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Teacher : Mario FRANCO

# Technological Entrepreneurship
# PART 1

**Student:** Ömer Cengiz
**Number**: 47124

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# CONTENT

## Entrepreneuria Idea

The Sevgi company sells clothing items from the fashion shows it organizes and has the IT section that created a Stay Tuned application that allows stores to access, in real time, the clothes used in the fashion shows, through a " mirror", in which the person can visualize the clothes and get a sense of how these clothes would look on themselves.

Through the "mirror" that will be displayed in stores, the application can obtain data on the clothes that were most seen and selected and thus return this data to the brand/store so that it can order the items that were most successful with customers.

Thus, the main function of the application is to give a different experience to the customer, as he has access to clothes used in "high fashion show" and can see if he likes to see such a piece, and the brand/store that can having a sense of what the public likes most, and still ordering only the pieces that you are sure will have an outlet and thus make a profit.

## Characterization Of The Firm

The Sevgi company is a recent company, with only 2 years. It aims to provide a personalized experience to brands/stores and the customer. It is a company focused on the technology sector and the fashion sector, in which it creates applications that facilitate access to fashion and enable a diversified experience for customers.

The Sevgi company created the *Stay Tuned* application that allows you to obtain statistical data on customer preferences. The application would be connected to the "mirror", displayed in stores, and would show all the pieces that were used in the most recent fashion shows, so the customer could select each piece and, through the mirror, see how the piece would look on itself, and it would give a score to the piece, in addition to that, the application has a functionality that, through an analysis of the customer's skin tone, selects the colors that best suit the customer.

Thus, the application would obtain the data from the customers' choices, estimating the parts that obtained the highest scores, that is, the application selects the parts that would have more output on the market, and the brand/store, when having this data, has a notion of the parts that would sell more and thus make a profit, because if the brand/store buys parts that have no outlet, it can result in a high loss, thus, the application offers a personalized service to the customer and to the brand/store.

The company's product is the "mirror", which has all the components necessary for the customer to have access to recent parts and a personalized experience, and the application, which obtains and provides statistical data on the parts that will generate more profit for the brand /store.

The Sevgi company is dedicated to the fashion and information technology sector, and aims to link these two sectors in order to provide a personalized experience to brands/stores.

# *Market study*

## *Sector's characterization*

The Sevgi company is part of the tertiary sector, as its main activities are IT and technology services.

## *Competition*

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.

## *Clients*

Our customers will be the clothing chains with a special focus on the female audience, as they are the largest consumers of clothing in the Inditex group stores, aged between 25 and 49 years, and 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.

As mentioned, 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.

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.

# Marketing Plan

## Products and Services

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.

## Politic of Price

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.

## Promotation

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.

### *Place*

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.

# *Strategy*

## *Mission*

The Sevgi company's mission is to be recognized as an important connection between the world of fashion and technology. We want to be known for integrating two fundamental aspects of today and doing it with efficiency and differentiation.

Our company was created with the objective of facilitating access to high fashion, making brands, even those that are not very "expensive", have direct access to the fashion shows. We want to provide a quality service to brands, showing that it is possible to have advantages when investing their money.

We want to provide objective and important data so that the brand can invest the money in the pieces that will have the most output, thus avoiding investing money in products that have no output, and that could generate loss of profit.

In addition, through our app, and in the selection of certain items/products, we are contributing to the environment, in the sense that we will not export unnecessary goods, only the essentials, and we will ensure that the means of transport is friendly to the environment.

The company operates mainly in the Fashion market segment, aiming to reach a portfolio of renowned clients/brands in this field. We intend to grow and develop new products that meet our customers' needs and facilitate access to the world of fashion.

## *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.

In the short term, that is, within 1 year we aim to reach 40% of stores in Spain and Portugal. If we manage to reach this first objective, it will be an indicator of good adhesion by the Inditex group and the customers of these stores.

Within 2-3 years, that is, in the medium term, we intend to reach 80 to 85% of the stores headquartered in this country. Despite being a high percentage, we consider the fact that the Inditex group is responsible for all stores in the Portuguese and Spanish market, that is, with the adhesion to our product, all stores will know what we will offer and it will be easier to reach this market, hence we set ourselves an ambitious goal.

In the long term, we intend to expand to other countries, where the Inditex group has headquartered stores, and reach other national and international brands. Our ambition is that the fashion market has knowledge about our product, and thus, we propose to reach 30% of the clothing market in 5 years.

*SWOT Analysis*

| | Oportunities | Threats |
|---|---|---|
| | Evolution of the quality of the service and the product presented | Increased competition<br><br>Cheaper services |
| **Strengths** | | |

| International presence | Expand our product to other countries; | Offer benefits that offset the economic investment |
|---|---|---|
| Presence in the technology sector | | |
| Personalized service | Extend the product we offer to other markets, with different target audiences | |
| Concept that allows the company to reduce costs | | |
| **Weaknesses** | Present and develop new ideas at a technological level; | Improve service, update APP and mirror. |
| Rapid technological development | | |

## *Type of Strategy*

### *Business strategy*

One of our business strategies is that it has cost advantages, that is, with the application, the brand can obtain data on the product that most appeals to the customer, and consequently, the product that will bring more profit to the company, and to the placing orders for the garments that our data showed the best results, will only invest in what will have more output, thus avoiding unnecessary expenses with garments that are not very pleasing to the customer and that will not bring profit.

### *Competitive advantage in differentiation*

Regarding the competitive advantage in differentiation, the Sevgi company, in addition to having in its database a wide range of quality clothing used in fashion shows, at a more affordable price, offers a differentiated service by using the mirror as a way of advertisement of garments.

In this way, and as it is something that is still not widely used in the fashion market, we will be offering a specialized and different service to the customer, thus giving us the advantage to be able to establish the value of the product, which in our case has the main focus in the Stay Tuned application and in the mirror because we will make profit through the application and the mirror.

### *Corporate-level strategy*

At the corporate level, the expansion strategy that we will adopt will be the market penetration strategy and the product extension strategy. We intend to increase the sales volume of our product in the market as we aim to reach around 80 to 85% of the Portuguese and Spanish market and around 30% of the international market, in this sense, if we have values higher than the initial targets, we will increase the volume of our sales so that we can reach the next goals in a shorter period than proposed and thus, we can increase our business volume.

As we aim to reach 30% of the international market within 5 years, if we obtain higher values in the Portuguese and Spanish market, this will allow us to aim to reach more than 30% of the international market.

In addition, we aim to develop new features and improve our product, seeking to address flaws that may exist in the application and improve, according to customer feedback, the application's features, in order to offer an effective and satisfactory experience. Through the analysis of our product and its success, we may also consider creating other products that, in the fashion world, support a diversified experience.

This strategy would be something to take into account based on technological developments and a new assessment of the market that we intend to establish.

Regarding the vertical integration strategy, our company does not intend to adopt the vertical upstream or downstream strategy, as we believe that it is not possible to adopt them.

We consider it important to adopt the related diversification strategy. We will aim to enter new businesses that allow us to improve our product in order to obtain greater customer satisfaction and share our resources and knowledge. Thus, we will be able to form alliances that will bring benefits to our company, both commercially and strategically.

We can enter new businesses, whether in the fashion world, or in others that make sense to share our product, or even create new products, in the technological line that are beneficial to different sectors.

With regard to restructuring strategies, based on the assessment that we will make of our business, within 1 year, we will, if we observe that we are not achieving the goals we set ourselves, we will adopt restructuring strategies, in this case, the sanitation strategy, in order to recover profitability.

On the other hand, we can look for other markets that we consider as potential customers, so as not to fall short of our goals.

Through the adoption of these strategies, we intend to obtain competitive advantages in the sector in which we operate, which will enable us to obtain profits above the average in this sector.

## *Final Remarks*

The work aims to show how we would put our business plan into practice. The entire plan was based on the study area, the product being the Stay Tuned application and the mirror. The creative part was considering two areas that, as a rule, are not interconnected, fashion and technology.

The purpose of this product would be to facilitate access to the garments used in the fashion shows and still have access, in a few seconds, to all the pieces, with different colors and sizes available so that the client has a sense of how the piece would be on your body, in a realistic way. The purpose of the mirror is actually to realistically show the body and how the piece will look, which allows the client to be able to decide which piece he/she likes the most.

In addition to worrying about the customer, we focus on Inditex group stores. We want to offer a product that, in addition to satisfying the customer's needs, will be beneficial to the store, as our product allows for a reduction in order expenses. This will represent an advantage in the market for our company because today, in addition to a concern with customer satisfaction, there is a growing concern with reducing costs and a concern with the environment because, with the selection of products that they will only have a way out, there is a reduction in the transport of these products, which in itself will contribute to combating climate change.

In this sense, our product presents itself as fundamental on three fronts, the customer, the store/brand and the environment.

The initial objective of the entire business plan is to cover the Portuguese and Spanish market, as they are neighboring countries and, as Spain is the headquarters of the Inditex group, this will be beneficial for the business and will be an advantage in terms of obtaining profits.

The long-term objective will be to expand into the international market, that is, reach the market outside Europe, such as Asia, North and South America.