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Executive summary

The Sevgi company's marketing plan will aim to reach the Inditex group stores and their customers. We will make a strong commitment to promoting our product on social networks and in direct contact with the Inditex group, in order to obtain greater adherence to our product.

Market research – Market analysis

Description / diagnosis of the company's situation

Market definition

Our market will be clothing chains with a special focus on the female audience and with physical stores that are of medium/high quality. We will work with brands that are accessible to the target audience, but that offer quality in the product they are selling. Our market will have as main company the Inditex group (*Industria de Diseño Textil SA*), which is composed of well-known brands such as Zara, Pull and Bear, Massimo Dutti and others, present in several countries around the world and has the characteristic of having this wide range of brands, it has the capacity and variety necessary to ensure the satisfaction of customer needs, covering all ages and financial conditions.

Market size

The Inditex group has the following brands, number of stores and values:

Brands	Nº of Stores	Brand value
Zara	2213	25,135 million dollars
Pull and Bear	973	1,700 million dollars
Massimo Dutti	765	2,831 million dollars
Bershka	1081	1,851 million dollars
Stradivarius	994	2,051 million dollars
Oysho	636	No data available
Lefties	127	No data available

<https://pt.wikipedia.org/wiki/Inditex>

The values presented by the Inditex group are seen as a potential for the growth of the *Stay Tuned* application and for the sale of mirrors, as the fashion image of each brand is distinct and is directed towards certain target market segments, which enhances the growth in the size of our market.

Industry structure, market share and trends

The industries comprise 4 structures:

- Emerging industries: the sector starts to develop and attract new companies;
- Fragmented industries: the sector is established, and there is a wide variety of companies with small market shares, which cannot influence the evolution of the industry;
- Concentrated industries: the sector is established, but unlike fragmented structures, some companies have very high market shares and together can influence the evolution of the industry;
- Declining industries: The sector faces a prolonged drop in sales and many companies exit the sector.

Thus, the Sevgi company is located in a concentrated industry, as it is an industry that has its sector established, but which can still evolve, given the technological advances.

In relation to market share, taking into account our target audience and the market we want to invest in, that is, the Inditex group stores and their customers, it is possible to predict a market share of 8% in Spain and in Portugal , a 7% share.

With regard to market trends, the Sevgi company and its application/mirror fit into the collaborative economy as it allows avoiding wasting resources such as time, space and money.

Business environment (microenvironment and macroenvironment)

Microenvironment

The micro environment is formed by all the components that are directly related to the company and that influence its success. The good cohesion between these elements causes a strong union and the performance of both evolves positively both in the short and medium-long term. The components of the microenvironment are customers, competitors, suppliers, etc.

- The main clients of the Sevgi company belong to the Inditex group, with emphasis on Zara, which is considered the most valuable brand in Spain. In marketing, the adopted strategy is important and customers are the fundamental aspect of the company. In this sense, the company (Inditex) operates in a broad market, as the group has several brands, with stores located in different countries, which represents a wide range of opportunities for business growth.
- With regard to the IT sector, our company's competitors at national level are SAS Institute Software, which is an analytical software company, whose mission is to give "intelligence" to company data so that they can decide more assertively, predict and anticipate events with the lowest possible risk and maximum optimization.

Macroenvironment

The analysis of the macroenvironment requires attention due to the constant evolution of the markets.

Politics: Politics has a strong influence on companies and on their growth or not. Politics in Portugal is somewhat stable, compared to some countries in Europe, although there are times of greater instability and there is a growth of nationalism and extreme right parties. The stability seen in Portuguese politics allows companies to grow.

In this sense, the main focus, as far as the market is concerned, is Spain. Politics in Spain presents some instability, with the fall of governments and the rise of the extreme right, and in 2021, in the autonomous elections in Madrid, the Popular Party managed to elect 65 deputies, more than all the leftist parties put together.

Therefore, it is important for the company to find out what difficulties it will face when working with a company based in Spain.

Economy:

Years	Credit scales		
	Total	Up to 1 million euros (inclusive)	Over 1 million euros
2003	5.04	6.18	3.89
2004	4.69	5.69	3.53
2005	4.86	5.75	3.74
2006	5.29	6.24	4.34
2007	6.07	7.05	5.24
2008	6.68	7.64	5.94
2009	4.77	5.71	3.84
2010	4.60	5.44	3.77
2011	6.09	6.90	5.34
2012	6.16	7.08	5.45
2013	5.52	6.39	4.98
2014	4.87	5.53	4.29
2015	3.80	4.21	3.27
2016	3.16	3.48	2.68
2017	2.73	3.10	2.21
2018	2.41	2.78	1.90
2019	2.28	2.59	1.85
2020	2.00	2.22	1.70

Sources/Entities: BP, PORDATA
Last updated: 2021-02-05

In Portugal, and as shown in the graph, interest rates have been decreasing, which indicates an incentive for companies to invest in improvement and innovation. In 2003, on average, the interest rate on companies was 5.04%, in 2020, the rate was only 2%.

Final consumption: total, public and private *per capita* (PPS)

Ratio

Years	Final consumption					
	Total		Public		Private	
	Spain	Portugal	Spain	Portugal	Spain	Portugal
2010	18,879.0	17,853.7	4,948.2	4,249.5	13,930.8	13,604.2
2019	Pro 21,554.6	s 19,765.0	Pro 5,289.0	s 4,121.7	Pro 16,265.6	s 15,643.3

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Final consumption: total, public and private *per capita* (PPS)

Data Sources: Eurostat | UN | NSI - Rapid, Joint,

Nowcast Data Collections

Eurostat | NSI - Annual National Accounts

Source: FORDATA

Last updated: 2021-03-03

As our market is mainly made up of Spain and Portugal, it is important to have data that reinforce the focus on these countries, such as data on final consumption, comparing the years 2010 and 2019, with a slight increase in consumption in both countries.

Society

Resident population, annual average: total and by age group

Years	Individual			
	Age groups			
	Total		25 - 49	
	Spain	Portugal	Spain	Portugal
2010	46,576,897	10,573,100	18,692,279	3,847,507
2019	47,134,837	10,286,263	16,520,912	3,373,178

Resident population, annual average: total and by age group
 Data Sources: Eurostat | UN | NSI - Rapid, Joint, Nowcast Data Collections
 Source: PORDATA
 Last updated: 2021-03-11

The Sevgi company will have Spain and Portugal as its main markets, and the target audience will be between 25 and 49 years old. Thus, and through the graph shown, our target population represents 35.1% of the population in Spain and 32.8% of the population in Portugal, thus providing a good market for investment.

Technology

Regarding technological factors, there is a growing adherence to this sector. Countries are increasingly betting on technology and components that offer personalized services. In Portugal, there has been a strong investment in this area and, taking into account that fashion is one of the sectors that generates high income, we can aim for a good adhesion to our product.

Analysis of competitors and consumers

As previously mentioned, the main competitor of the Sevgi company is SAS Institute Software, which is an analytical software company, whose mission is to give "intelligence" to the companies' data so that they can more assertively decide, predict and anticipate events with the lowest possible risk and maximum optimization. Although they do not participate in the Textile industry, and are not direct competitors of the company,

they may in the future develop applications similar to ours, as they are also included in the field of technology.

Stay Tuned application consumers will be objectively the Inditex group stores, initially in stores located in Spain and Portugal. In this sense, the main consumers of the application/mirror will be the female audience, as they are the largest consumers of clothing in the Inditex group stores, aged between 25 and 49 years.

Swot analysis

	Oportunities	Threats
	Evolution of the quality of the service and the product presented	Increased competition Cheaper services
Strengths International presence Presence in the technology sector Personalized service Concept that allows the company to reduce costs	Expand our product to other countries; Extend the product we offer to other markets, with different target audiences	Offer benefits that offset the economic investment
Weaknesses Rapid technological development	Present and develop new ideas at a technological level;	Improve service, update APP and mirror.

Target, Customers and Personas

The Target, Customers and Personas will be mostly female audiences aged between 25 and 49 years. The choice of this target audience is based on the fact that the female audience is a large share of fashion consumption because, as they are integrated into the labor market, they will be more willing to invest their money in clothing, which will generate more profits to the stores. This target audience is also upper-middle class women who have a hobby of watching fashion shows, going to renowned stores, etc.,

which will be beneficial to the company as they will be attracted by the personalized service and the desire to have direct access to the clothes used in fashion shows, without having very high costs.

Marketing plan objectives

The initial goal will be to reach the Inditex group stores located in Spain and Portugal. All Inditex group stores, whether Zara, Massimo Dutti, etc., must have access to the Stay Tuned application and the Mirror. If we manage to get good results, the next objective will be to expand to other countries, where the Inditex group has its stores. At a more advanced stage, the goal will be to reach other brands and stores.

Regarding the proposed deadlines, within 1 year, we intend to reach 50% of the stores located in Portugal and Spain, which will be a good indication of their adhesion. Within 2-3 years, the goal will be to reach 80 to 90% of the Inditex group stores located in these countries. At a more advanced stage, and bearing in mind that our ultimate goal will be to expand to other brands and countries, we propose to reach around 30% of the apparel market within 5 years.

With regard to the target number of customers, initially, considering only the Portuguese and Spanish market, the target number of customers to be reached will be 2.5 million.

The penetration rate represents the percentage of customers reached in relation to all potential customers in the market, and in this sense, taking into account that potential customers aged 25 to 49 make up a total of 19,894,090, the penetration rate will be of about 8%.

The sales volume we intend to obtain will be around 7000 stores in Portugal and Spain at an initial stage, which will represent a revenue of 161 thousand euros. After this initial phase, the objective will be to reach all the stores in Portugal and Spain and, subsequently, expand to stores located in other countries where the Inditex group is present.

Marketing strategy

In our marketing strategy, we will use the traditional 4Ps, which involves product, price, location and promotion.

The Product will be the Stay Tuned application and the Mirror, which are dependent on each other. The Product features state-of-the-art technology associated with fashion, something that customers have not yet enjoyed in the fashion market. The Product, in this case the mirror, does not present much variety in terms of size and colors as it is intended to remain neutral and in the right size so that the customer can have a realistic view of their body. In this way, the Product offers something that is not yet widespread in the fashion world, customers will have a realistic and real-time image of how a piece of clothing would look on their body, which colors favor it the most and thus, have the satisfaction of making sure the garment fits you and not wasting time trying on the garment in the store until you find the right size and colors, something that is often a negative point for frequent shoppers at clothing store.

Taking into account that the average price of creating an application is 13 thousand euros, the price of our product will be 23 thousand euros. Despite being a high price and requiring investment by the brands, it will be something that will bring economic benefits, such as reducing the expense of ordering garments that will have little output, etc.

Our distribution channel will be level 2, in which we design the application and the software used in the mirror. We will have a contractual system, with distribution franchising, which will be responsible for producing our product, in this case the mirror, and for its distribution to stores located in Portugal and Spain. It is important to mention that the brands that produce the items of clothing displayed in the stores are in charge of delivering the goods.

In relation to the promotion, the target audience we intend to attract is the customers of the Inditex group brands, as their adhesion to our product will show our customer that the investment made will bring economic benefits to their company. Our goals are linked to reaching our target audience, in this case the female audience aged between 25 and 49 years, with purchasing power and frequently in clothing stores. We intend to communicate our product, not only to our market, but also to our target audience, that is, we want not only the stores to get to know our product, but also the customers of these stores, as they will be an essential factor in the store's adhesion to the product. We

will promote the product through advertising, publicity, on social networks and through influencers, as these media are the ones that manage to reach a greater number of people and, with our target audience located at ages 25-49, ages that, in addition to consuming a lot of social networks, also have purchasing power, will be the essential points for the promotion of our product. It is important to mention that the product stands out for its specialized and differentiated experience because it has several mechanisms that make the customer experience different and make them feel that the product really offers them something enriching and the product has costs for our market, that is, , stores but has no cost to customers, which could be a factor for high adherence.

Action and Implementation programs

Regarding the implementation of marketing strategies, we will first adopt the Push strategy, as we will present our product to the intermediary, which in this case will be the Inditex group, which will present it to the end customer and, based on your adhesion, the intermediary will again seek the services and the producer's product.

That said, to reach the Inditex group, we will adopt the strategy of personal selling and public relations. In order for our market to be interested in our product, it is essential to have first-hand the experience of using it. Personal interaction and relationship building will be essential so that interest in the product grows and that there is an interest in evaluating customer adherence. Despite being a strategy that may have some costs, it will have benefits for the company as it is common for the market to adhere to products and services after having a personal and direct experience with what we offer. We will opt for digital marketing to attract customers of the Inditex group brands. Our goal is that customers gain interest in the product, which will lead to greater adhesion and thus, our market will see how advantageous to buy our product, therefore, it is essential that customers of these brands know the product.

We will make a strong bet on the reputation and interaction of our product, as we want both brands and their customers to know and be interested in the product. And, we will make ourselves known to the customer through social networks, advertising, etc., as our target audience has access to these media, which will generate more interest in the product and possibly more adhesion. The way we present ourselves to the public will aim to show the different experience they will have when interacting with the product. We

want it to be well established that they will have a diversified and specialized service, in order to improve your experience.

Marketing budget

As the Sevgi company is a recent company, it still does not have high revenues, which makes the available budget difficult, however, taking into account previous projects, we will have a marketing budget of 400 thousand euros. As will be shown in the table, we will make a strong commitment to advertising, digital ads and Distribution Channels (travel) and Sales Personnel.

<u>Revenue and costs</u>			
2019 and 2020 revenues	900 thousand euros	Total Available Budget	400 thousand euros
Costs			
Plan implementation costs	50 thousand euros		
Advertising/Digital Ads	150 thousand euros		
Management of social networks, emails and blogs (feedback).	25 thousand euros		
Distribution Channels (Travel) and Sales Personnel	100 thousand euros		
Events	25 thousand euros		

Controls

Finally, in order to assess the effects of our activities and the implemented Marketing program, we will carry out quarterly assessments of the audience reached and the sales made, that is, we will analyze the sales volume, or the market share, and the brand awareness. Thus, we can proceed, if necessary, to corrective measures, whether in our marketing plan or in our product, in order to satisfy the customer's needs.