance to Chinese designers may prosper in their region and also bring their understanding of fashion to the western markets. According to the same source, Asia will become the largest consumer and the largest producer of fashion, nevertheless, it will still be far from becoming the centre of the fashion world.

A similar situation is expected in Indian market with the main difference as the majority of women prefer traditional outfits to the western type clothes. Only those western brands who fully understand the way of living on the Indian subcontinent, their traditions, habits and weather conditions will be able to survive.

5.3 Transparency and Sustainability

Environmental issues related to the apparel have become a concern among many customers, especially the younger generations. Consumers are demanding the maximum transparency and the companies try to respond accordingly. In the past couple of years many brands that defend the sustainable and ethical production of their garments have been successful in the European market. These brands are promoting the use of natural fibres, neutral earthly colours and mostly casual minimalistic design. Even though these clothes are a part of the solution for the global textile trash issue, they do not represent the same value for the customer as the simplistic

design, no matter how good the quality is, will not attract customers for a long time, especially when a simple white t-shirt can cost between €50 and €100. If these three factors could be balanced, and the clothes made much more attractive, the customers would like it better as in this case, there are two points accomplished: desire to look good and stylish and to know that the garment will not harm the environment.

Apart of acting for environment protection, many brands also support ecological, social or even political causes. Millennials are expected to spend even more of their money on buying things than the baby boomers (Nelson, 2012) and these younger generations are very vigilant about how brands are behaving. In order to stay in the spotlight, brand many times start supporting random causes. If a brand is not being genuine and sincere about its position, it runs the danger to lose those customers as they will willingly avoid, switch or even boycott the brand on the grounds of controversy lack of transparency (Ahmed & Berg, 2018). The purpose-led brands find themselves in the very comfortable and popular position with the Millennials as they have a cause placed in the centre of their strategy. These younger generations are not moved by a colourful advertising or the promise of a perfect product – they search for authenticity, and if the brand chooses to communicate from this position of strength, the customers will follow. (Millennials prefer brands with purpose, 2017).

The choice of the cause should include not only the personal or professional interests of the management but also aligned with the target auditory. The auditory should be interested in the matter which will make it easier to engage them and to keep them curious about the brand in the midst of hundreds of other possible substitutions. Moreover, it is crucial to choose the topic that will not be contradictory in any way to all of the company activities, as it will be picked up by the public very soon and may even destroy the brand.

5.4 The growing popularity of online retail

Most of the western population nowadays has any imaginable product at a one click. The online retail is becoming stronger and bigger day by day, specially thanks to the new generation of consumers. While the Baby Boomers might still prefer to shop in physical stores, the Millennials and the Generation Z were born into the world of free and quick access to all kinds of information, including the shopping. This factor influenced everything that has been done in online retail from basic imagery to the methods of engagement.

Eurostat report (2018) states that within the European Union the number of online shopping across all age groups grew considerably. In 2008 only 50% of population purchased goods or services online, while in 2018 this number grew to almost 70%. The age group that grew the most in 10 years were the young shoppers between 16 to 24 years old – from 44% to 73%. The group above 25 years old (and till 54 years old) grew a little less – from 54% in 2008 to 73% in 2018. The most popular items purchased online in these years were clothes, shoes and sports goods and accounted for 64% of all goods purchased online, and the age-group of 16 to 24 years old is the highest, representing 72% of all shoppers. As per the same report, in 2018, most online purchases were made on the national level of each EU-28 country, while 36% bought or ordered goods or services in the other EU countries. It is a 10% growth comparing to the 2008. These statistics prove that the online retail is steadily growing thanks to its convenience, efficiency and comfort.

Millennials and Generation Z are not a type of consumer that will passively observe and purchase. They want to engage with the brands, influence and even dominate. They are active, search for interaction, value more experiences than things and care about how they look both in real and in digital worlds. (Roger Lay, n.d.)

This new behaviour of the customers forced the brands to equate their internal culture and the external identity (Wertz, 2018). As an opportunity the alignment of internal and external strategies gives many brands the opportunity to differentiate themselves in the crowded industry.

The delivery of the online products has been another important topic as on average, the customers are willing to wait only 4,5 days to get their items (Wertz, 2018). In 2017 seven out of ten buyers did not encounter any problems with online shopping, while some internet shoppers have experienced difficulties related to their purchase, where the long delivery time was the most frequent. The other two most encountered problems were related to the technical failures on the online retail platforms and receiving wrong or damaged goods. The shipment of the goods, in case of returns accounted for the 16% of the respondents who were concerned with receiving or returning goods and another 6% opted for a physical shop as they considered that the delivery of goods would represent an issue. (E-commerce statistics for individuals, 2018)

The Omnichannel strategy has not been entirely understood in the market, yet it is considered as one of the most efficient data-driven marketing and communication strategy. It is also a

retail strategy as Omni presumes holistic approach to every channel where the brand is operating. As a data-driven system, it needs to be constantly fed information from all the platforms in the orderly and, preferably, automated manner. This data, after properly processed can clarify what people are searching for, what are their preferences, why do they need or want certain products or services etc. In order not to spend resources thoughtlessly, the clear identification of the existent or future customers who represent high revenue potential. (Tracey Wallace, 2019)

Many brands do not find the omnichannel strategy the best solution as they prefer to concentrate on their main web-stores. This resilience keeps the companies from the larger public, as if the product can be found in a variety of place, it can trigger the interest followed by possible purchase (Tracey Wallace, 2019). In this case, if the customer is satisfied with the product or service, undoubtedly, he will go to main website, and if it captures enough attention, this customer will become a return customer, which is the desired result.

Apart of the customer insights, omnichannel strategy can offer the information about the management of the very channels – which one is the most profitable, which one is the most popular, where people are mostly observing information. In general terms it is a good tool for evaluation of the potential of every channel, which one should the company invest more into.

5.5 Competition

According to Statista (2019) European Union is a home for 176 354 textile and clothing manufacturing companies. This number reflects how crowded and competitive this market is. The clothing industry analysis showed that we consume 60% more clothing then we did just 15 years ago. This rise was caused by many factors and changes in our society as for example fashion trends and their importance, reduction of the prices, that made fashion affordable to mostly everyone and caused the overconsumption, the influence of social media, etc. (Wroblewski, 2018)

It would be safe to say that it is a fierce competition where only the fittest can survive. And it is a matter of a short time before many brands seem to be unable to maintain their presence in the market. The trends and the fashion cycles are moving as fast as a couple of times monthly and if a brand is not able to capitalize on it in time, very soon it can be out of the market. There is a prominent need to adapt quickly to the behaviour of the customers and to create the brands own approach to the new opportunity. This regards the recent interest of the younger public in

recycled, refurbished clothing and clothing made of eco-friendly fibres like bamboo, soy, hemp, among others. Having that said, until today, there is no critical mass of brands that would be able to achieve to be well-priced, sustainable and with high design standards. Also it is important to have enough resources to deliver a good convenient service, to be easy to find, easy to purchase and be able to maintain the uniqueness of the brand (Garcia, K., 2018).

In order to look closer on the existing market players and how are they doing business, there have been selected several brands using the following criteria:

- Locates in European Union;
- Eco-friendly/sustainable/ethic/transparent;
- With the design same or similar design to the *L'fortana* brand.

Each of the selected brands will be compared to each other and to the *L'fortana* brand in order to find out what are the opportunities in this market, what are the competitors doing well and no so well. All the information in the further paragraphs was retrieved from the brand website and respective social media pages.

Chosen brands and their origin are:

- Náz, Portugal;
- Armedangels, Germany;
- People Tree, UK.

1. Náz.

Website: www.naz.pt

This Portuguese company stands for minimalistic and sustainable lifestyle. Their clothes are simple and casual. Mostly Náz is using deadstock from the other factories to produce their goods. When that resource is unavailable, they produce their own organic fabric and recycle the existing fibres. The material sourcing and production of garments is done in Portugal. The style of this brand's products is casual and minimalistic. The brand has been founded in 2017 and is shipping worldwide. Also the brand owns a recently opened store in Lisbon.



Image 1 Náz Logo

The website overall is simple and easy to navigate. The clothes are presented with professional studio photographs and the description under each item has all information about it, including

materials used, factories where it was produced, the size of the piece and the size that the model is wearing.

The brand offers a range of clothing for men, women and children. There is a dominance of pieces of one size fits all that shows limited capacity of stock management. The prices of the women's clothing vary between €46.00 and €98.00.

Näz clothing is also available for purchase on the *Mintysquare* platform. The wholesale option is present on the website making the brand available for retail partnerships.

The company ships worldwide and both, shipping and returns are supported by the customer. The shipping time around Europe is between 4 and 6 days. There is no details about whether these are the working days or not.

In social media the brand is moderately active, posting new content every couple of days.

Followers: Instagram - almost 8,000 followers, Facebook – 6,000 followers.

Overall the brand is very young and is targeting the young generation who support environmental causes and who is interested in wearing good quality products. Nevertheless, the prices are essentially high for the chosen segment and may represent barriers for the buyers. The company branding is weak and does not leave a feeling memorable experience. The website has several errors, being one of them inexistence of social media icons. Though the photography is good and is meant to look professional it does not call for a purchase by not conveying emotions, but simple pictures of models wearing Näz pieces. Moreover, many of the photographs have avoidable creases and minor problems with the clothing, that does help to show the full potential of the product. Also there are no quality close-up photographs.

2. Armedangels

Website: www.armedangels.de

This German brand of sustainable clothing has with a vast choice of basic casual clothing for men and women. It produces small light pieces like simple t-shirts, to more elaborated pieces like denim coats. This brand is using a lot of Lyocell (TENCEL™),

ARMEDANGELS

Image 2 ARMEDANGELS Logo

LENZING™, ECOVERO™ materials, which are totally biodegradable and are produced with minimum environmental impacts. The website has all the information about where and how they are sourcing the materials around the world, along with the interesting facts about

composition and characteristics of these materials. There is not any information about how the company started or who are the founders, but it seems to be fairly established enterprise.

The collection of autumn-winter 2019 accounts for dozens of pieces ranging from T-shirts to warm coats and the prices in women's segment vary from €24.90 and up to €129.90.

The website of this brand is carefully constructed, easy to use and efficient in the placement of the information. It is comfortable to navigate and clear on information. The imagery is simple and provides quality details about the clothing with the function of close-ups.

Armedangels clothing is also available on Amazon.co.uk, but the seller does not ship all around Europe, so if the buyer is from Portugal, he will have to purchase on the website. Moreover the shipment is high in price and is done by private shipment companies. In order to receive a product, a Portuguese buyer would have to pay over €13.00 for the shipment which is a considerable amount, taking in account the probability of exchange or return of the product. Also the Armedangels brand clothing is available for purchase of following platforms: www.johnlewis.com, www.buyma.com, www.supergoods.be, www.natuisimo.com, www.contentbeautifulbeing.com, www.labottechantilly.com, www.miapparel.co.uk.

The social media icons on the website are not visible, while the pages of this brand, both Facebook and Instagram, are moderately active with respectively 168,000 and 108,000 followers.

There is a noticeable effort from the brand designers to follow the trends yet remain in the segment of convenient and simple clothing. In fact, the simplicity of the design makes it similar and easy to substitute by almost any brand from the affordable segment, especially the mass market clothing. Also the shipping and return prices are excessively high taking in account the inexpensive pricing of the clothing.

3. People Tree

Website: www.peopletree.co.uk

The company was founded in 1991 with the mission to create a sustainable trade fashion brand and keeps its high standards regarding the quality and sustainability of the garments until today. The brand is using a lot of eco/friendly materials like

TENCEL™ Lyocell, fair trade certified and organic cotton, linen, etc., and has all the required

People Tree
Sustainable and Fair Trade Fashion

Image 3 People Tree Logo

information about their production and material sourcing. For production the company is partnering with WFTO certifies factories in Bangladesh. Also People Tree partners with Bombolulu Fair Trade social business in Kenya providing jewellery, leatherwork and textiles. These products are made by physically challenged people. There is a similar project in Delhi, India, where the handmade jewellery is collected round the villages and is later sold. Both of these projects help local communities to have a better quality of life.

Out of the three chosen brands, the People Tree is the one with the most variation in the type and style of the clothes. It offers suitable clothing for the women of all ages and has casual and business casual clothing. The design is simple but has elaborated details that makes it more interesting and different from the other brands. The prices for the clothing vary from €21.00 till €179.00. Moreover, the brand is available on several multibrand platforms such as www.asos.com, www.houseoffraser.co.uk, www.amazon.co.uk, www.ebay.com, www.johnlewis.com.

The official website is clear and easy to navigate, with professional photography shows well all the details of the clothing.

Shipping and returns of the clothing are supported by the customer. It was not possible to find out the shipping partner, but the shipping to Portugal would cost approximately €13.00, which can be considered elevated.

The brand is very active promoting its products in social media with every day posts and stories. It has almost 75,000 followers on its *Facebook* page and 120,000 in *Instagram*.

Overall, out of the tree chosen companies the People Tree is the most mature and socially active. It promotes the social responsibility and the protection of the environment by producing quality clothing and helping the disadvantaged people.

5.6 Conclusions

In spite of the differences in the level of maturity, country of origin and differences in design, all the three companies prove that it is possible to be sustainable and transparent about what is being produced and how. Mainly it proves that it is possible to produce good quality clothing at affordable prices without poisoning our environment and take advantage of someone's unfortunate lack of opportunities in a faraway country.

The common features:

- all three brands have a very informative websites regarding their production and material sourcing;
- the dominant type of clothing is casual;
- the dominant style is simple, minimalistic or basic;
- all of the brands are present on a variety of retail platforms including social media;
- shipment and returns costs are supported by the customers.
- The prices are similar despite a different production and sourcing strategies.

Differences:

- People Tree is the only brand that sells only women's clothing;
- The Nüz is the only brand, which produces locally;
- The Nüz is the only brand who uses deadstock from other factories;
- The People Tree employs workers from disadvantaged regions and uses its power and possibilities to improve the lives of these workers;
- Peoples Tree has a larger variety of styles including business casual, which is not available at the Nüz and the Armedangels.

From the analysis above it is safe to say that the sustainability and transparency are becoming one of the important features of the retail. Despite several differences, the companies are mostly similar in their offerings.

In order to take advantage of the weaker points of these online retail platforms, *L'fortana* clothing will be different in the approach to the two main points:

- design upgrade and style variation: casual comfortable clothing is turning into the fusion of the sports wear and the so-called athleisure clothing. The gap in this particular market niche is in the business casual clothing that will be more presentable and appropriate for more official events.
- customer service: none of the websites is offering free shipment or possibility of adjustment or personalization. *L'fortana* will make sure to fill this gap and this way provide better services.

The apparel industry is very competitive in every segment and niche. The buyers pay attention to the shopping experience and the whole process of purchase, therefore the brand should be very careful with many aspects that have a direct impact on the buyer, as for example selection, convenience, shipping terms and return policies, among others.

6. THE COMPANY

The Company was founded in the present year of 2019 by a sole owner, who has always had passion for making clothing and felt accomplished by seeing her creations being used by friends and family and some customers. The clothes were distinguished by the



Image 4. L'fortana logo

remarkable quality and comfort, so as the new requests started pouring in and more people were becoming interested in purchasing the clothes, the decision to create a brand and open the opportunity to the public has been made. Consequently the brand *L'fortana* has been created

The company will be based in Lisbon, Portugal having all the production outsourced to the north of the country, including the sourcing of the raw materials and all the necessary accessories used in production. The company aims to contract Portuguese suppliers only, in order to provide the best quality achievable of each item. Moreover, the elaboration of the collection, initial sampling and all administrative activities will take place in Lisbon, at the atelier and the office of the company.

The main idea behind the *L'fortana* brand is to help women feel more confident, comfortable and look better regardless their body shape. The brand aims to provide a quality product that the customer would want to love and cherish. All item will be made to last for a long time, that way promoting the conscious consumption of the textile goods, in this way reducing the waste caused by short life of cheap and disposable clothing of the mass-market.

The geographical target market of the Company is of the EU28, Iceland, Liechtenstein, Norway and Switzerland. This choice has been made due to the limited capacity of national Portuguese market while The European Trade Agreement allows the free circulation of goods, where only the cost of transportation or shipment would represent extra steps the item has to go through in order to reach the customer. Moreover the promotion, networking and communication supported by the internet and facilitate the path to more customers all over the European area making the possible and reachable target market considerably larger.

6.1 Company Vision

To establish the business as a highly respected European company, where the top priorities set are offering products of the highest quality and ensuring premium customer service.

Due to the international nature of the company and its focus on customer retention and satisfaction, at the core of the company's vision is the high quality of the items produced and the brand recognition among the customers. *L'fortana* aims to abide by the highest standards regarding the materials and the execution of the pieces, as well as in the efficient dialogue with the customers.

6.2 Company Mission

To empower women by reinforcing their self-confidence with the personalized contemporary design clothing created and produced by sustainable methods.

To establish a brand, that provides personalized services and contemporary yet timeless design solutions to its customers. The company intends to achieve its goals by sustainable means and will use Portuguese national suppliers and responsible production methods.

6.3 Company Values

Loyalty, respect and pleasant relationships with all stakeholders that is actively practiced through proactive communication and respectful collaboration.

The people who are directly and indirectly involved with the company's activities are at the core of the company's values – they are an asset that is inherently valuable. By nurturing bonds and building stable relationships between the people both internally and externally, the company aims to achieve sustainable growth without having to compromise on either in quality of the products and services or work ethics.

6.4 The Offer

The *L'fortana* clothing is the high-quality clothing that will be designed and produced in Portugal using all possible national suppliers. The advantage of the brand lies in the combination of the design of the clothing, use of natural materials and the sustainable production. The brand also offers several personalization levels that allow the customer to adopt the clothing to their needs and desires. While the main collection will have more standardized sizes, the possibility to adjust almost anything is a long-time desired option for the women whose parameters require a different approach. The product will be easy to purchase

online and receive all the attention required through the customer support lines available on all platforms.

6.5 The Target

The target customer of *L'fortana* has the following characteristics:

- adult women,
- professionally active,
- who shop frequently online,
- are present at social media,
- residents of the European Union, Iceland, Liechtenstein, Norway, and Switzerland,
- who appreciates quality and comfort and are willing to pay extra for it
- who are conscious about the environmental issues caused by excess production and misuse of clothing.

Seeing that women with these characteristics are mostly knowledgeable about clothing, what suits them better and what quality is good or bad, the company aims to do its best out of the available resources.

The choice of the target has been defined in coherence with the kind of products the brand is planning to sell and the overall strategy of the company. The choice of professionally occupied women reflects the need of being well dressed, though it does not exclude others, who has more personal type of daily activities like full time mothers, nonprofessional bloggers or volunteers. These women have to be familiar with online shopping because the products will be available only for online purchase. Moreover, as the brand is going to use the social media for both sales and advertising, the target audience should have a personal page in these channels, if not, there is a much lesser possibility for the company to present itself to the potential customer.

The geographical positioning is justified by the proximity and benefits of absence of trade tariffs and by the level of life in this area, seeing that the medium and upper medium European social classes can afford to purchase the product and dress in the similar to *L'fortana's* style.

And finally, the target customer of the company is the person who does not want to compromise on the quality and comfort, nevertheless, consider that making better and thoughtful choices in what and how they consume benefits both themselves and the environment.

7. MARKETING MIX

The following chapters aim to look into the particular case of the *L'fortana* brand and company based on the “4P’s” foundation model.

The summary and the final analysis of topics regarding the present situation in the market and the future possibilities will help to understand what path the company should take in order to become a sustainable business.

7.1. Product

When choosing a product and which characteristics it should and should not have, the company has to make many decisions that will impact the long-term success. The *L'fortana* product is positioned within the high quality and affordable clothes.

In spring 2019/2020 *L'fortana* will be launching the first collection composed by three tops, three skirts, four dresses. The total of ten pieces will allow to present thirteen looks.

By working with the factories that provide 100% natural materials such as silk, cotton, wool and linen, *L'fortana* will achieve the long-lasting good appearance of the clothing and its colours. The choice of fabric will fall on the organic natural fibres whenever applicable and will promote the responsible use of the resources necessary for manufacturing of these materials.

The experiences professionals of the atelier where the clothing will be cut and sewn will guarantee the highest possible level of execution and attention to details that will differentiate *L'fortana* clothes from many other brands.

The design of the product is the first thing that the online customer is able to evaluate, and it is the first impression that the brand will leave. Taking in consideration that the target customer is aware of the trends and likes to incorporate them into a softer version of contemporary fashion, *L'fortana* clothing will be making pieces that will not go out of fashion with a frivolous trend and will remain adequate and fashionable for some more years ahead.

As for the actual design of the clothing, *L'fortana* aims to make it simple and chic with a subtle trendy detail that will enhance the look and keep the item clean at the same time.

The convenience of ordering and home delivery by a courier, along with a scheduled pickup in case of returns, will be totally free for the customers, as we believe in the excellence of service

that provide experiences and bring good feeling and positive emotions to our customers. Also, many times, the return policy or the price of delivery may play a big role in the customer coming to check out page, but not completing the order. As we would like to avoid this situation, the decision of free delivery seems to be the most appropriate for the type of business and standards of the service.

As the relationship with the customer does not end when the order is delivered, we strongly believe that reaching out to the customer via email and kindly ask for some feedback, would be a good idea to ensure our products satisfy the desires and the needs of our customers and bring them joy and comfort we are aiming for.

7.1.1. The importance of the presentation

The design of a product can often be the thing that sells it, as design is the easiest thing for consumers to identify. It starts at the very first time a person has any kind of contact with the brand and goes on for as long as the brand exists. Design and the message that it sends are present in every little piece of information the company releases. The most prominent sources of this information, excluding the product itself, are communication methods such as website, social media pages and the packaging in which the customer receives products. The design of these two aspects should be carefully studied and adopted to the target customer preferences and comfort.

The first contact of the customer with the brand may be an image or an advert, so the first images and messages the customer receives are important to please and to captivate the attention with the clear, perfectly styled and presented content.

L'fortana social media channels and the official website will present both professional and well-taken amateur photographs. The first will play the role of a professional presentation of the brand and the pieces, while the second will serve to give the real feeling and vision of the pieces.

The same importance will be given to the packaging and presentation of the items. As the clothes that the company will produce will be of high quality so should be the packaging. This task will be outsourced to the company *Grafislab* where several types of packaging will be manufactured in collaboration with the *L'fortana* graphic designer. The cost of the packaging depends on the quantities.

7.1.2. Product differentiation and related services.

In order to increase the benefits of any generic product, the company plans to offer a line of sizes for a variety of body types and a premium service of “made to measure”.

In the first option is destined to the customers who have difficulties in finding their size in the majority of the stores, because of their height, for example. The line of the sizes will be amplified to 2 heights: below 165cm and above 165cm and will be presented in five sizes: S, M, L, XL, XXL. The benefit of this variation of the sizes is in the possibility of purchasing the clothing that fits well, without the need of further alterations or adjustments, that many times alter the piece and make it look different from its original version.

The premium option is designed for those who desire the perfect fit of their clothing. For this purpose the customer will have to send her measurements. In order to get the most accurate data from the customer, the official website will provide guidance on how to measure oneself with or without assistance. Also the customers may be asked to send 3 photographs front, back and side views. This will help the designer to understand what kind of posture adjustments the piece will have to have.

These options will not be considered for the first collection, nonetheless, any alteration will be free upon the customer request.

7.1.3 Product Positioning

The perception of the target auditory about everything regarding the company, brand, product or service depends on how the product has been positioned within the market. Our customers appreciate quality products that can be seen and felt along with a simple, yes sophisticated design. *L'fortana* aims to provide to its customers not only what they need, but mostly what they want and will rely on the evidence of the promise given by the brand through customer reviews, which are the best recognition of work and effort of the team. By showing real reviews about what the audience thinks about the product, being transparent and honest about all activities, the company expects to be able to gain trust and confidence among the customers.

The most potential of the product is in its quality, design and sustainable production. The value that we can propose to our customers will be mainly in these features. The added value of the product is the opportunity to make the piece your own by altering the fit and adding or eliminating certain details. Within these lines our clothes allow to solve the need in fashionable,

yet subtle design and good quality clothing that is designed and made to last. Our intention is to make that favourite dress (or any other piece of clothing) that will always look good, feel good and appropriate for the occasion. Moreover, we add value by proposing the possibility of personalization of any item and providing the high standard service regarding the communication and delivery of the products.

7.2. Price

Pricing is a highly complex area, while the price itself says a lot about the product. It positions the item in the customer's mind and creates emotions or associations, which are difficult, if not impossible, to change. Once the price level of the brand has been declared it will be difficult to adjust it. Many times the price tell a story about the product and what story it would be is up to the brand to determine, before the customer makes wrong assumptions.

Looking at the target audience, it is possible to say that these women are looking for something inspirational, that would make them look good and feel good. As they value these feeling and understand that these kinds of emotions take time to build and to nourish, they will understand the relatively high pricing of the products. The pricing strategy will fit into the medium pricing category of the market, where the items sold are high of very high quality, while the price remains affordable for a big part of the population. Regarding the competition in this segment, the prices will be slightly higher – between 5% and 15% due to the added value of the modern design, possibility of personalisation and overall services like free returns and delivery.

As it has been seen in the Apparel Industry review, this segment of high-end fashion has been continuously growing and will continue at least for the next couple of years. There is a possibility of slightly rising the price in the future, yet it has its risks, and for the moment this possibility is not being seriously considered and while the only planned adjustment is related to the inflation of the currency.

According to the information above it is safe to say that the pricing strategy adopted for the brand will be the premium as it is supposed to reflect the quality and the exclusivity of the product.

7.3. Place

The main retail channel as per the initial plan is the main website of the brand. This choice is justified by the possibility to control better the inflow of the information about the customer behaviour and preferences. Also it is safe to say that all the reputable brands have their social media set to show or sell their products. The choice of showing only is mostly characteristic to the luxury brands, while the high-end segment is optimising their retail strategies in order to give the customer a choice of where he can purchase the item and how.

While choosing among the other online retail multibrand platforms it is important to take into the account who are the neighbouring brands and how the product will compare to them. The main idea is to have the product standing in line with the competition or stand out whenever possible. As *L'fortana* brand is in the beginning of its activity, it will start by opening the social media retail pages, and later on considering partnering with marketplaces to increase the market share and the product exposure.

7.4. Promotion

The promotion strategy is a necessary part of any business firstly to obtain the customers, then to keep them interested and involved. As the topic is the online business, the online promotion is used to bring traffic to the website, build relationships and trust with the customers and keep the brand present and the auditory interested.

The sales cycle is a process that the customer takes from the meeting the product of the brand online until the confirmation of the purchase. In order to define the sales cycle, and the percentage of conversion (the percentage of the visitors who concluded a purchase) there would be necessary to launch the website and other channels and observe the customer behaviour. In the future this process will help to define the main channel, who is the customer of this channel and what approach would be the most efficient for marketing strategy for this specific channel and the others accordingly.

Before any analysis is possible and trustworthy, the marketing strategy will include the optimization of the functionalities on the main platform and social media channels.

One of the things that gets overlooked by some brands is the checkout process. Neglecting this process normally would result in abandoned cart. As the brand is working to build trust with the customers, it is important to respect their private details and secure every touchpoint with

personal data, and bank details. If the checkout process is smooth and trustworthy all the way through, the conversion rates will increase, and the abandonment rate will decrease accordingly. Moreover, the checkout process should be as easy as possible, ideally all on one page. As the *L'fortana* website will not be built on any platform and will not have any structural limitations, it is possible, from a technical point of view, to design a three-step simple checkout process. The first step will be the confirmation of the purchase, the second will request the confirmation of the delivery and billing address and the last, third – the payment. For the payment options the most used by the customers are the credit card payment and the Paypal. Many countries have their version of the Portuguese MBWay. It would be beneficial to look into the options and their popularity and adapt where possible.

The product description is another important feature that should be short and clear. It includes the materials (composition) short description of the item itself and most importantly the size guide. It has been a long time since there was any standardisation in the sizes of the clothing. Nowadays the companies use the sizing strategies in marketing to make people feel better about themselves by changing the parameters. For example, if in the beginning of millennium 70 centimetres of the waist would be characteristic to the size 40, today it is 38, and so on. This is one of the most popular reasons for returns – the item that does not fit. To avoid misunderstandings of such nature, *L'fortana* website will make available detailed size charts, and will be happy to have an assistant advise on the most suitable option. These details will make a difference in cutting back the returns from the customers. Having the real customer reviews are also a good strategy to establish trust with the new auditory. It shows that the products and the brand are real, are appreciated by others and gives a certain sense of security to the customer. The frequently asked questions section should be made available in case there is a question that is frequently asked and can be easily answered in a couple of sentences. Also it is beneficial to have the Search Engine Optimization if the description and the answers include keywords that will help to move in the search ranking and gain more visibility to the website.

Most of the customers do not purchase upon the first visit to the website. In order to capture those sales and to help the customer to convert, there is a retargeting strategy in place. Once it is adopted, it will be running the targeting ads on other websites, reminding this way of the brand and of the products. Another way to retarget the customer are the email campaigns. When the signing in with Google or Facebook accounts, the customer provides their contact email

and authorises the use for the marketing and communication purposes. When the customer leaves the website with something left in their cart, a few days later the website will send a reminder via email to entice the customer to purchase the item, to give some kind of an offer on this purchase. Ultimately, this will bring more traffic, increase the conversion and result in better sales results.

According to the eMarketeer research, the median return on investment from the email marketing is of 122% which showed to be higher than the social media, direct mail or paid research strategies (Sean, 2019). The automation of welcome and purchase confirmation emails, product or offer suggestions, holiday or Birthday greetings can help recover the lost sales. Automatic feedback request email that should be delivered one day after the item has been delivered are also a good strategy for the better understanding of the customers and their preferences. It shows that the brand values the opinion and is willing to please the customer.

Social media advertising is another effective way to reach large audiences. An e-commerce social marketing campaign brings more customers to the brand and helps build the higher visibility. As an example, when *L'fortana* is officially launched, its social media will be activated 15 days in advance and every day will be posting content about the brand, its identity features, some curious details and, of course, the launch offer. It will help to direct some attention to the brand. Also there will be incentives to share the customer experiences on the Facebook and Instagram, and rewards for doing so. The brand will post on the regular bases, daily content, which will be elaborated and provided by the social media manager, contracted on the freelance bases who will be working close with the brand and will be responsible for all communication with the customers.

As nowadays people are continuously linked to the social media via mobile devices, thus, it is imperative to have a mobile version of the main website. It is imperative to build it with the easy and clean design and adopted content. It should have the same but adopted features as the website and should provide a flawless and quick purchase experience.

7.4.1. Online Advertisement

The online advertisement of *L'fortana* brand will be implemented in two times: brand awareness in the pre-launch period and the actual advertisement of the products once everything is in place and the sales have been activated. The advertisement includes GoogleAds, Instagram and Facebook. Both of these social media channels have the same

advertisement system and do not have a pre-set advertisement pricing in place, but rather an auction-like system.

The Facebook advertisement vary in the cost and mostly depends on the budget the company makes available for this purpose. It is possible to place a low bid of as much as €0.05 per click, but that will not guarantee that any of that advertisement will reach the target customer. In this case it only will reveal the poor resources management. Instead, the most efficient way would be to define a clear target audience, which may cost much more, but will result in better quality of the traffic on the page or website and a much higher conversion rate. Moreover, the clicks are not the only purchasable option on the Facebook platform. Also, there are other associated costs such as: lead generation, reach, video views, offsite conversion⁹, link clicks, etc. As a result the advertisement strategy will be defined by the budget available in the company and will be aiming to reach the most relevant auditory within the promotion of its brand and products.

The GoogleAds work in a similar manner, while on Facebook of Instagram the bid is placed in function of the purpose of the advertisement, on Google the bid is placed on the carefully selected keywords. The price per each click will depend on a variety of factors such as popularity of the keyword, days and periods of advertising, among others.

As these three advertising channels, which also are the retail channels of the brand, are proven to be effective by other brands and businesses in general, they need a close attention of the IT support team and the social media manager in order to optimise the outcome and adopt the right strategy for each channel.

⁹ The rate of website customers who saw the advertisement on Facebook and purchased on the website of the advertising brand or company.

8. INTERNAL ANALYSIS

An internal analysis is an exploration of the company's strong and weak points. It is done to obtain useful information about the viability of the company and its positioning in the marketplace.

It is easier to evaluate these points in the existing company that is functioning and providing results. However, for the case of *L'fortana*, there will be used the given plan and all available information to evaluate where the company should be more cautious, and which features it can explore to the bigger extent.

Table 2. SWOT Analysis

Strengths <ul style="list-style-type: none">- Novelty of the brand;- Relatively low production costs compared to the competitors;- Expertise in the textile and apparel production related activities;- Network of contacts;- Quality materials and competitive final product;- Useful partnerships;- Reduced number of employees;- Own space availability;- Reliable online platform and IT support team;- Distinguishable contemporary design of the products;- Professional equipment.	Weaknesses <ul style="list-style-type: none">- Unknown brand;- Limited financial resources;- Industry activity general delays.
Opportunities <ul style="list-style-type: none">- Presence in the niche with a competitive product design;- Possibility to build a unique brand identity;- Organic growth of the company through sales and enlargement of the portfolio.	Threats <ul style="list-style-type: none">- New entrants;- Substitution;- Supply network.

From the above presented table it can be concluded that the internal situation of the company is essentially prepared for the most challenges that the industry and the business will present. The strategic planning of all activities involves experienced people and professional equipment that will help to reach the goals of growth and development of the company and the brand.

Furthermore, the weaknesses recognized at this initial stage of planning. The limited financial resources need to be carefully managed in order to be able to make the business sustainable. The fact of the brand is unknown can be changed using the resources of online platforms and investments in marketing and publicity. This process might be lengthy and will require all human expertise available to strengthen this point and keep increasing continually the brand awareness.

In order to address the third weakness, it is important to refer that in this industry in particular delays are frequent due to the fast speed at which it generally is moving. A week delay releasing the product out for sale can put in danger the brand name and whole collection sales results. The most that can be done is a carefully planned logistical process in a variety of possible versions and reliable partnerships with several suppliers. This strategy will allow for quick plan B implementation and reduction of the negative consequences.

The threats identified in the table are mostly related to the competitive nature of the industry where every day new brands are created, and others leave the market permanently. There are numerous threats of substitution as many brands are competing for their customers and each time use better products and more sophisticated ways to acquire a larger market share. Many times the difference between the brands can be reduced to the competition in their logistics. The optimization of these processes will make it possible to compete and to provide a sustainable growth to this business.

The fast-paced apparel industry keeps changing daily through novelties. It is crucial to remain aware of the changes in the market, activities of the competitors, economy and technological advances. The frequent and consistent internal analysis provides important insights that will help build on the *L'fortana* company's and brand's strength and be prepared to face the challenges and the threats.

9. OBJECTIVES OF THE PLAN

This business plan has been elaborated in order to obtain a clear view of required steps to be taken in the process of starting a new business. This strategical plan involves a sequence of actions that, if correctly understood and followed, are designed to lead to the first short term company goal:

- Establish the company in the market;
- Attract as many followers and subscribers as possible from the target audience;
- Financial sustainability of the project.

The specific objectives of the plan are:

- Describe the concept of the business;
- Perform the market analysis, explore the niche of the sustainable production segment and search for the opportunities.
- Analyse the existing competition, what are the factors that influence the market and its trends
- Determine the marketing strategy and use of the channels.
- Create the 5 years financial plan
- Define the growth strategy
- Define the exit plan.

10. THE STRATEGY OVERVIEW

Strategic planning is beneficial in many ways, specifically, it defines the tasks to be completed in an orderly manner in order to reach the goal of the company. In case of *L'fortana*, the chosen strategy will allow a better vision of the future and prevention of the negative impacts on the company.

As per previously conducted market research, the apparel industry keeps thriving and presents a variety of business opportunities. The company will be entering a big and highly crowded market with the intent to compete for the space between trendy clothing and sustainable production measures. As per the vision statement, the company desires to establish the business as a highly respected European company, where the top priorities set are offering products of the highest quality and ensuring a premium customer service.

The future sustainability of the company will be based on the market opportunities aligned with the internal company strengths aiming to achieve the first short-term company goal.

In order to be competitive the *L'fortana* brand has to present the already knowledgeable customer with an exceptional product that combines the promises the company gave: good quality, design and sustainability of production. Moreover, another competitive advantage of the company is in its capacity to provide the exceptional customer service that includes the free shipping. As per competition analysis none of the companies provide the same benefit, which is in many cases perceived by the online shopper as a decisive point for the purchase.

Strategy

The current demand for the clothing overall is high which was also caused by the capabilities of the fast fashion retailers to bring their quick and affordable products to the large audiences in very limited timeframes. For the same reason many people understood their unprecedented consumerism in their behaviour, while still not having their craving for good fashion unsatisfied. Another category of shoppers, especially the millennials, already recognise the need for responsible consumption, sustainability and social responsibility. This is the existing demand that *L'fortana* is aiming to fulfil by promoting better use of items that will last for a long time without losing its shape, colour or comfort.

Resources

The company established in Portugal will also benefit from the lower cost of resources necessary to run the business and the strength of Portuguese apparel and textile industry. As for example, the cost of materials, lower wages and taxes. These factors will play an important role in the value-cost trade-off. As the concept of the brand has its big part concentrated on the responsible ethical production, when producing in Europe, where the working conditions are controlled and mostly transparent, the brand places itself in a favourable position. Moreover the reduced production costs will allow to invest harder in the promotion of the product without the need of rising the price per unit for the customer.

Organization

The activities within the organization are to be aligned with the strategic choice of the company to differentiate itself in the existing marketplace. It should be an efficient chain of actions that does not allow for the poor resources management as the aim is to maintain the budget as low as possible without compromising on the quality of the output.

The Offer

As an overall result of the company activity - the final product – will be of a higher standard than its potential substitutes as it offers more than just a piece of well-made clothing, but also a possibility to make more to the liking of the customer via the personalization option. This offer will require extra resources, costs and attention, reason why the company will start by providing a limited number of the possible alterations in the beginning, increasing the possibilities depending on popularity and time.

11. BUSINESS MODEL FRAMEWORK

The following framework was created in order to demonstrate the main milestones of the company regarding the internal and external activities.

Table 3. Business Model Framework

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIPS	TARGET CUSTOMER
<ul style="list-style-type: none"> - Textile and accessories manufacturers - Production factories - IT support - Photography - Shipment company 	<ul style="list-style-type: none"> - Monitoring of market trends - Purchasing of supplies for production - Creation of the collections - Customer service - Feedback collection and continuous improvement 	<ul style="list-style-type: none"> - High quality clothing produced in a sustainable way. - The simplicity of the style and the introduction of the trendy details. - Customer service - Affordable prices 	<ul style="list-style-type: none"> - Social media interaction - Email communication - Google AdWords 	<ul style="list-style-type: none"> - Educated adult women who shop online and are interested in quality clothing. <p>Sub-segment: women who have difficulties in finding a perfect fit for their complexion.</p>
KEY RESOURCES			CHANNELS	
<ul style="list-style-type: none"> - People - Knowledge - Online platforms - Partnerships - Inventory - Financial 			<ul style="list-style-type: none"> - E-commerce website - Instagram - Facebook 	
COST STRUCTURE			REVENUE STREAM	
<p>Variable: materials, production, outsourced services, shipping, packaging.</p> <p>Fixed: atelier and office equipment/maintenance, marketing, salaries, utilities.</p>			<p>Direct to consumer e-commerce</p>	

Source: Author

Key partners

The main partners of the brand and the company is represented by those people and entities who are imperative for the functioning of the company. These are mostly service providers who will be contracted on the freelance or service agreement bases.

The fabric/textile manufacturers will receive an order that will be delivered at the production factory. The main role of this partner is to provide quality material for the assembly of the clothing. As previously mentioned, in this industry the delays are common and the same time very dangerous for the businesses dependant on good time management. The delivery of the materials should be scheduled and agreed in anticipation in order to prevent or minimise the potential risk. The delivery of the raw materials will be managed by the textile production company.

Clothes production companies will put together all the details of the product sent by the *L'fortana* using the materials delivered from the textile and accessories supplier. The role of the factory is to provide the brand with the quality products with the minimum amount of losses. Before the main production takes place, several meeting will take place in order to define and clarify the product details.

IT Support team is a company that created and manages software. In this case it will be the *L'fortana* main website. It is important to have a good e-commerce platform that will function flawlessly and will be productive for the brand and effective for the customer. The same team will be performing maintenance whenever required, including the updated of the new items, creation of banners, publicity, etc.

As any online store, the imagery is responsible for a big part of the overall success. If the presentation of the product is less then attractive, the chances of this product to sell are scarce. The professional Photographer who will take care of all of the pictures that will be posted on the side and on the social media platform will be contracted as a service provider. The main purpose will be to provide the photographs that will capture the ideas of the designer and the details of the clothing.

A shipment or delivery company will be contracted for delivery of the sold goods to the customer. The preference lies on the renowned services like Fedex, Ups, Seur etc. At the moment, and because the amount of the contracted services is small it there is no major

difference in contracting either of these service providers, while their most important mission is to deliver the write parcel, to the right person in the previously agreed amount of time.

Key activities

The value proposition of the *L'fortana* products and services require attention for monitoring the surrounding activities and flexibility to be able to change strategies and tactics quickly and efficiently.

Monitoring of the market trends will be performed on a weekly basis by the designer, which will allow to pick up the most desired trends and the news within the industry. Considering that any change in the market will take time to be reflected in the *L'fortana* product due to the lengthy process of elaboration, sourcing and production of the goods, it is best to be well informed and the sooner the better.

The purchasing of supplies and goods directly for the production of the pieces is a task that requires coordination with both raw materials factory and clothing production factory. The material has to be ready just in time for the other factory take over and produce the clothing. Any delay can cause undesirable situations and undermine the professional relationship between all players as both factories have numerous clients who also have work with heavy deadlines of the industry. It is important to ensure clear and effective communication between the actors, as any misunderstanding or assumption will potentially lead to losses on both sides.

The creation of the collection is both creative and management related activity as whatever is on the sketch will involve costs and complex logistical processes. As for example, certain details cannot be performed by the same factory (due to the specifics of the materials or lack of technology to perform the operation). It is essential to keep in mind the capacity of the production partner, so that there are no unaccounted costs in the process of sudden changes to the initial plan, as this involves re-designing of the whole process of creation of a piece or the entire collection. Once again this would be a reason for unacceptable delays and disturbance of distribution channels and undermined relationships with the partners.

L'fortana claims to be able to provide exceptional customer service and keep the excellence effectiveness of communication all along the way. Due to many years of experience in the luxury and high-end customer service, the founder of the brand has been constantly improving the knowledge and the gaining practice in solving even the most unfortunate situations, when there is nothing that can be done besides the apologies. Knowing the importance of the

communication and educating collaborators in the future about the professional, but yet personal approach to the customer service the company plans to achieve the high standard of communication and attendance.

No purchase is terminated when the customer receives the product. The company needs to know what does the customer thinks, and why he is thinking exactly that way. It is related to the possibility of improvement and better understanding of the customer. Any feedback that would be possible to receive from the customer will be highly appreciated and studied. It is also an opportunity to show the customer that the people behind the brand are listening and they care about customer's opinion, even when it is not a positive one. All the feedback has to be addressed and whenever possible and appropriate ask for more details and address the matter. All of the mentioned actions are paramount for the continuous improvement not only for customer service but for every activity of the company.

Value proposition

The values of the company are reflected in its output whether is a professional partnership or a birthdays card sent to the customer. In case of *L'fortana* the two core value points are quality of the products and quality of the relationships. As for the product, the company will too all possible to provide the best for the affordable costs in all product segments. The basic segment will deliver the value of modern quality clothing with the element of ethical and sustainable production associated and clearly stated. The personalized product will reach the customers who struggle to find a well-fitting piece, solving the problem and attending to this necessity. The affordability of the clothing will make it attractive to more people and help grow the client base.

Customer relationships

As previously mentioned, all the relationships are valued and cherished by the company. With regards to the customer relationships, the concept of being welcome and convenient in the chosen communication strategy. No questions are to be left unanswered and no requests left unattended. The company intends to build trustful relationships by providing the service that the customer expects to receive and much more whenever is possible or appropriate. As cost, the customer relationship will represent the necessity to hire personnel that will be responsible for the customer relations. While this is not possible due to the limited amount of investment available, this will be the responsibility of the management team. The company will

communicate its updates, campaigns, etc. through social media channels, Google Ads and direct email.

Target customer

The main customer of the company are the adult women, educated, with personal or professional occupation who enjoys good quality clothing and is aware of the need to reduce the impacts of the mass market products that are endangering our environment. The most important customers will be the one who will return. The one that will appreciate the effort of and the value that the brand creates for its customers. It is a niche market, which is growing thanks to the new generations of tech-savvy consumers.

Key resources

The main resources that the value proposition requires are the human resources and their knowledge that keep the processes running and solve problems. The partnerships created by these collaborators will allow a smooth movement of the product through the channels. The online platform is the main communication and retail channel of the company. Inventory, or in other words the product ready to be sold is a valuable source of the revenues.

Channels

At the moment it is not clear what is the most effective communication channel as the company did not start its communication, nevertheless the chosen three channels E-commerce website, Instagram and Facebook are known to be the most effective.

The website – the main communication and retail platform.

Facebook and Instagram - the channels where it is possible to reach the largest audiences, run effective promotional campaigns and acquire more customers, followers and, consequently, grow the popularity of the brand.

After these channels are activated, it is important to monitor the traffic and to analyse which one is the most efficient, which one works best and where do our customers prefer to communicate before, during and after the purchase.

Cost structure

The most costs in the company are generated by the production of the items and in the human resources. The production includes sourcing of the materials which accounts for approximately 16% of the total cost of the item. The expenses with the collaborators or service providers are

also very high due to the high-quality services contracted. The company is value driven and focus on the creation and premium value proposition.

Revenue stream

As per the market study performed in the beginning of this work, the customers are willing to pay more for the quality and durability of their clothes. The most common methods of payment are the credit card, Paypal and similar to it online payment systems. The prices of the products are mostly dependable on the price of production and raw materials which vary due to the seasonality of this business.

12. THE ACTION PLAN

The following table represents a plan of the required tasks to start running the company. These are the tasks performed by every element involved at a specific time in order to have aligned sequence of actions and requirements for the completion of each. The table describes specifically the main preparation tasks for the launching of the brand and for the first cycle, or in other words - the first collection. Upon the completion of the first cycle the second collection will be ready to be released to the public.

Table 4. The cycle of the key actions

<ul style="list-style-type: none">- Business plan creation and development<ul style="list-style-type: none">- Market research- The choice of the product type: High quality clothing produced in a sustainable way in Portugal;- Definition of target auditory.- Financial evaluation and investment strategy- Official registry of the company and the brand (performed by the company lawyer)- Search for the collaborators:<ul style="list-style-type: none">- General Manager Assistant- Social Media Manager- Photographer- Stylist- Sourcing of the IT Support and Web designer/company- Creation of the channels;<ul style="list-style-type: none">- Website (requires 1-2 month to be built)- Facebook- Instagram	<p>-</p>
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➤ *Cycle 1*

- Creation of the first collection:

- Initial selection of the styles
 - Sketches
 - Techpacks¹⁰
- Material sourcing
 - Fabric
 - Accessories
- Assembly factory sourcing
- First samples of the items
- All necessary adjustments and alterations.
 - Approval of the materials
 - Second sampling
 - Final adjustments
 - Approval of the models for the production

- Sourcing of packaging provider

- Sourcing of the delivery/shipment company

- Production

- Control of the delivery of all materials and accessories to the production site.
- Quality control of the final product.

- Photography

- 3 photoshoots of the items: in the free environment, studio and technical
- Approval and selection of the photoshoots

- Elaboration of the Lookbook¹¹

- Upload of all the imagery, descriptions and all related information to the website.

- Activation¹² of the Social Media platforms.

- Announcement and presentation of the new brand.
- Daily posts related to the launch of the first collection.
- Reach as many subscribers as possible, especially within the target auditory circle.

¹⁰ Techpack – a document with full detailed technical description of an item. It is a mandatory document that a factory will refer to for production.

¹¹ A tool (a product catalogue) with every piece photographed from 4 sides with the details about the unit's details and accessories. It is used to present the collection to other businesses for retailing.

¹² Tasks performed simultaneously with the ones on the left side of the table

- Security and functionality tests of the website.

- Official launch of the collection.

- Sales and logistics control

➤ *Cycle 2*

- Creation of the first collection...etc.

- Activation of the website

- Activation of the online marketing and advertising campaigns

- Partnership with bloggers and online promoters

- Customer Service and Assistance.

- Customer feedback analysis

Source: Author

The table and the major tasks presented in it prove that this business activity requires high level of organization of work, multitasking and coordination of the tasks among different people as for example, when the company is looking for the provider of the packaging, at the same time he has to know that the social media are being activated, which will require extra attention as there will be arriving the requests from social media manager with the posts and imagery to be approved. Also, just when the items from the first collection have arrived from the factory, it is the right time to start planning for the second collection, and each time the circle restarts.

13. FINANCIAL EVALUATION

The following analysis will help to assess this business idea from a financial point of view and help determine whether the company has potential and would become profitable.

13.1 Initial Capital

The initial investment of this project will be provided by the sole owner of the company in the amount of €31.000. This amount refers to the personal funds available for this project. At this point the company does not require a bank loan so it will benefit from exclusion of the monthly amortization payments.

13.2 Sales Forecasts (6 years)

The main profit source for the company are the direct sales to the customer. For the purpose of this analysis the assumption was made that the first collection will make available 36 pieces of 3 types of clothing: dresses, tops and skirts. This makes 12 pieces per each type. The table below was built upon the following assumption:

- Every second year the number of the sold pieces will double. For the details on quantities sold please see Annex 1.
- The prices were maintained during the course of 5 years at the same level being influenced only by the 2.00% inflation rate.
- The approximate division of how much would be sold in Portugal and how much in the rest of the world.
- The company launches new products in the following sequence:
 - Second year – Jackets (total of 12 pieces);
 - Third year – Shirts and Pants (total of 12 and 6 pieces respectively);
 - Fourth year – Trench Coats (total of 6 pieces).
- The units launched in 12 pieces will have 3 sizes in 2 colours
- The units in 6 pieces will have 3 sizes in 1 colour.
- The price per unit differs in two seasons due to heavier and more expensive materials of the cold seasons, which would also cause more detailed pieces and demand more time for the production of each unit.

To see the extended version of the calculation process please see the Annex 2.

		0	1	2	3	4	5
Sales		18,552.00 €	45,286.08 €	60,140.60 €	116,067.20 €	139,723.31 €	
Average price		128.83 €	134.78 €	135.45 €	138.18 €	145.55 €	
# units		144	336	444	840	960	
Portugal	10%	1,855.20 €	4,528.61 €	6,014.06 €	11,606.72 €	13,972.33 €	
Average price		128.83 €	134.78 €	135.45 €	138.18 €	145.55 €	
# units		14	34	44	84	96	
International	90%	16,696.80 €	40,757.47 €	54,126.54 €	104,460.48 €	125,750.98 €	
Average price		128.83 €	134.78 €	135.45 €	138.18 €	145.55 €	
# units		130	302	400	756	864	

Source: Author

13.3 Cost of Goods Sold

Starting with fabric sourcing and until the arrival of the product at the customer's address the product accumulates a variety of associated costs. In order to estimate the average cost per product per collection and per year, the following assumptions were made:

- The rate of the raw materials such as fabric and accessories will be 14% per each piece;
- The cost of assembling (or sewing) of each piece will represent 16% of the total cost;
- The packaging of each piece (shipment packaging and brand packaging) will be of approximately 8.00€
- The cost of transport (delivery to the customer) will cost 8.00€
- The 2 % inflation rate was applied on all prices and rates mentioned above.

	0	1	2	3	4	5
Cost of Goods Sold	7,581.60 €	18,044.21 €	24,321.01 €	46,932.99 €	54,710.45 €	
Materials	2,597.28 €	6,181.53 €	8,331.81 €	16,078.15 €	18,742.53 €	
Assembling	2,968.32 €	7,064.60 €	9,522.07 €	18,375.03 €	21,420.03 €	
Packaging	864.00 €	2,056.32 €	2,771.63 €	5,348.49 €	6,234.81 €	
Transport	1,152.00 €	2,741.76 €	3,695.50 €	7,131.32 €	8,313.08 €	

Source: Author

Please refer to the Annex 3 for more detailed information about the product cost calculation process.

13.4 Unsold goods

The possibility of having goods rejected by the customers for a variety of reasons as for example a faulty zipper which in this case cannot be predicted before the item has been used should be accounted for and included in the Profit and Loss calculations. The following table reflects the value of unsold goods, taking in consideration the rate of 10% of all sold goods are the rejects.

	0	1	2	3	4	5
Rejects		1,855.20 €	4,528.61 €	6,014.06 €	11,606.72 €	13,972.33 €
Collection A		442.80 €	1,077.31 €	1,396.34 €	2,771.59 €	3,331.80 €
Collection B		484.80 €	1,186.99 €	1,544.69 €	3,064.20 €	3,683.13 €
Collection C		484.80 €	1,186.99 €	1,610.69 €	3,023.81 €	3,657.53 €
Collection D		442.80 €	1,077.31 €	1,462.34 €	2,747.11 €	3,299.87 €

Source: Author

13.5 Raw Margin

The calculation of products sold, and their approximate cost allows to estimate the Raw margin that each collection will have on its products. In this case this margin is between 49% and 50% which generally in the industry is considered rather tight.

The second year of the company shows the increased margin due to quantity of goods sold, while in the third year the margin lowers due to the assumption that the in the second and third year the amount of goods sold was the same while, at the same time, the company decides to launch new units – pants and shirts – that cause extra costs and consequently shrink the raw margin.

	0	1	2	3	4	5	6
Raw Margin		9,115.20 €	22,713.26 €	29,805.53 €	57,527.49 €	71,040.53 €	119,128.82 €
% of Sales		49.1%	50.2%	49.6%	49.6%	50.8%	49.5%
Collection A		2,152.80 €	5,334.70 €	6,847.76 €	13,601.06 €	16,763.24 €	28,364.99 €
% of Sales		48.6%	49.5%	49.0%	49.1%	50.3%	49.1%
Collection B		2,404.80 €	6,021.94 €	7,789.67 €	15,454.60 €	19,015.91 €	31,519.66 €
% of Sales		49.6%	50.7%	50.4%	50.4%	51.6%	50.0%
Collection C		2,404.80 €	6,021.94 €	8,044.08 €	15,091.08 €	18,785.51 €	31,401.51 €
% of Sales		49.6%	50.7%	49.9%	49.9%	51.4%	49.9%
Collection D		2,152.80 €	5,334.70 €	7,124.02 €	13,380.74 €	16,475.87 €	27,842.65 €
% of Sales		48.6%	49.5%	48.7%	48.7%	49.9%	48.7%

Source: Author

13.6 Other Operational and Structural Costs

The Structure costs refer to the costs of running and maintaining the company such as marketing, payroll, accounting among others. These are the costs that the company will have to support regardless of having the products or not. The structure costs are represented below and represent a higher rate of the sales in the first year due to the legal cost, specifically, the registry of the company and of the brand.

	0	1	2	3	4	5	6
Structure Costs	20,390.60 €	20,855.53 €	21,661.54 €	24,158.95 €	25,033.04 €	26,336.09 €	
Marketing	4,170.60 €	4,254.01 €	4,640.60 €	6,708.44 €	7,233.53 €	8,180.59 €	
% of sales	22.5%	9.4%	7.7%	5.8%	5.2%	3.4%	
Influencers	210.60 €	214.81 €	438.22 €	446.98 €	455.92 €	697.56 €	
Design costs	336.00 €	399.84 €	495.23 €	594.28 €	606.16 €	618.29 €	
Website (maintenance)	1,500.00 €	1,530.00 €	1,560.60 €	1,591.81 €	1,623.65 €	1,656.12 €	
<i>Month</i>							
Utilities	1,200.00 €	1,224.00 €	1,248.48 €	1,273.45 €	1,298.92 €	1,324.90 €	
<i>Month</i>							
Communications	600.00 €	612.00 €	624.24 €	636.72 €	649.46 €	662.45 €	
<i>Month</i>							
Payroll	10,764.00 €	10,979.28 €	11,198.87 €	11,422.84 €	11,651.30 €	11,884.33 €	
<i>Month</i>							
Accounting	1,620.00 €	1,652.40 €	1,685.45 €	1,719.16 €	1,753.54 €	1,788.61 €	
<i>Month</i>							
Legal	1,275.00 €	204.00 €	208.08 €	212.24 €	216.49 €	220.82 €	

Source: Author

The more detailed calculation of Structure Costs is presented in the Annex 4.

13.7. Profit and Loss calculation results

In this six-year analysis the EBITDA will be inevitably negative in the first year. It might become lighter in case the company products become extremely popular, which would be a rather optimistic forecast for a new, totally unknown brand.

After the depreciation of the assets the EBIT lowers even more leaving the company on the positive side only in the third year.

As the company does not require a bank loan, it will not have the amortization costs, thus, there is no changes in the EBT.

The Net Profit results demonstrate the two years of losses and acceptable growth in the fourth and fifth and sixth years of operations.

	0	1	2	3	4	5	6
EBITDA	-	11,275.40 €	1,857.73 €	8,143.98 €	33,368.54 €	46,007.49 €	92,792.72 €
<i>% of Sales</i>		-60.8%	4.1%	13.5%	28.7%	32.9%	38.5%
Depreciations		4,235.04 €	4,235.04 €	4,235.04 €	3,212.71 €	3,212.71 €	- €
Printer		46.00 €	46.00 €	46.00 €	46.00 €	46.00 €	
Computer		1,022.34 €	1,022.34 €	1,022.34 €			
Sewing Equipment		460.71 €	460.71 €	460.71 €	460.71 €	460.71 €	
Website		2,706.00 €	2,706.00 €	2,706.00 €	2,706.00 €	2,706.00 €	
EBIT	-	15,510.44 €	2,377.31 €	3,908.94 €	30,155.83 €	42,794.78 €	92,792.72 €
<i>% of Sales</i>		-83.6%	-5.2%	6.5%	26.0%	30.6%	38.5%
Financial Costs							
Commissions							
Interest							
EBT	-	15,510.44 €	2,377.31 €	3,908.94 €	30,155.83 €	42,794.78 €	92,792.72 €
<i>% of Sales</i>		-83.6%	-5.2%	6.5%	26.0%	30.6%	38.5%
Corporate Tax		- €	- €	820.88 €	6,332.73 €	8,986.90 €	19,486.47 €
<i>Tax Rate</i>		17%	21%	21%	21%	21%	21%
Net Profit	-	15,510.44 €	2,377.31 €	3,088.06 €	23,823.11 €	33,807.88 €	73,306.25 €
<i>% of Sales</i>		-83.6%	-5.2%	5.1%	20.5%	24.2%	30.4%

Source: Author

13.8. Capital Expenditures

In order to start the business, certain equipment is required in order to design collections and execute sampling. This includes office and sewing equipment. Also one of the main resources of the company – its online platform is included in the table below.

CAPEX	0	1	2	3	4	5	6
Tangible Assets	5,600.55 €	- €	- €	- €	- €	- €	- €
Printer	229.99 €						
Computer	3,067.01 €						
Sewing Equipment	2,303.55 €						
Intangible Assets	13,530.00 €	- €	- €	- €	- €	- €	- €
Website	13,530.00 €						
Total CAPEX	19,130.55 €	- €	- €	- €	- €	- €	- €

Source: Author

13.9. The Working Capital

The working capital of the company every year is limited to the cost of the inventory of the first collection. This happens due to the need of placement of the order at most on the 1st of December and having 60 days to pay for this order. Which means, the accounts payable will correspond solely to the cost of the first collection of the year.

Working Capital	0	1	2	3	4	5	6
Assets	1,832.40 €	4,361.11 €	5,719.29 €	11,343.25 €	13,222.99 €	23,603.04 €	- €
Inventory	1,832.40 €	4,361.11 €	5,719.29 €	11,343.25 €	13,222.99 €	23,603.04 €	- €
Accounts Receivable	- €	- €	- €	- €	- €	- €	- €
Liabilities	1,832.40 €	4,361.11 €	5,719.29 €	11,343.25 €	13,222.99 €	23,603.04 €	- €
Accounts Payable	1,832.40 €	4,361.11 €	5,719.29 €	11,343.25 €	13,222.99 €	23,603.04 €	- €
Working Capital Needs	- €	- €	- €	- €	- €	- €	- €
Change in Working Capital Needs	- €	- €	- €	- €	- €	- €	- €

Source: Author

13.10. Cash Flows

The flowing table shows that the breakeven point is between the third and fourth years of the activity, when cashflow becomes positive. Also the initial investment considered was of the 30.000€. During the preliminary analysis it became clear that the company is about 1000€ short in investment, and as it is not a substantial sum, and can be arranged with the certain ease, it has been included in the second tranche in the second operational year, making it $10.000€ + 1.000€ = 11.000€$

Cash Flows	0	1	2	3	4	5	6
From Operating Activities	- €	11,275.40 €	1,857.73 €	7,323.11 €	27,035.82 €	37,020.58 €	73,306.25 €
Net Profit	- €	15,510.44 €	2,377.31 €	3,088.06 €	23,823.11 €	33,807.88 €	73,306.25 €
Depreciations	- €	4,235.04 €	4,235.04 €	4,235.04 €	3,212.71 €	3,212.71 €	- €
Changes in Working Capital Needs	- €	- €	- €	- €	- €	- €	- €
Investment Activities	- 19,130.55 €	- €	- €	- €	- €	- €	- €
Printer	229.99 €						
Computer	3,067.01 €						
Sewing Equipment	2,303.55 €						
Website	13,530.00 €						
Financing Activities	- €	- €	- €	- €	- €	- €	- €
Loan Repayment	- €	- €	- €	- €	- €	- €	- €
Free Cash Flow of the Project	- 19,130.55 €	11,275.40 €	1,857.73 €	7,323.11 €	27,035.82 €	37,020.58 €	73,306.25 €
<i>Cummulative</i>	- 19,130.55 €	- 30,405.95 €	- 28,548.22 €	- 21,225.11 €	5,810.70 €	42,831.29 €	116,137.54 €
Funding	20,000.00 €	11,000.00 €	- €	- €	- €	- €	- €
Loans	- €	- €	- €	- €	- €	- €	- €
Equity	20,000.00 €	11,000.00 €					
<i>Cummulative</i>	20,000.00 €	31,000.00 €	31,000.00 €	31,000.00 €	31,000.00 €	31,000.00 €	31,000.00 €
Free Cash Flow after funding	869.45 €	275.40 €	1,857.73 €	7,323.11 €	27,035.82 €	37,020.58 €	73,306.25 €
<i>Cummulative</i>	869.45 €	594.05 €	2,451.78 €	9,774.89 €	36,810.70 €	73,831.29 €	147,137.54 €

Cash Flow Analysis		0	1	2	3	4	5	6
Company								
Free Cash Flow of the Project		- 19,130.55 €	11,275.40 €	1,857.73 €	7,323.11 €	27,035.82 €	37,020.58 €	73,306.25 €
Discounted Free Cash Flows	WACC	10%	- 19,130.55 €	10,250.36 €	1,535.32 €	5,501.96 €	18,465.83 €	22,986.87 €
NPV	60,488.53 €							
IRR	40.1%							
Investor								
Investment		- 20,000.00 €	11,000.00 €					
Cummulative cash flows of the company								147,137.54 €
Company Value	EBITDA multiple	3						278,378.17 €
Free Cash flow for the Investor		- 20,000.00 €	11,000.00 €	- €	- €	- €	- €	425,515.72 €
Discounted Free Cash Flows	WACC	10%	- 20,000.00 €	10,000.00 €	- €	- €	- €	240,192.53 €
NPV	210,192.53 €							
IRR	58.4%							

Source: Author

13.11. The Evaluation of the Project

Considering the six-year projected cash flows and the initial capitals of 31.000€ and 10% discount rate generally applicable to this type of businesses, *L'fortana's* NPV is of 60,488.53€ with IRR of 40.1%. This shows that the project is small, nevertheless, it is profitable in the way it is described at the moment and is worth of the investment.

In the investor scenario, the assumption was made that the company would be sold in the end of the sixth year where the residual value of the business is:

- The cumulative cash flows 147,137.54 €
- The Enterprise Value correspondent to the EBITDA x 3 = 278,378.17 €. The method used for this equation was the EBITDA/EV Multiple – a ratio where the multiple of three corresponds to a value of the company still in the process of development.

14. Conclusion

This business plan intended to study an opportunity to establish a clothing brand and a company that will be operating from Portugal within the 32 European countries. Following are the research questions and the answers found in the process of elaboration of this business plan,

What is the best strategy for establishing a new brand in the international market?

While the question is broad and here is no perfect recipe or answer, it can be assumed that the brand has to choose its clear path, its goals and build the strategy according to these choices. L'fortana stands in the middle, trying to combine design and fashion with sustainable production. It is a rather unusual positioning, as most companies stay on either side, but not in both due to the costly production methods. For that the company should watch attentively what is happening in the market and be precise with the targeting strategies.

Overall, the strategy chosen for the company was to bring to the European market a high-quality clothing collection that will inspire trust in the customers and sell it through the online channels – official website and social media. It is important to mention that the social media channels are challenging to manage and require special attention. This is the reason why the decision to outsource this task to a professional was considered more efficient.

- What resources are required to establish and run a fashion brand?

In order to establish and run a fashion brand it is important to have knowledge about how the industry works and how to manage the overwhelming number of tasks. Many of those tasks are to be performed at the same and it will happen that the company works for two purposes at the same time: selling the present collection and managing the creation of the new one. Moreover the initial investment capacity has to be of a considerable weight as the costs associated with this business are relatively high, and even though later and if everything goes as planned the return will cover all expenses, it is crucial to be able to sustain the company for a couple of years while it is building a name and the trust of the audiences.

- What are the most important features of the brand, its competitive advantage and what are the possibilities of being well received by the customers?

Along with the highly elaborated marketing technics it has become more difficult to obtain the customers attention. The most adequate approach would be to speak the truth and to let the customer see what is happening behind the brand and the company, who are the people who

plans, designs, manages the processes and where does it all happen. This way the brand will have more probabilities to gain the customers' trust. Along with these tactics, the brand should use the maximum potential of the advertising resources and constantly remind about herself.

- What kind of customer assistant and communication Why the omnichannel strategy matches I the most efficient way the customer support and communication for this business?

With the high level of competition, the customer is quick to switch to a rival in case something is not up to his liking. The company has to carefully analyse and maintain all the processes flawless all channels. As *L'fortana* brand will only be available online, the company will have a main online retail platform – a website, and two official social media pages on Facebook and Instagram. It is important to maintain all the channels in a coherent manner in order to give the customer an opportunity where and how to purchase. The Customer support and communication are going to be conducted via the same channels for the convenience of various age segments that also have preferences regarding this matter. On the internal side, the omnichannel communication strategy allows to collect more data about the customer and provide a better personalized service and product offers.

- When this company will become profitable?

As per the financial evaluation, the business will stop having losses by the end of the second year of the operation, and in case everything goes as planned has potential to become profitable. Nevertheless this study is based on a large amount of assumptions which can change in the process and make the statement invalid.

Finally, the planning of a new business has been an extensive and intense process with many highs and lows. As all processes are highly interdependent, every detail or variable cannot be ignored as even a small deviation can cause a snowball effect on the whole company. While counting on the opportunities and potential advantages of the business and considering the imminent risks, the founder of the *L'fortana* brand and the respective company will accept the challenge and launch the first small collection in March of the 2020 and with it will start her own enterprise.

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Annex 1: Quantity of Units Sold

Collection A	1	2	3	4	5
# Tech Packs	6	7	8	10	10
Dresses	12	24	24	48	48
Tops	12	24	24	48	48
Skirts	12	24	24	48	48
Jackets		12	24	24	48
Pants				12	12
Shirts			12	24	24
Trench Coats				6	12
Collection B	1	2	3	4	5
# Tech Packs	6	7	8	10	10
Dresses	12	24	24	48	48
Tops	12	24	24	48	48
Skirts	12	24	24	48	48
Jackets		12	24	24	48
Pants				12	12
Shirts			12	24	24
Trench Coats				6	12
Collection C	1	2	3	4	5
# Tech Packs	6	7	9	10	10
Dresses	12	24	24	48	48
Tops	12	24	24	48	48
Skirts	12	24	24	48	48
Jackets		12	24	24	48
Pants			6	12	12
Shirts			12	24	24
Trench Coats				6	12
Collection D	1	2	3	4	5
# Tech Packs	6	7	9	10	10
Dresses	12	24	24	48	48
Tops	12	24	24	48	48
Skirts	12	24	24	48	48
Jackets		12	24	24	48
Pants			6	12	12
Shirts			12	24	24
Trench Coats				6	12

Annex 2: Five Years Sales Forecast

	0	1	2	3	4	5
Collection A		4,428.00 €	10,773.12 €	13,963.38 €	27,715.91 €	33,318.03 €
Average price		123.00 €	128.25 €	129.29 €	131.98 €	138.83 €
# units		36	84	108	210	240
Dresses		1,920.00 €	3,916.80 €	3,995.14 €	8,150.08 €	8,313.08 €
Unit price		160.00 €	163.20 €	166.46 €	169.79 €	173.19 €
# units		12	24	24	48	48
Tops		1,320.00 €	2,692.80 €	2,746.66 €	5,603.18 €	5,715.24 €
Unit price		110.00 €	112.20 €	114.44 €	116.73 €	119.07 €
# units		12	24	24	48	48
Skirts		1,188.00 €	2,423.52 €	2,471.99 €	5,042.86 €	5,143.72 €
Unit price 1st year		99.00 €	100.98 €	103.00 €	105.06 €	107.16 €
# units		12	24	24	48	48
Jackets		- €	1,740.00 €	3,549.60 €	3,620.59 €	7,386.01 €
Unit price			145.00 €	147.90 €	150.86 €	153.88 €
# units		0	12	24	24	48
Pants		- €	- €	- €	1,346.40 €	1,373.33 €
Unit price					112.20 €	114.44 €
# units		0	0	0	12	12
Shirts		- €	- €	1,200.00 €	2,692.80 €	2,746.66 €
Unit price				100.00 €	112.20 €	114.44 €
# units		0	0	12	24	24
Trench Coats		- €	- €	- €	1,260.00 €	2,640.00 €
Unit price					210.00 €	220.00 €
# units		0	0	0	6	12
Collection B		4,848.00 €	11,869.92 €	15,446.92 €	30,642.05 €	36,831.27 €
Average price		134.67 €	141.31 €	143.03 €	145.91 €	153.46 €
# units		36	84	108	210	240
Dresses		1,920.00 €	3,916.80 €	3,995.14 €	8,150.08 €	8,313.08 €
Unit price		160.00 €	163.20 €	166.46 €	169.79 €	173.19 €
# units		12	24	24	48	48
Tops		1,740.00 €	3,549.60 €	3,620.59 €	7,386.01 €	7,533.73 €
Unit price		145.00 €	147.90 €	150.86 €	153.88 €	156.95 €
# units		12	24	24	48	48
Skirts		1,188.00 €	2,423.52 €	2,471.99 €	5,042.86 €	5,143.72 €
Unit price		99.00 €	100.98 €	103.00 €	105.06 €	107.16 €
# units		12	24	24	48	48
Jackets		- €	1,980.00 €	4,039.20 €	4,119.98 €	8,404.77 €
Unit price			165.00 €	168.30 €	171.67 €	175.10 €
# units		0	12	24	24	48
Pants		- €	- €	- €	1,481.04 €	1,510.66 €
Unit price					123.42 €	125.89 €
# units		0	0	0	12	12
Shirts		- €	- €	1,320.00 €	2,962.08 €	3,021.32 €
Unit price				110.00 €	123.42 €	125.89 €
# units		0	0	12	24	24
Trench Coats		- €	- €	- €	1,500.00 €	2,904.00 €
Unit price					250.00 €	242.00 €
# units		0	0	0	6	12

	0	1	2	3	4	5
Collection C	4,848.00 €	11,869.92 €	16,106.92 €	30,238.13 €	36,575.28 €	
Average price	134.67 €	141.31 €	141.29 €	143.99 €	152.40 €	
# units	36	84	114	210	240	
Dresses	1,920.00 €	3,916.80 €	3,995.14 €	8,150.08 €	8,313.08 €	
Unit price	160.00 €	163.20 €	166.46 €	169.79 €	173.19 €	
# units	12	24	24	48	48	
Tops	1,740.00 €	3,549.60 €	3,620.59 €	7,386.01 €	7,533.73 €	
Unit price	145.00 €	147.90 €	150.86 €	153.88 €	156.95 €	
# units	12	24	24	48	48	
Skirts	1,188.00 €	2,423.52 €	2,471.99 €	5,042.86 €	5,143.72 €	
Unit price	99.00 €	100.98 €	103.00 €	105.06 €	107.16 €	
# units	12	24	24	48	48	
Jackets	- €	1,980.00 €	4,039.20 €	4,119.98 €	8,404.77 €	
Unit price		165.00 €	168.30 €	171.67 €	175.10 €	
# units	0	12	24	24	48	
Pants	- €	- €	660.00 €	1,346.40 €	1,373.33 €	
Unit price			110.00 €	112.20 €	114.44 €	
# units	0	0	6	12	12	
Shirts	- €	- €	1,320.00 €	2,692.80 €	2,746.66 €	
Unit price			110.00 €	112.20 €	114.44 €	
# units	0	0	12	24	24	
Trench Coats	- €	- €	- €	1,500.00 €	3,060.00 €	
Unit price				250.00 €	255.00 €	
# units	0	0	0	6	12	
Collection D	4,428.00 €	10,773.12 €	14,623.38 €	27,471.11 €	32,998.73 €	
Average price	123.00 €	125.46 €	127.97 €	130.53 €	133.14 €	
# units	36	84	114	210	240	
Dresses	1,920.00 €	3,916.80 €	3,995.14 €	8,150.08 €	8,313.08 €	
Unit price	160.00 €	163.20 €	166.46 €	169.79 €	173.19 €	
# units	12	24	24	48	48	
Tops	1,320.00 €	2,692.80 €	2,746.66 €	5,603.18 €	5,715.24 €	
Unit price	110.00 €	112.20 €	114.44 €	116.73 €	119.07 €	
# units	12	24	24	48	48	
Skirts	1,188.00 €	2,423.52 €	2,471.99 €	5,042.86 €	5,143.72 €	
Unit price	99.00 €	100.98 €	103.00 €	105.06 €	107.16 €	
# units	12	24	24	48	48	
Jackets	- €	1,740.00 €	3,549.60 €	3,620.59 €	7,386.01 €	
Unit price		145.00 €	147.90 €	150.86 €	153.88 €	
# units	0	12	24	24	48	
Pants	- €	- €	660.00 €	1,346.40 €	1,373.33 €	
Unit price			110.00 €	112.20 €	114.44 €	
# units	0	0	6	12	12	
Shirts	- €	- €	1,200.00 €	2,448.00 €	2,496.96 €	
Unit price			100.00 €	102.00 €	104.04 €	
# units	0	0	12	24	24	
Trench Coats	- €	- €	- €	1,260.00 €	2,570.40 €	
Unit price				210.00 €	214.20 €	
# units	0	0	0	6	12	

Annex 3: The Cost of Goods Sold

		0	1	2	3	4	5	
Collection A			1,832.40 €	4,361.11 €	5,719.29 €	11,343.25 €	13,222.99 €	
average price/unit			123.00 €	128.25 €	129.29 €	131.98 €	138.83 €	
# units			36	84	108	210	240	
cost/unit			50.90 €	51.92 €	52.96 €	54.02 €	55.10 €	
Unit Margin			58.6%	59.5%	59.0%	59.1%	60.3%	
Materials	%/unit	14.00%	17.22 €	619.92 €	1,475.41 €	1,934.89 €	3,837.54 €	4,473.48 €
Assembling	%/unit	16.00%	19.68 €	708.48 €	1,686.18 €	2,211.31 €	4,385.76 €	5,112.54 €
Packaging	€/unit	4.88%	6.00 €	216.00 €	514.08 €	674.18 €	1,337.12 €	1,558.70 €
Transport	€/unit	6.50%	8.00 €	288.00 €	685.44 €	898.91 €	1,782.83 €	2,078.27 €
Collection B			1,958.40 €	4,660.99 €	6,112.56 €	12,123.24 €	14,132.23 €	
average price/unit			134.67 €	141.31 €	143.03 €	145.91 €	153.46 €	
# units			36	84	108	210	240	
cost/unit			54.40 €	55.49 €	56.60 €	57.73 €	58.88 €	
Unit Margin			59.6%	60.7%	60.4%	60.4%	61.6%	
Materials	%/unit	14.00%	18.85 €	678.72 €	1,615.35 €	2,118.42 €	4,201.53 €	4,897.79 €
Assembling	%/unit	16.00%	21.55 €	775.68 €	1,846.12 €	2,421.05 €	4,801.75 €	5,597.47 €
Packaging	€/unit	4.46%	6.00 €	216.00 €	514.08 €	674.18 €	1,337.12 €	1,558.70 €
Transport	€/unit	5.94%	8.00 €	288.00 €	685.44 €	898.91 €	1,782.83 €	2,078.27 €
Collection C			1,958.40 €	4,660.99 €	6,452.14 €	12,123.24 €	14,132.23 €	
average price/unit			134.67 €	141.31 €	141.29 €	143.99 €	152.40 €	
# units			36	84	114	210	240	
cost/unit			54.40 €	55.49 €	56.60 €	57.73 €	58.88 €	
Unit Margin			59.6%	60.7%	59.9%	59.9%	61.4%	
Materials	%/unit	14.00%	18.85 €	678.72 €	1,615.35 €	2,236.11 €	4,201.53 €	4,897.79 €
Assembling	%/unit	16.00%	21.55 €	775.68 €	1,846.12 €	2,555.56 €	4,801.75 €	5,597.47 €
Packaging	€/unit	4.46%	6.00 €	216.00 €	514.08 €	711.63 €	1,337.12 €	1,558.70 €
Transport	€/unit	5.94%	8.00 €	288.00 €	685.44 €	948.84 €	1,782.83 €	2,078.27 €
Collection D			1,832.40 €	4,361.11 €	6,037.03 €	11,343.25 €	13,222.99 €	
average price/unit			123.00 €	125.46 €	127.97 €	130.53 €	133.14 €	
# units			36	84	114	210	240	
average cost/unit			50.90 €	51.92 €	52.96 €	54.02 €	55.10 €	
average Unit Margin			58.6%	58.6%	58.6%	58.6%	58.6%	
Materials	%/unit	14.00%	17.22 €	619.92 €	1,475.41 €	2,042.39 €	3,837.54 €	4,473.48 €
Assembling	%/unit	16.00%	19.68 €	708.48 €	1,686.18 €	2,334.16 €	4,385.76 €	5,112.54 €
Packaging	€/unit	4.88%	6.00 €	216.00 €	514.08 €	711.63 €	1,337.12 €	1,558.70 €
Transport	€/unit	6.50%	8.00 €	288.00 €	685.44 €	948.84 €	1,782.83 €	2,078.27 €

Annex 4: Other Operational and Structural Costs

Structure Costs	20,390.60 €	20,855.53 €	21,661.54 €	24,158.95 €	25,033.04 €
Marketing	4,170.60 €	4,254.01 €	4,640.60 €	6,708.44 €	7,233.53 €
<i>% of sales</i>	<i>22.5%</i>	<i>9.4%</i>	<i>7.7%</i>	<i>5.8%</i>	<i>5.2%</i>
Influencers	210.60 €	214.81 €	438.22 €	446.98 €	455.92 €
Collection A	50.90 €	51.92 €	105.91 €	108.03 €	110.19 €
<i>#units offered</i>	1	1	2	2	2
<i>average cost/unit</i>	50.90 €	51.92 €	52.96 €	54.02 €	55.10 €
Collection B	54.40 €	55.49 €	113.20 €	115.46 €	117.77 €
<i>#units offered</i>	1	1	2	2	2
<i>average cost/unit</i>	54.40 €	55.49 €	56.60 €	57.73 €	58.88 €
Collection C	54.40 €	55.49 €	113.20 €	115.46 €	117.77 €
<i>#units offered</i>	1	1	2	2	2
<i>average cost/unit</i>	54.40 €	55.49 €	56.60 €	57.73 €	58.88 €
Collection D	50.90 €	51.92 €	105.91 €	108.03 €	110.19 €
<i>#units offered</i>	1	1	2	2	2
<i>average cost/unit</i>	50.90 €	51.92 €	52.96 €	54.02 €	55.10 €
Presentation/Imagery	3,200.00 €	3,264.00 €	3,395.87 €	5,405.58 €	5,851.17 €
Collection A	800.00 €	816.00 €	848.97 €	1,351.39 €	1,462.79 €
<i>work days/collection</i>	2	2	2	3	3
<i>cost/day</i>	400.00 €	408.00 €	424.48 €	450.46 €	487.60 €
Collection B	800.00 €	816.00 €	848.97 €	1,351.39 €	1,462.79 €
<i>work days/collection</i>	2	2	2	3	3
<i>cost/day</i>	400.00 €	408.00 €	424.48 €	450.46 €	487.60 €
Collection C	800.00 €	816.00 €	848.97 €	1,351.39 €	1,462.79 €
<i>work days/collection</i>	2	2	2	3	3
<i>cost/day</i>	400.00 €	408.00 €	424.48 €	450.46 €	487.60 €
Collection D	800.00 €	816.00 €	848.97 €	1,351.39 €	1,462.79 €
<i>work days/collection</i>	2	2	2	3	3
<i>cost/day</i>	400.00 €	408.00 €	424.48 €	450.46 €	487.60 €
Google Ads	360.00 €	367.20 €	382.03 €	405.42 €	438.84 €
<i>Collection A</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
<i>Collection B</i>	<i>80.00 €</i>	<i>81.60 €</i>	<i>84.90 €</i>	<i>90.09 €</i>	<i>97.52 €</i>
<i>Collection C</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
<i>Collection D</i>	<i>80.00 €</i>	<i>81.60 €</i>	<i>84.90 €</i>	<i>90.09 €</i>	<i>97.52 €</i>
Social Media	400.00 €	408.00 €	424.48 €	450.46 €	487.60 €
<i>Collection A</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
<i>Collection B</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
<i>Collection C</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
<i>Collection D</i>	<i>100.00 €</i>	<i>102.00 €</i>	<i>106.12 €</i>	<i>112.62 €</i>	<i>121.90 €</i>
Design costs	336.00 €	399.84 €	495.23 €	594.28 €	606.16 €
<i>average cost per tech pack</i>	<i>14.00 €</i>	<i>14.28 €</i>	<i>14.57 €</i>	<i>14.86 €</i>	<i>15.15 €</i>
<i># tech packs</i>	24	28	34	40	40
<i>Collection A</i>	6	7	8	10	10
<i>Collection B</i>	6	7	8	10	10
<i>Collection C</i>	6	7	9	10	10
<i>Collection D</i>	6	7	9	10	10

Website (maintenance)	1,500.00 €	1,530.00 €	1,560.60 €	1,591.81 €	1,623.65 €
<i>Month</i>					
Utilities	1,200.00 €	1,224.00 €	1,248.48 €	1,273.45 €	1,298.92 €
<i>Month</i>					
Communications	600.00 €	612.00 €	624.24 €	636.72 €	649.46 €
<i>Month</i>					
Payroll	10,764.00 €	10,979.28 €	11,198.87 €	11,422.84 €	11,651.30 €
<i>Month</i>					
Accounting	1,620.00 €	1,652.40 €	1,685.45 €	1,719.16 €	1,753.54 €
<i>Month</i>					
Legal	1,275.00 €	204.00 €	208.08 €	212.24 €	216.49 €
<i>General Legal Costs</i>	200.00 €	204.00 €	208.08 €	212.24 €	216.49 €
<i>Company Registration</i>	365.00 €				
<i>Brand Registration</i>	710.00 €				
