

UBB EXPANSION PLAN: SPAIN

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Project of Master in International Management

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Executive summary

Just like the Portuguese saying “*who runs for fun does not get tired*”.

UBB, a textile merchandising brand for Universities has been founded by four friends in 2012. It all started when Rui and André noticed that in their university there was no official merchandising.

They saw a window of opportunity of bringing something new to the fore, which was an alternative for universities to have an official merchandising line without any monetary investment.

Since then UBB has been able to partner up with 6 Universities and 2 organization related to university students. Cool and with minimal design, associated with good customer service, good quality products, a consignment model (a different way of operating in this market) and passion for what they do has been the main drivers of UBB’s success.

This venture has been successful in Portugal. However, Portugal is a small market for a clothing brand to be sustainable so the team has decided to start the internationalization process. The chosen country for expansion is Spain because it is the closest country, with a much larger market, and it is a door for further expansion.

Based on the study conducted for Spain’s expansion, we can conclude that there is an opportunity to grow and become sustainable in a foreign country. All the assumptions were based on past experience.

Keywords: Entrepreneurship, internationalization, brand, merchandise

Sumário

Tal como o ditado Português “*Quem corre por gosto não cansa*”.

UBB, uma marca de *merchandising* têxtil para as Universidades foi fundada em 2012 por quatro amigos. Tudo começou quando eu e o Rui notámos que na nossa Universidade não havia *merchandising* oficial.

Eles notaram que havia uma janela de oportunidade de trazer algo de novo para a mesa que foi oferecer uma forma das Universidades terem uma linha oficial de *merchandising* sem ter de haver um investimento monetário.

Desde aí, a UBB conseguiu fechar parcerias com 6 Universidades e 2 organizações ligadas ao Mercado Universitário. Um *design* arrojado e simplista, associado com um bom atendimento ao cliente, produtos de boa qualidade, um modelo à consignação (uma forma diferente de fazer negócio neste mercado) e paixão pelo que fazem têm sido os principais fatores do sucesso da UBB.

A marca tem sido bem-sucedida em Portugal mas o mercado português é demasiado pequeno para uma empresa de personalização têxtil ter um crescimento sustentável e por isso a equipa decidiu começar o processo de internacionalização. O país escolhido para começar a expansão foi Espanha porque é o país mais próximo, tem um mercado maior e é uma porta para a continuação da expansão.

Com base no estudo conduzido da expansão para Espanha é-nos possível concluir que existe uma oportunidade de crescer e da marca se tornar sustentável num mercado estrangeiro. Todos os pressupostos foram feitos com base na experiência anterior.

Keywords: Entrepreneurship, internationalization, brand, merchandise

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Chapter 1- Introduction

Universal Brigade, Lda has a textile merchandise brand called UBB (University Brand Brigade). The company and brand were born in the 4th of July of 2012 in Lisbon by André Sousa, Jorge Fonseca, Rui Vilela and Filipe Pereira. The idea was born when two of the partners noticed that at ISCTE-IUL, there was no textile merchandising available. It was not the only case. Later on, they discovered why most Portuguese universities did not have textile merchandising. A key reason was that they lacked the financial resources to hold a stock of merchandising products, so UBB presented a new way of doing business, where universities did not have to make an ex-ante investment and would receive a percentage of each sale, the consignment model. Currently, UBB has got exclusivity contract with 6 Universities and is currently negotiating with new partners.

However, the Portuguese market is too small for this activity. Since the brand was born, internationalization and brand reference in this particular market niche has been one of the ultimate goals of the company. They will start by expanding to Spain and later to the rest of Europe.

Spain is a more attractive market than Portugal. Firstly, at least a third of all Universities in Spain sell textile merchandise and secondly, the market size is roughly five times bigger than the Portuguese. Another important factor which is that Spain is the country with more in-coming Erasmus students. These students are the favourite target for this type of products.

Throughout this Business Plan, the steps are described and divided in three main topics. Marketing plan explains how to reach potential university partners (consignment model), students and main problems to overcome (pricing strategy). The operational plan, describes all the production chain, all the assets needed for internationalization, the staffing plan and start-up costs of each university. Finally, last but not least, the financial plan presents all the financial resources needed to put the plan working.

The purpose of this Business Plan is to show if internationalization is possible and if it is, how should the company act in order to have a successful expansion in Spain.

To answer this purpose of this business plan two questions have been addressed:

- i. Is there a market for this type of product?
- ii. Is university merchandising a trend well accepted in Spanish Universities?

Chapter 2- Literature review

Entrepreneurship has been a subject which has been developed and studied by several academics. They suggested an entrepreneurship as the process of filling in the market gaps based on opportunities, whereas these two components (the entrepreneur and the opportunity) are independent of each other. . Y. Sarason et al (2005), suggests another perspective in which the authors apply the Structuration theory, developed by the socialist Anthony Giddens, to the study of entrepreneurship.

Y. Sarason et al. (2005) suggest the entrepreneurship should not be labelled as the process of filling in the market gaps. Instead it should be seen as the process of the entrepreneur acting upon the sources of opportunities. Entrepreneurs look at the opportunities and build their ventures on a unique perspective around their idiosyncratic interpretations. Entrepreneurial opportunities are related, dependently, to the entrepreneur and he does not exist out of the opportunity structural context.

There are several types of entrepreneurs. In this case, the team members are considered nascent entrepreneurs. According to Timmons J. et al, (Business plans that work, 2011: 4-5) nascent entrepreneurs are the individuals who are taking steps towards launching a business but do not have capital, yet pay a salary to themselves or anyone else within the organization. The authors also enhance the fact that it is not easy to be an entrepreneur. It requires determination and passion to raise the capital required. His goals, normally include, building long-term value, expansion and durable cash-flow stream.

In order to launch a successful business, one of the most important features is to have a Team. Team is the most important thing in any company and when presenting a Business Plan, the most important section of a Business Plan for an investor is the team. John Doerr (1997), a successful venture capitalist of the US, in an interview to FastCompany, a Business magazine stresses out the importance of the team members and the team itself as a whole. “There is plenty of technology, plenty of entrepreneurs, (..) What is in short supply is great teams. (..) I always turn to the biographies of the team first. For me, it’s team, team, team.”

After assembling a team, it is time to plan. Business planning process will help teams save time and money, understand obstacles and compress knowledge curves, making it easier for teams to convert from nascent entrepreneurs to business owners. A business plan is a useful tool

for understanding potential risks and payoff of the specific opportunity. (Timmons, J. et al., 2011).

To build a great Business Plan, Timmons. J, developed a model built on these basis:

- Is it opportunity driven
- Is it driven by a lead entrepreneur and a entrepreneurial team
- Is it resource parsimonious and creative
- It depends on the fit and balance among these
- Is it integrated and holistic
- Is it sustainable

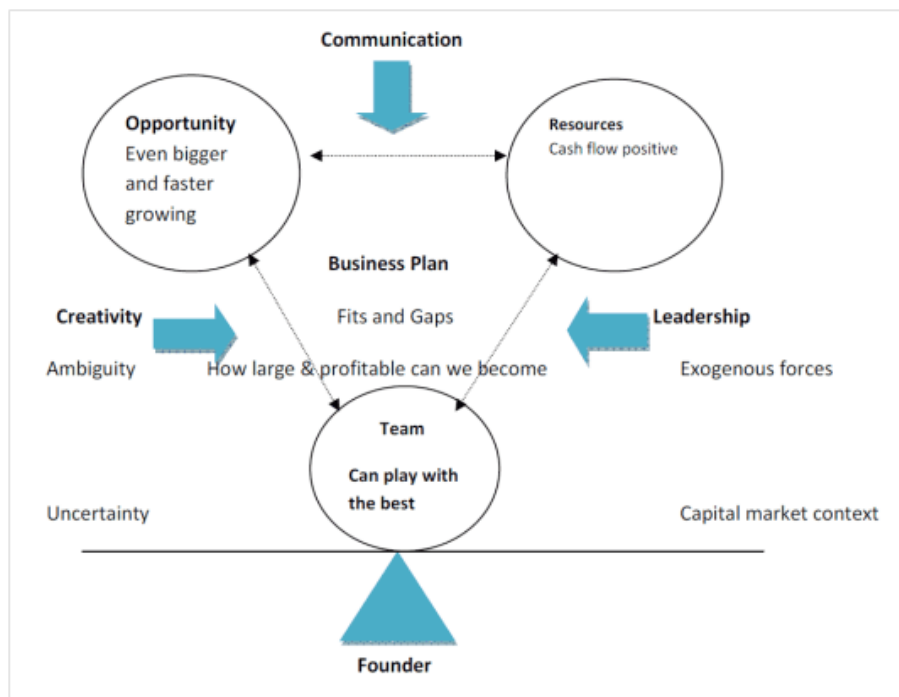


Figure i- Timmons model¹

Internationalization or expansion is one of the prime goals of any entrepreneurial team, just as it was referred before.

It is important to refer the importance of knowledge in small companies. Nowadays, with the development of technology, young firms are more capable of acquiring the knowledge needed about an international business. (Gary A Knight¹ and S Tamar Cavusgil, 2004). According to

¹Source: Jeffry A. Timmons, Andrew Zacharakis, and Stephen Spinelli, Business plans that work: A guide for small business (McGraw Hill, 2011), 17.

Costa e Silva et al. (2013: 146), “as firms internationalize, they are learning about their markets (first-hand knowledge) and frequently this occurs through their business networks (second-hand knowledge). As firms internationalize, they develop relationship and experience and through both they acquire the necessary knowledge to internationalize.” By this, engaging internationalization, it facilitates further knowledge absorption.

An early internationalization can enhance substantial benefits when talking about knowledge acquisition regarding international markets and how to be successful there. The study conducted concluded that born globals are more likely to be formed by entrepreneurs who seek foreign ventures with a solid and strong marketing orientation. Most of these born-global have got less resources than an average MNE and so tend to leverage them, concentrating in unique products with a strong quality focus to disrupt the new markets. (Gary A Knight¹ and S Tamar Cavusgil, 2004)

Managers at a born global should have a global vision in order to implement the correct strategy and organizational culture, which can enable an early adoption of internationalization and success in a broad range of foreign markets. (Gary A Knight¹ and S Tamar Cavusgil, 2004)

Another important factor to bear in mind besides having a global mindset is to seek information about the new market the firm is interested in expanding to. This factor, information, can be collected through International Trade Fairs (ITFs). ITFs are “those events that individuals, firms, and organizations attend temporarily to exhibit and trade products in foreign and national markets (Palumbo, O’Hara, and Herbig 1998)”. The reason why Business owners, managers and other professionals travel to ITF is to gather information, place orders and find solutions for their problems (M. Ramírez-Pasillas, 2010).

Pricing strategy is one of the most important components to have in consideration when launching a product. According to Ellickson et al. (2005: 751) a retailer company can implement two types of pricing strategy: PROMO (Promotional) or EDLP (everyday Low prices). The pricing strategy has to be in accord with the perceived value that the firm wants the consumers to have about their products.

After the implementation of the pricing strategy, the firm needs to know which target inside the niche market should be approached in a first stage. The firm has to use the fact that in the beginning when entering a new market, its purchases in the beginning will be impulsive: impulsive purchase strategy. Impulsive purchase behaviour was described by Beatty and Ferrel

(2008) as “sudden and immediate purchase with no pre-shopping intentions to buy the specific product category or to fulfil a specific buying task”.

The impulsive purchase can be a helpful tip when entering a new university because according to Chen-Yueh Chen et al. (2013), the social factor has a positive influence in impulsive purchasing behaviour in the team licensed merchandising. Moreover, high-cohesiveness between peers has a positive relation with the purchase of this type of products.

For a sustainable firm growth and successful internationalization, brand reputation is crucial. A brand is a set of systems of functional and emotional values (M. Vernuccio 2014).

This brand reputation can be built through various channels. One of the most used channels nowadays is social media. Social media are new platforms of digital communication with participative and social characteristics which increase interaction between companies, customers and stakeholders. (M. Vernuccio 2014). The reason why a firm only present online, through an institutional website is not enough, is because it is easier to reach consumers with social media and it is crucial for any firm to find a way for interaction with the consumers. (Annie Tsai, 2014). According to comScore (2011), social networking has been ranked as the most used category worldwide with a percentage of 19% of the time spent online. It is important to add the importance of blogs for companies' communication strategy. These two categories (Blogs and social media platforms represent a capacity of reach of 60% of active internet users (M. Vernuccio, 2014).

If a company is present online through social media in international markets, it is important to refer to the importance of e-commerce platforms because transaction of goods through Internet is becoming more and more common. E-commerce is an innovative way of doing business using technological advances related to the internet. It brings advantages such as savings (communication costs, costs of collecting information, labour costs, etc) and growth (access increase to more clients which can lead to an increase of business transactions). E-commerce also led to the creation of demand for certain products or services that before did not exist. (S. Georgievska 2013)

A vital part of any successful internationalization is the supply chain. Nowadays, with the increase in competitiveness and markets internationalization, a firm needs to have the ability to adapt faster and better by maintaining an efficient information system along with a flexible

supply chain management system capable of satisfying the customers (Hui-Ming Wee et al. 2010).

Consignment stock inventory is becoming more popular among companies to better manage waste and sunk costs in inventory. D. Battini et al. (2010) describes the consignment stock inventory as a supply chain model in which the most important factor is the flow of information between partners. The vendor manages stock until the buyers withdraw all of it, helping to manage more efficient production. If the consignment stock inventory is well implemented, it brings economical and logistical benefits for partners and suppliers (D. Battini et al, 2010).

To have a consignment stock inventory system working, it is important to have a good supply chain management. The objective is to have the best product available to consumers in the shortest time possible and reducing waste (for partners and firms). JIT is a pull system of production which enables manufacturers to start when an order is made from the customer. A demand-pull system a firm to produce an exact quantity of goods in a precise timeframe. Thus keeping to a minimum any waste. (Lim Cai Qi and Shahryar Sorooshian 2013). For a successful implementation, the company has to have closed and stable suppliers and the relationships with suppliers needs to be based on trust (Lim Cai Qi and Shahryar Sorooshian 2013).

The supply chain needs to be fast and flexible enough to satisfy all consumer's needs, so companies focus their efforts in their core capabilities and outsource the rest of the activities. Outsourcing means to allocate non-core activities to a third party (Overby S. 2007).

There are four factors currently pushing companies to outsource. First, demand is doubling every 14 to 16 years. Second, the supply of specific knowledge workers, have been dramatically increasing, increasing competition among themselves and decreasing costs and risks in adopting outsourcing. Third, with the internet, the interaction capabilities have grown between all peers. Fourth, with a relaxation of many national and international trade barriers and lower capital investments needed, entrepreneurs in a worldwide perspective have incentives to develop and exploit the advances in knowledge (Quinn, J, 2000).

Besides these factors, the reason why companies are resorting to outsourcing is because it reduces capital, labour and liability exposure (Cox 1998). The advantages of using outsourcing are a better supplier management in terms of supplier capability and supplier guidance giving better managerial insights to managers about the supplier management (Hui-Ming Wee et al. 2010).

Chapter 3- Methodology

UBB, a brand created by Universal Brigade, Lda, has been growing in Portugal and is looking forward to grow and expand to other countries. The country chosen to start expansion was Spain because of the geographical and language proximity. The niche market targeted by the brand is university students with ages in between 18 and 25 and institutions itself.

The methodology used for this Business plan is data mining. “Data mining is the application of specific algorithms for extracting patterns from data.” (Fayyad et al., 1996).

It is important to outline the importance of analysing macroeconomic factors between the two countries to have a big picture. The data will be taken from CIA.GOV.

The framework used to build this business plan will be “Business Plan that work” by Zacharakis, A et al (2011) and “Business Plan for a Startup Business” provided by SCORE (score.org).

This framework is divided in: Industry analysis (Promotional gifts and University), general company description, marketing plan, operational plan, critical risks and financial plan.

For each section, the information collection is different.

For the promotional gifts industry, information collection will be made by contacting the Portuguese Business Council present in Spain. The main way to collect it will be by email and Internet search (keywords: empresas de regalos promocionales).

With the university industry, two sources of information will be used. Secondary data will be gathered through Ministerio de Educación, Cultura y Deporte of Spain website. For primary data, online interviews will be done to the shop owners to understand better if the product is fitted to the market niche.

All information displayed in the Marketing Plan, Operational Plan and Financial Plan will be provided by the company. To collect it, meetings with the co-founders will be needed to know which assumptions are made by them based on their past experience. This knowledge will be interpreted based data provided about the sales volume, time operating in the market, the customer profile, client retention and percentage purchase rate of students.

Chapter 4- UBB, a textile merchandising brand for university students

“That is a good idea. Should we continue it?”

It all started in the academic year of 2010/2011. André Henderson Sousa and Rui Miguel Marques Vilela were classmates at ISCTE-IUL and they were at the time in the second year of university currently studying Management in English. All incoming students from the students exchange program Erasmus would be in their class.

At the time, three Erasmus students, Rick, Jens and Maximilian noticed that there was no official merchandising sold at ISCTE. All the Erasmus students were interested in taking a piece of physical evidence of their stay in the university. They gathered some money from friends, including Rui and André and went to a promotional gift shop and stamped ISCTE-IUL logo on a hoodie. Each hoodie cost 25 euros, the quality was not the best but it was still pretty nice. Everyone was asking Rui and André where they got the hoodie and wanted one, even at 25 euros.

In January of 2011, Jen’s, their closest Erasmus friend, then suggested: “Hey guys, this is a pretty cool idea we have started. Why don’t you continue with it when we have gone?” They thought it was a good idea.

In the Spring Semester (February 2011), they started looking at companies who did this type of work and Rui, who had connections to the music world, knew the company who supplied this type of products that bands sold at concerts. They contacted that company.

For the idea to proceed, the two students needed to raise money. They started it with a Facebook event, inviting ISCTE students they knew.



Figure ii- Facebook event picture

This was the first picture used to promote ISCTE-IUL hoodie.

To obtain the seed financing, private messages were sent to the interested indicating the

amount (10 euros upfront and 7 euros when the product was delivered) and the location. The money was collected in phases because money was scarce and it could be too risky to order without knowing the actual demand of this product.

The next week, the client students met in a classroom (E104) and those willing to make an order paid 10 euros each. It was a surprise for them when all the orders collected were counted. 100 items sold in just 2 days. They reached 100 items in just 2 days and knew it was an opportunity they could not turn their backs to.

Three weeks after, all the material was distributed and they did 700 euros net in just one week.

People continued asking them when there would be more. They got popular in just one week. Teachers were asking students how they got their hoodies and warned them that what they were doing was illegal. No permission was asked to use ISCTE-IUL logo.

The teachers thought it was a good idea but decided to tell the Rector what was going on. A rumour started circulating and their friends told them that if they continued doing it they would have legal problems. So, Rui and André decided to ask for an interview with the Rector Professor Luís Recto. They got out of the office with a warning not to do it again, unless they sought permission first.

Thing calmed down however, they still thought it was a golden opportunity to do something for the students.

One day, an event called “Ignite”, a popular concept of business presentation was taking place at ISCTE. Filipe Pereira, André’s flatmate and him attended. After the inspiration from the presentations, they discussed several ideas which were interesting for the development of the project. Filipe was a finance guy and knew how to work with numbers and so André decided to ask Rui if he would accept to join the team. Filipe was then integrated in the project.

Later on, Jorge Miguel da Costa Fonseca, who at the time had a clothing brand called “BUBU” (<https://twitter.com/wearBubu>) wanted to meet them because he thought the idea was also a good opportunity.

Jorge Fonseca (May 2011):” *That is an excellent idea! Why didn’t I come up with it first? I could have just stolen your idea but instead I decided to talk to you because I would like to join your team.*”

They thought it was fantastic because Jorge had some skills developed in the clothing

industry that they did not possess. Jorge joined the team, bringing with him Miguel Abreu, designer of BUBU.

The next semester (September 2011), Rui went to Sweden in Erasmus and André, since it was his last year of the bachelor degree, he was concentrated in the studies. In the second semester of the same year (January 2012), André went also to Sweden in Erasmus and the activity slowed down.

When André and Rui came back, the four team members met to design a business plan. Upon completion of the business plan they decided to ask for a second meeting with the ISCTE-IUL rector again. It took two weeks until they finally were allowed to have a 5 minutes meeting.

In the meeting, they came up at the time with the consignment business model, so that ISCTE would not have to invest in merchandising. The rector appreciated the idea however he decided that ISCTE-IUL would only sign any exclusivity contract with a business entity.

The turn down

On the 4th of July of 2012, the company called Universal Brigade, Lda was created. The week after, they went to sign the contract with ISCTE-IUL but nothing was decided by that day.

Weeks passed by and they finally received an answer from ISCTE-IUL. The answer was no because ISCTE had already developed a strategy for their own merchandise line.

“Maybe we should just give up and continue studying” (UBB team members, 2012)

. The four friends sat down and talked for a while. They were close of giving up and following their own paths but then Jorge says: *“Come on guys! There are plenty more universities around and most of them do not even have an official clothing line. We can do it. We just need to focus, cheer up and start looking for more”*. They did not give up and thought of other ways of bringing this product to other students.

Lesson nr.1

Do not give up. Look for other solutions to overcome obstacles. It is possible to approach a potential partner through other ways. In ISCTE-IUL’s case, it is possible to close deal with other departments such as ISCTE Business-school and INDEG, and student organizations such as Student’s Union and student’s corps, or become the university’s supplier of textile merchandise.

The next months, they made hundreds of phone calls, sent numerous emails until they finally signed the first contract. It was in November of 2012. Universidade Autónoma de Lisboa (UAL) was their first partner university.

Before that, another thing they have noticed were student Unions and student course reps (núcleos de estudantes as in Portuguese) also bought a lot of merchandise and it was an attractive sales channel. The first big sale was a thousand t-shirts for Universidade Portucalense da Porto. It was a long night before delivering the product. They were up all night helping Jorge's aunt and Rui's mother labelling t-shirts. The day after, Jorge and André, grabbed Jorge's jeep and did a long trip to Oporto just to deliver the merchandising. This all happened in the first days of September 2012.

“You didn't need to come to Oporto just to deliver the product but anyway thanks! The t-shirts are wonderful” said Cláudia Carvalho (2012), responsible for the Marketing Department of the university.

In October/November 2012, Filipe Pereira decided to leave the company to pursue his studies at ISCTE-IUL in the master of Finance.

Things were going great, sales were boosting up but they still needed more. They continued contacting more Universities and student unions. By March of 2013, UBB was selling its products at UAL, ISEG and with the students union of Universidade Lusíada de Lisboa.

This last one turned out to be their biggest mistake until then. They invested too much in merchandise. It was impossible to sell most of the products.

Lesson nr. 2

Collect as much information possible before entering a new market. In this case, the students union from Universidade Lusíada de Lisboa gave them the idea from their insights that this type of product would obtain a much larger demand.

By May 2013, they set an agreement with Faculdade de Direito of Universidade de Lisboa (FDUL). It was their biggest partner and the easiest to work with because of the collaboration of the student union of FDUL. The reason for the success at FDUL was the communication between partners.

Months passed by, sales in partner Universities were increasing and more external orders

were coming in.

Lisbon however was not a large enough market. They decided to bring UBB to more cities. Coimbra was still out of reach because of the lobbies present within the Universities niche. The team went after Oporto universities.

In October of 2013, Jorge and André decided to seek Portuguese manufacturers in Braga to reduce costs. The Portuguese textile industry is one of the best in the world and all the companies are concentrated around Braga and Guimarães. They did some contacting with some clothing suppliers but there was one problem: volume! However, they were able to work with one company and thus learnt another lesson.

Lesson nr 3

Working with textile suppliers can be a fraught with surprises. In this case, the supplying company we worked with was “XYZC”, a brand created by the son of the owner of a textile production company called “XYCC”, a well settled company in the market for more than 30 years. UBB ordered three times from then. The first two nothing went wrong however the third one was a disaster. The printing of the logo was substandard and in spite of UBB’s complaints they refused to find a solution. All the material was ruined because of the printing and they did not want to accept responsibility. The lesson taken was not to work with a company who had no customer service.

The 4th university to partner up with was the Escola Superior Artística do Porto (ESAP). Things were different this time. ESAP collected all the money and sizes of the people interested and UBB produced more than the actual demand just in case more people would be interested after.

Lesson nr. 4

Consignment model can be beneficial for the vendor since no investment is done but another problem arose. Since they did not have to invest, all the risk was taken from them, translating into a smaller profit sharing. The positive externality of the university was not always considered enough. The lesson taken from their past experience is that commitment only happens when somebody has something to lose.

For the rest of the signed contacts, this selling technique was used.

As with each lesson they learnt, there is always going to be problems with trust and communication. One university stopped answering emails, phone calls and messages. André went there to see what was happening and to his surprise, he discovered that most of the merchandise had disappeared. André removed the rest of the goods for fear of further theft and until this day UBB is waiting for payment owed from the missing merchandise.

Moving forward, they decided to send a challenge to people to join them as collaborators. The main targets were students. They are currently working together with collaborators to increase sales. These collaborators have been chosen because of their entrepreneurial mind-set. Since UBB still has not got enough money to pay them a full-time wage, they earn a percentage of each sale closed. The collaborators are scattered around the country, being present even in the Azores.

Right now they have 8 partnerships with Universities and organizations related to University Students such as Associação ESN Lisboa and 5 potential partnerships are being negotiated including Instituto Politécnico de Lisboa with a universe of 10,000 students and 6 faculties.

Company General Description

Value proposition

“University Brand Brigade”, a new way of doing business for Universities.

Since UBB was founded, the mission has been "We came to make you proud. We prolong the Good memories lived in university". This began by stamping the University logo on hoodies. Now they realize students want value for their money. Students are not going to buy garments that are not good quality and attractive to the eye. Universities are also struggling with financial issues and with UBB, universities can afford to have an official textile merchandising line with no monetary investment.

UBB as a brand has a reputation it wants to continue to uphold.

Most companies operating in this market are price oriented. UBB, in the short-run, will not be able to compete directly with most of its indirect competition because of the prices achieved by volume, so the company decided to do it other way around. Instead of competing through price, it decided to focus on quality, customer service and in the consignment business model.

Goals

UBB's objective is to be a worldwide reference in the university textile merchandise, representing the pride and quality of higher education.

Vision

To represent the most prestigious universities internationally.

Products and services

All products sold are imported. The company does not have enough volume to have competitive prices with Portuguese manufacturers when compared with import. UBB focuses to bring the best quality products at an affordable price, so all products are tested by them and their partners before entering the market. These products are adapted from University to University. The standard products are Hoodies, Sweatshirts, T-shirts, Polo's and Varsity Jackets. The brand has more products available but these can only be ordered if paid up-front. For more detailed information about our products, check the attachments.

Services UBB provides are:

Design- An important part of the brand reputation is design. All designs are done in-house by the company's designer Miguel Abreu. His style is described as minimalist and clean. When a contract is signed, design is included. Every year, design is changed in order to increase sales. If a customer, who is not a partner, is interested in this service, the price is 150 euros+VAT.

Delivery- This service is outsourced to two different companies, GLS and TNT Express. Depending on the size of the order, one or the other is chosen. In the consignment model, all transportation costs are supported by UBB. In normal orders, the delivery costs are charged to the customer and it varies with the size of the order.

Warranty- When any product has a defect such as a hole or dye coming out with the first wash, the consumer has the right return the product to the partner University and take another without a defect. In other cases, the money of the defected items is returned to the customer.

Follow-up- Most of UBB Partner Universities are helped in terms of promotion through UBB's website. UBB mainly promotes special events such as parties and conferences happening in partner's premises. UBB also maintains a data base with student emails to which the company sends monthly newsletters about UBB's new products and special promotions.

Another follow-up service included in the contract is UBB helps selling the products by appearing with a stand to promote and sell products in a partner University.

Screen printing- This is where they focus their efforts. Just like design, screen printing is part of their differentiation strategy, considering quality as a core competency. The stamping technique used by their supplier, with whom they have built a business and personal relation, is serigraphy. This technique is mainly used in Hoodies, Sweatshirts and T-shirts and it is the oldest

printing technique in textiles. It consists on layers of paint, one at the time, which pass through a screen (for each colour, you need a different screen), passing directly to the garment. The feature of this type of technique is a durable thick layer of paint (if it is a good screen printer).

Embroidery- Embroidery is a technique used to decorate fabrics using a needle and a thread or yarn. In UBB's case is mainly used in Polo's and Varsity Jackets. They are currently working with a Portuguese firm with whom they have a good business relationship. When a contract is signed, all costs related to sample and the canvas opening are supported by UBB. If a customer is interested in buying a product with embroidery, all costs described before are charged to the customer.

Expansion and internationalization

In Portugal

In order to thrive in this market, UBB is obliged to continue closing contracts with Universities because each University market tend to stagnate quickly. As it was referred before, they are currently negotiating with 5 Universities in Portuguese territory. However it is not enough. For brand survival, internationalization is a must because, at this rate, the Portuguese market will stagnate in around 2 to 3 years.

Internationalization

Nowadays, any company to be successful and to continue growing needs have certain mind-set towards expansion. Since the beginning of UBB, the team has always been looking forward for internationalization. Portugal, as a whole, is a very small country and difficult market to cultivate. They have been able to settle in the Portuguese market but this particular niche is not expressive when compared to other European markets.

They have worked with Spanish companies and two hotels based in London through direct sales but it is still not expressive when compared to other revenue streams.

The reasons why it was chosen to start with the Spanish market are the fact that it is bigger and closer market, with cultural similarities and lower investment risk when compared to other countries. (Distribution costs are much lower when compared to any other country in Europe). In terms of the educational system, 29 European countries² are organized based on the Bologna Accords.

² Data available at: <http://www.eua.be/eua-work-and-policy-area/building-the-european-higher-education-area/bologna-basics.aspx>

Comparison Portugal and Spain

Demographic data



Figure iii- Portugal and Spain

Portugal³:

Area: 92,090 sq. km

Language: Portuguese

Population: 10,813,834 (July 2014)

Population growth rate: 0.12% (2014)

Population concentration: Lisbon 2.843 million; Porto 1.367 million (2011)

Spain: ⁴

Area: 505,370 sq. km

Language: Castilian Spanish (official) 74%, Catalan 17%, Galician 7%, and Basque 2%

Population: 47,737,941 (July 2014)

Population growth rate: 0.81% (2014)

Population concentration: Madrid 6.574 million; Barcelona 5.57 million; Valencia 797,000 (2011)

³ Data available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/po.html>

⁴ Data available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/sp.html>

University Data

Portugal

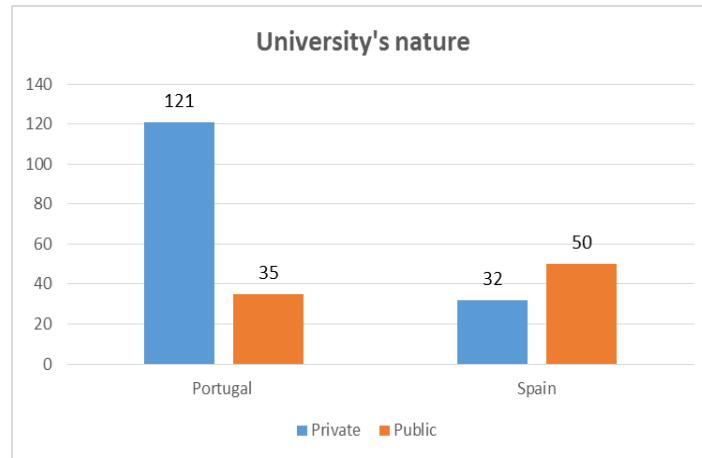


Figure iv- Nature of Universities in Portugal and Spain⁵

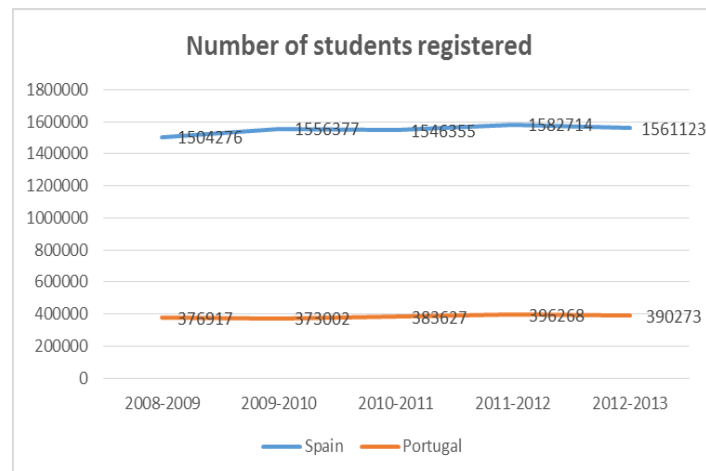


Figure v- Comparison of number of university students 2008-2013⁶

As in Portugal, Spain has Private and Public institutions. In 2014, regarding the total number of institutions it is noticeable the difference between the two countries. In terms of total number of universities, Portugal, being a smaller country has more 74 institutions than Spain but Spain has more public establishments than Portugal, 50 against 35.

⁵ Data available at: Portugal- <http://www.dges.mctes.pt/DGES/pt/Estudantes/Rede/Ensino+Superior/Estabelecimentos/Rede+P%C3%BAblica/> Spain- report "Datos básicos del Sistema Universitario Español. Curso 2013/2014."

⁶ Data available at: Portugal- <http://www.pordata.pt/Portugal/Alunos+matriculados+no+ensino+superior+total+e+por+sexo-1048/> Spain- report "Datos básicos del Sistema Universitario Español. Curso": 08/09, 09/10, 10/11, 11/12, 12/13, 13/14

In the academic year 2012-2013, Spain when compared to Portugal, has between 4 to 5 times more students.

Over the past 5 years, the number of students entering has stagnated in both countries, having a slight variation year over year with a tendency to decrease in the last year of data.

The majority of the student's population is concentrated in the biggest cities in Spain (Madrid and Barcelona).

In terms of students' concentration per University, in the academic year 2012-2013, Portugal has 2462 students per University, when Spanish universities have an average of 18905 students. This means, if UBB is capable of closing a contract with a University, the target is close to 9 times more.

University market in Spain

According to the Spanish Ministry of education, culture and sports, the total number of students studying in higher education programmes in 2012-2013 was 1561123⁷.

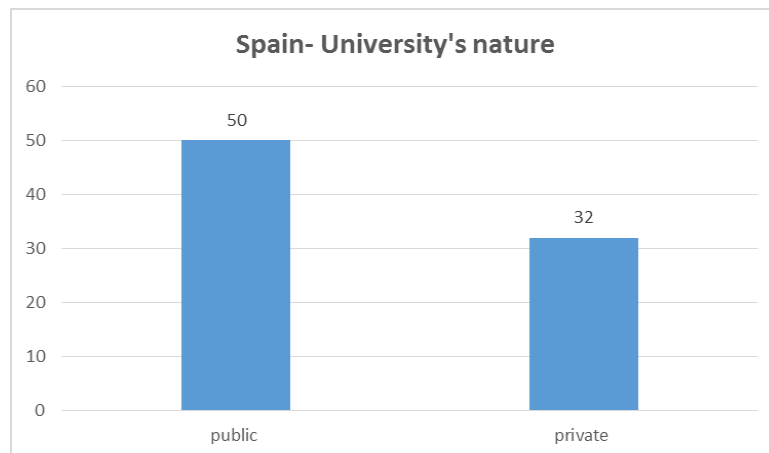


Figure vi- Nature of universities⁸

From the chart is visible that the majority of universities in Spain have a Public nature. The most prestigious universities are public as well as the most numerous.

Universities	Number of students
Universidade Nacional de Educación a Distancia	217266

⁷ Data available at: Datos Básicos del sistema universitario Español. Curso 2013/2014, 8

⁸ Data available at: Datos Básicos del sistema universitario Español. Curso 2013/2014, 5

Universitat de Barcelona	91656
Universidad Complutense de Madrid	85000
Universidad de Sevilla	62573
Universitat Oberta de Catalunya	56787
Universidad de Granada	56343
Universitat de València	50421
Universitat Autònoma de Barcelona	42741
Universidad del País Vasco / Euskal Herriko Unibertsitatea	42026
Universidad Politécnica de Madrid	40846
Universidad Politécnica de Valencia	40081

Table i- Top 11 universities in number of students in 2010⁹

The first university is not in the circle of interest of the company since it is an e-learning institute.

Trends in the University market

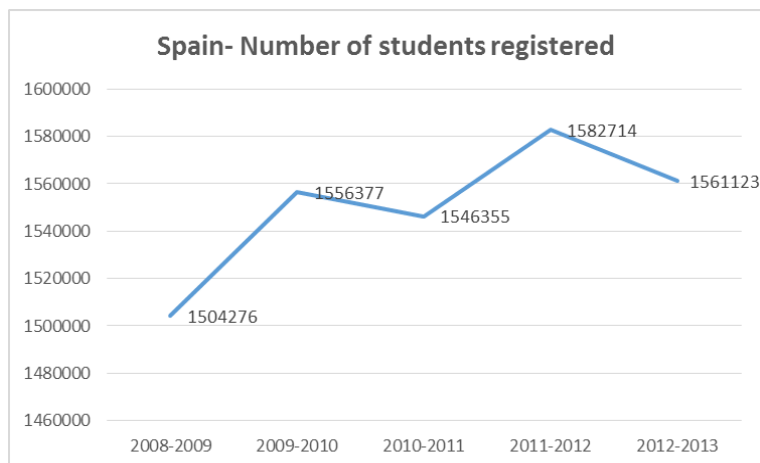


Figure vii- Number of students registered in Spanish universities 2008-2013¹⁰

For the past 5 years, from the data gathered in the exhibit above, the tendency has been to increase the number of students applying to Spanish universities. This can be explained by the growth of competition in the labour market, demanding more and more qualified people.

The average growth of this market for the past 5 years has been 1%, representing an average of

⁹ Data available at: http://universidades.consumer.es/que-universidad-es-mejor/?criterio=num_alumnos&num_alumnos=desc

¹⁰ Data available at: Datos básicos del Sistema Universitario Español. Curso: 08/09, 09/10, 10/11, 11/12, 12/13, 13/14

more than 10,000 new students entering each year.

For the demand and trend about merchandise purchase, there is no specific information available (demand in universities for this type of products). Around a third of Spanish universities do have online store however only one store answered via email.

Promotional gifts Industry

UBB operates in the Spanish subsector “Comercio al menor en puestos de venta y en mercadillos”. To be more precise, UBB is considered a promotional gift company. This industry has been in decline for the past years due to the financial crisis in the European Union. From the data displayed, the market shrunk from 2.172,696 thousand of euros in 2008 to 1,617,826 thousand of euros in 2012. In total, the market value decreased in 26% between 2008 and 2012.

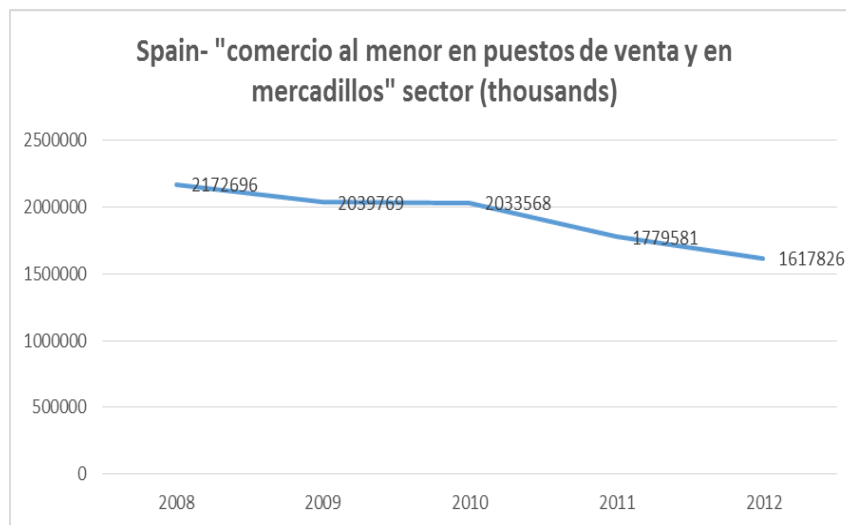


Figure viii- industry segment value¹¹

¹¹ Data collected referred to years 2008 until 2012. Data available at: <http://www.ine.es/jaxi/menu.do?type=pcaxis&path=%2Ft09%2Fe01&file=inebase&L=0>

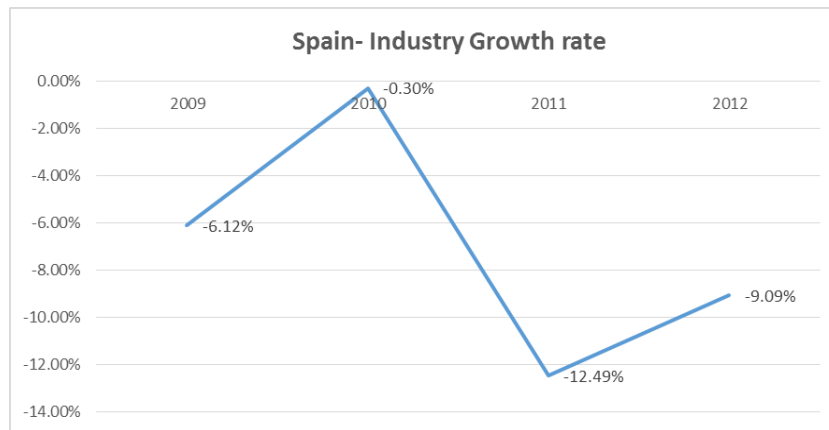


Figure ix- Industry growth rate 2008-2012

Aligned with the loss of market value, the company tissue has shrunk to 37702 companies in the sector in 2014. Between 2010 and 2014, 4358 have closed operation, representing a decrease of 10% of companies in the active.

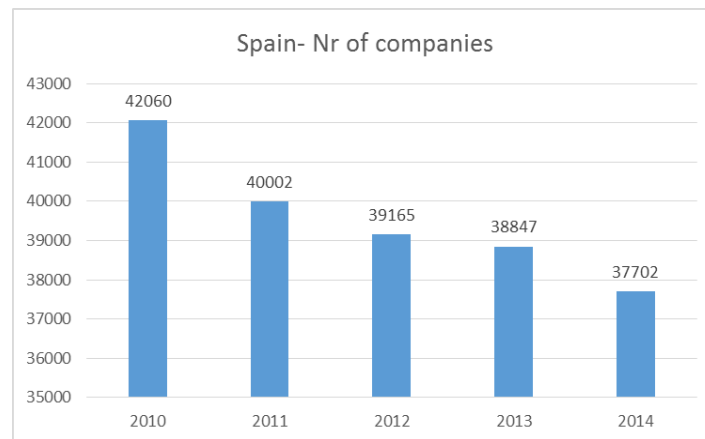


Figure x- Number of companies operating in the industry 2010-2014¹²

Promotional Gift segment

The only data available about this specific industry has been given by FYVAR, the biggest association of producers and sellers of promotional gifts in Europe (Asociación de fabricantes y vendedores de artículos publicitarios y promocionales). According to Perla Mesa, secretary of FYVAR, in 2005, the market value of this segment was 1352 million of euros. The number of companies operating in this industry segment were 347 importers/producers/wholesalers and 5330 intermediaries

¹² UBB industry segment code: 478- comercio al menor en puestos de venta y en mercadillos. Data available at: <http://www.ine.es/jaxiT3/Tabla.htm?t=298>

Competition

Direct competition

UBB is textile merchandising brand specialized for University clothing. From the data collected, UBB has got three direct competitors. One of them is a promotional gift shop inside the Institution who pays a rent at the University. A percentage of each sale returns to the University.

This store has the same business model as UBB, but still, in this case, it can be worked in our advantage since UBB can become the clothing supplier to this store, just as it has happened in Portugal with some Universities.

The other two are Rolly and Nike who are currently sponsoring clothing material at Universidad Catolica de Murcia. Rolly is a different case since it is Spanish clothing manufacturer who produces all the products in Southeast Asia, most likely China, Bangladesh and India and they outsource the printing service. UBB, can use Rolly's products to personalize as it is a clothing supplier such as well-known brands specialized in manufacturing like Sol's (French), B&C, Keya and ALWDis (which is the brand UBB uses).

Indirect competition

From the data collected, the rest of University stores do not have any related brand. The printing services are outsourced to promotional gifts companies.

Student unions are also an indirect competitor. One of the ways for student unions to sustain themselves is through merchandising (including clothing). The services are outsourced also to promotional gift shops.

Indirect competition also emerges from touristic kiosks. Mainly in the centre of each Spanish city, they sell products related to the most well-known University of the area. In Salamanca's case, none of these kiosks have got permission to sell the official products which means they are falsifying the products according to an interview conducted to Emilio Beites Herrero (2014), the responsible for MERCATUS, the official University store of Universidad de Salamanca.

Specific data about the biggest promotional gift companies is non-existent. According to the blog SEOGuardian (2014), a blog specialized in SEO of e-commerce platforms, showed a list of Spanish websites with the best SEO strategy in Spain in the segment.

Top e-commerce platforms¹³:

- bcnreclam.com
- cogalsa.com
- creapromocion.com
- epromo.es
- grupobillingham.com
- korisimport.com
- muybuenaidea.com
- publiregal.es
- reaglopublicidad.com
- regalos-empresa.es
- tienequesermio.com
- tyke.es
- vistaprint.es

	Promotional gift companies	Kiosks	Nike	Rolly	UBB
Quality printing	2	2	4	3	5
Quality garment	3	3	4	3	4
Design	2	2	4	4	5
Focus on University students	1	1	1	1	5
brand recognition	1	1	5	4	2

Table ii- Competitive profile matrix

1- Quality printing- One of the company’s competitive advantage is the printing quality. Most companies, like the promotional gift shops use several types of stamping such as digital printing, serigraphy or vinyl stamp. In order to cut costs in serigraphy, they dilute the paint in water. The result is a thinner layer of paint and the probability of fading away with washing is higher. No added water is used in UBB’s printing process.

¹³ Data available at: <http://blog.seoguardian.com/2014/02/index.html>

2- Garment quality- UBB works with several textile suppliers who have different clothing brands. They work with brands with elegant and good quality fit with an affordable price. Regarding competitors, Rolly's is a medium low quality brand. They had the opportunity to work with it. Nike, since it is a well-known brand, people do not buy it for the quality but for the brand itself. Tourism kiosks or souvenir shops are in contact with tourists. They prefer to offer a low quality product at a higher price for higher margins. The promotional gift shops in the majority of cases work with standard supplier brands such as Sol's, B&C and Fruit of the Loom. It is possible to find better products at more affordable prices.

3- Design- Also one of their competitive advantages is the design. Design is what sells the product to students. UBB elaborates the design in collaboration with Partner University. This service is included when an exclusivity contract is signed.

4- University students- As long as it is known, UBB is the only brand which only targets University students. The co-founders, who also were and are students, know their target consumer. Their communication is only targeted to University students.

5- Brand recognition- UBB is still a brand in construction. Their presence in the Spanish market is still inexistent. Some Facebook ads targeted to the Spanish market but not enough. Competing with a big brand such as Nike who has been in the market for several years is difficult but possible.

Barriers

Consumer acceptance and brand recognition

UBB is a relative new brand who has emerged in a specific market niche. From what it is known through from primary data sources, at least Universidad Autonoma de Madrid and Universidad Complutense de Madrid (the ones in the sight of interest for UBB) have got official merchandise being sold in the University, which means, there is a potential market to explore since it is a trend that exists.

Another problem related to this market is the fact that UBB personalizes clothing for a specific University. So, in the moment the student is buying the product, he is not directly buying a UBB product, he is buying a product that symbolizes the University, becoming more difficult for consumers to recognize the brand. For brand recognition, to overcome this obstacle will be

the biggest challenge.

Bureaucracy¹⁴

Bureaucracy can and will be one of the main barriers than can compromise UBB's survival in the University market.

As is it is known, Universities can be public or private. If the university is private, the chance of speeding up the process is higher but to get to the decision maker, it can complicate the situation. If the university is public, considering this business model involves a contract to sign, the process might be longer even if no investment is involved.

According to Spanish legislation, the Universities (public and private) have financial, management and administrative independence which means more flexibility and autonomy.

The decision maker in public Universities are Rectors. To reach the rector can be the most difficult task, as they often are in business meetings or out of the country.

Student unions

Student Unions tend to sell merchandising (textile, pens, books, and other products) but these products are not official in the majority of cases.

These student unions are important for UBB's entry strategy. They represent the students, they understand them better than any organ in University. If they favour their own products, to UBB this can be a problem even if UBB's are the official ones. They also have some influence inside Universities, which means they can help to build the brand reputation or destroy it.

Decreasing Family purchasing power¹⁵

From the charts presented above, it is noticeable the decrease in GDP created in Spain for the past 3 years, decreasing from 31,000 USD (2011) to 30,100 USD (2013). No available information regarding EUR/USD exchange rate in 2011.

¹⁴ Data available at: <http://www.boe.es/buscar/act.php?id=BOE-A-2001-24515>

¹⁵ All the information regarding Spain's unemployment rate and GDP per capita in USD is available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/sp.html>

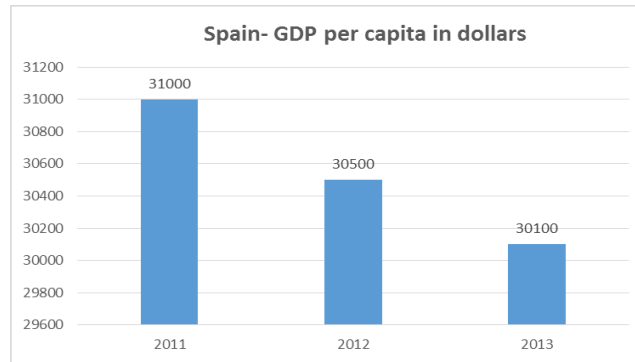


Figure xi- Spain's GDP per capita in dollars (2011-2013)



Figure xii- Spain's GDP per capita in Euros (2012-2013)

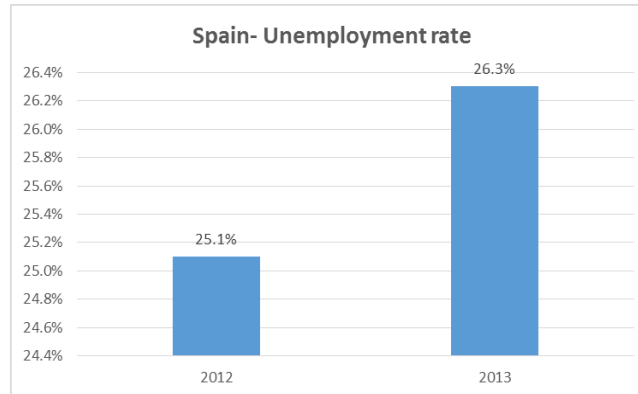


Figure xii- Spain's unemployment rate

Along with the decrease of GDP per capita, one of the causes is an increase of the unemployment rate in Spain, increasing more than 1% in one year. The main reason for this to happen is the financial crisis which hit Spain after 2008.

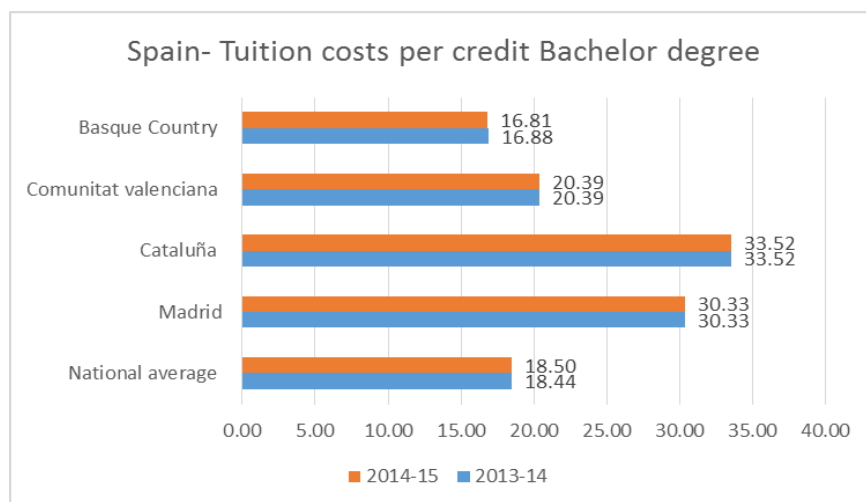


Figure xiii- Spanish university tuition costs per credit¹⁶

As it is possible to compare from the different regions, it is noticeable that the biggest increase has been in the year 2012/2013, increasing on average 16.68%. The region with highest variation was Catalonia with an increase of 66.68% in tuition fees. The region with lowest increase was Basque country with a slight increase of 1.9%.

From these compared regions, Catalonia has the most expensive public universities and Basque country has the cheapest education fees for the past 2 years.

With unemployment rate increasing, GDP per capita decreasing and university costs increasing, the family purchase power decreasing (most of university students are still financially dependent of their parents) will become a big barrier for UBB since promotional gifts are not vital for students to continue to study.

Level of risk involved in the business model

This type of business model is normally very welcome by the part of the Universities because there is no monetary investment involved, less work regarding stock management and less need for storage space.

The normal percentage which UBB is negotiating with Universities is 6.5%. This percentage increases in accordance with the University’s performance, the more they sell, higher is the percentage. These percentage increases are established contractually and they are: 8.5% if they sell annually between 750 and 1250 units of each product and 10.5% if the quantities surpassed

¹⁶ Data available at: <http://www.mecd.gob.es/educacion-mecd/areas-educacion/universidades/estadisticas-informes/estadisticas/precios-publicos.html>

the 1250 units per product (annually).

The problem with this type of business model is the risk for UBB. It has already happen in one of the partner Universities where merchandise has been stolen or disappeared.

Another serious obstacle involved with the business model is the lack of motivation from the partner. Since the partner is minimum, the reward will also be lower. The Universities are (Portugal) winning 1.05 euros per Hoodie, 0.53 euros per t-shirt, 0.80 euros per Polo and 1.32 euros per Varsity Jacket.

Since the reward is low and the maximum loss that the University is close to 0, they sometimes focus less on selling merchandising, putting it in spaces where less people can see it.

Marketing costs personalized for each Partner

The contracts signed are personalized for each University. Right now, UBB has several consignment contracts with Universities and Faculties. Faculties are always redirected to a specific area of study, meaning UBB's communication has to be personalized for that type of audience. This is a high time consumption type of marketing.

Marketing costs are higher because of the personalized communication with no possibility for economies of scale for some types of strategies such as flyers, posters and roll-ups.

UBB has established a marketing plafond of 4.5% of Gross Profit for the first year and 4% for the following years. This margin will be used in online advertisement, for Facebook ads, Google ads and other influential University platforms such as Universia. For offline promotion, other material will always be needed such as Roll-Ups, promotional flyers, posters and clothing stands.

Cost of education

Another cost which is very difficult to compute is cost of education. This might be one of the biggest barriers to overcome, because this consumer segment is very cost sensitive but at the same time very demanding in Portugal. In Spain, they expect a similar scenario.

The cost of this business model will make UBB lose some clients in the beginning since students are used to have cheap and low quality merchandise.

External Changes

Changes in technology and industry

The technique used by UBB to print clothing is screen printing. This is the oldest printing technique in clothes where each screen represents a colour and printing is done by layers of paint which pass through a screen (one for each colour the printed design has).

This technique is handmade which means it is expensive but at the same time it has the best quality. Right now in this industry (promotional gifts), some enterprises already started to invest in another technique called digital printing. All the printing is done by printers. The advantages are cheaper work, more detailed work with less human error and can work with lower quantities. The disadvantage is lower quality printing.

If some of these competitors who use this technique enter the university market, UBB will lose market share because this niche is very price sensitive.

Changes in governmental regulations

As it has been mentioned before, Universities are autonomous administratively and financially.

It is difficult to reach the decision makers either by email or telephone.

If for some reason, the legislation changes for less autonomy, closing contracts with public institutions will become more difficult and the process will be longer, compromising UBB business model.

Changes in economy

Economically speaking, Spain is passing through a rough financial crisis where the unemployment rate has been increasing for the past few years situating itself in the 26.3%, lower family purchase power, more people quitting University and a stagnate number of people entering into the higher education system but at the same time the number of competitors is decreasing leaving more space for UBB to establish in the market.

There is no specific data related to this market niche regarding competition meaning there is a new market to be explored by UBB. If the economy changes for better, the family's purchase power will increase meaning a potential opportunity to boost up sales.

Opportunity

Customers¹⁷

University students are the main targets for UBB. Universities are not considered consumers but a sale channel for the products.

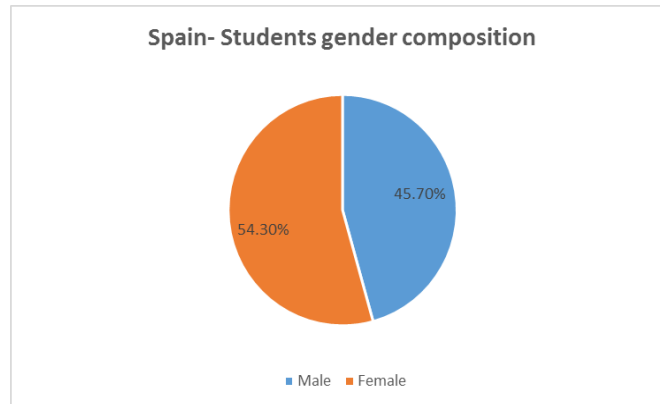


Figure xiv- university gender composition 2012/2013

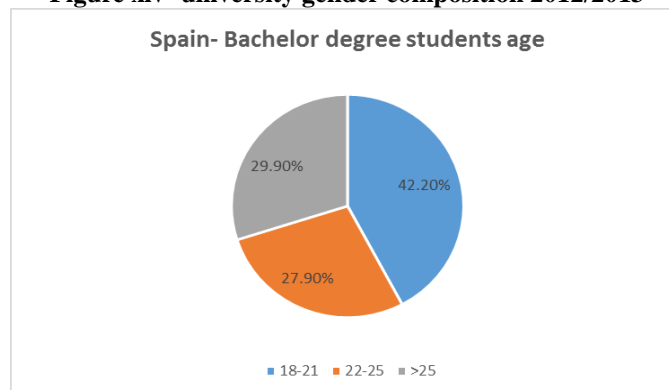


Figure xv- Bachelor degree students age 2012/2013

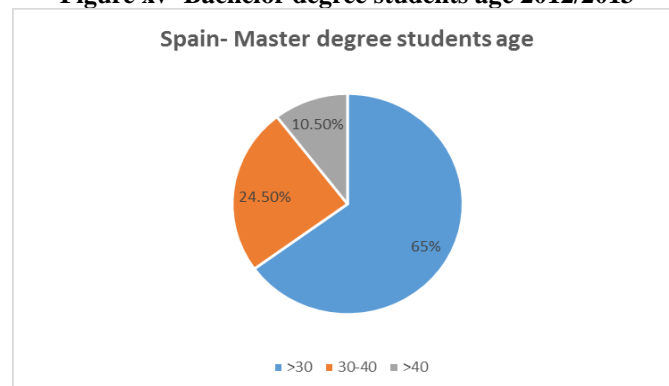


Figure xvi- Master degree students age 2012/2013

Location

¹⁷ Data available at: Datos básicos del Sistema universitario español. Curso 2013-2014, 38

UBB identified universities throughout Spain, mainly in the biggest cities of each region.

Income Level

The average wage of Spanish families is 1930 euros/month (data from 2013). It is important to consider the family average wage since most of Spanish students are dependent on their families. Only around 6.8% of university students between 20 and 24 years old work and study at the same time according to data from 2011.

Social class and occupation

The majority of students are only students. This happens because it is difficult to work and study at the same time and it is also cultural (it is common for students from Northern European countries to do the two things at the same time in contrast with southern European countries).

Erasmus students

Erasmus program is an exchange student program established by the European Union in 1987. Over the past years, it has become more popular among students. Nowadays, it is common to students to integrate this program to study abroad for a period of 1 to 2 semesters. Spain, in one decade was able to increase more than the double in terms of sending and receiving students. In 2001/2002, Spain was receiving 17403 students and in 2011/2012, the number of in-bound students was 39300.

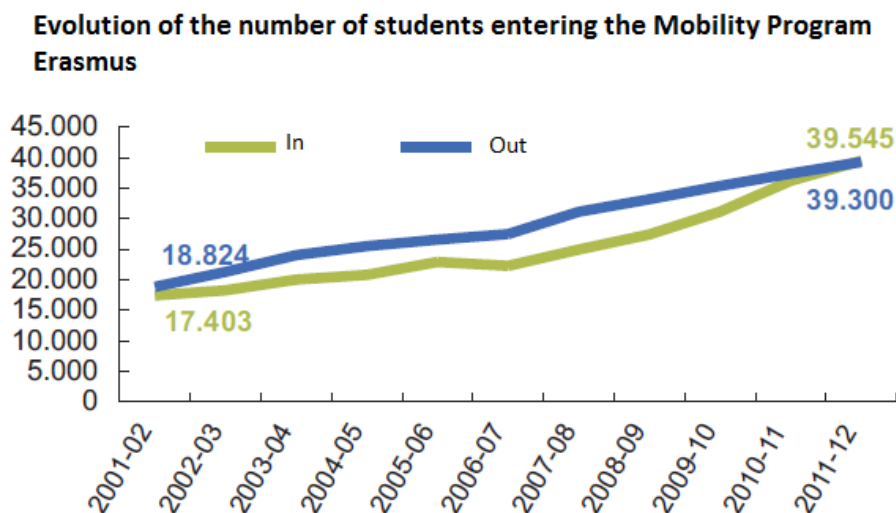


Figure xvii- Evolution of the number of students entering the Mobility program Erasmus in Spain¹⁸

From the data available, it is possible to conclude that Spain is the most desired country for Erasmus students. In the academic year 2012/2013, from the top 10 institutions receiving more Erasmus students, 6 of them are Spanish.

Top 10 (2012/2013) Institutions receiving Erasmus students	
Institution	Number of students
Universidad de Granada	1959
Universitat de Valencia	1779
Universidad de Sevilla	1702
Universidad Complutense de Madrid	1659
Università di Bologna	1620
Universitat Politècnica de Valencia	1359
Univerzita Karlova V Praze	1316
Università Degli Studi Di Roma 'La Sapienza'	1133
Universitat de Barcelona	1103
Univerza V LJubljan	1072

Table iii- Top 10 institutions receiving Erasmus 2012/2013¹⁹

Erasmus students are an interesting target for us. According to Mr. Emilio Beites Herrera, responsible for “Mercatus”, the merchandise store from Universidad de Salamanca, this target

¹⁸ Data available at: Datos básicos del Sistema universitario español. Curso 2013-2014, 45

¹⁹ Data available at: http://ec.europa.eu/education/library/statistics/ay-11-12/receiving_en.pdf

(Erasmus students) represents 75% of annual sales.

This study has limitations. Only one of the 33 University stores²⁰ answered the questionnaire, but it is still useful information that can be used to have a better understanding of product demand. Another reason why this is an interesting target is because there is a 100% recycle rate of Erasmus students annually.

²⁰ The list of Universities which sell merchandising is in attachment

Marketing plan

Strategy to enter the Spanish market

Entry mode

In order to UBB to have a successful market penetration, it is important to choose the right business partners. Business partners are Partner Universities. They have better second-hand knowledge about the market.

A way of having a first contact with business partners in a foreign country is through trade fairs.

The objective in the first year is to gather information and make first contact with other Universities.

The biggest Education trade fairs in Spain are:

- AULA Madrid- La feria Internacional del Estudiante y de la Oferta Educativa
- Futura Barcelona: Salón de masters y postgrados
- Salón de l'Ensenyament Barcelona
- Eucaferia Oviedo- Feria de la Educación y la Formación.

After the first contact, if interested, the negotiation process with potential partner University.

UBB, have attended similar Trade Fairs in Portugal such as Futurália because it is a good way of brand promotion and awareness. We have had positive comeback from attending these types of shows.

Percentage strategy for University partner

In order to be successful in closing a contract and being legal protected, it is important to present a contract with everything in as little smallprint as possible. Another success factor stems from presenting a concrete and strong list of advantages of using UBB as a partner.

From the experience in Portugal, most Universities are uninterested in investing in these types of products, meaning it is easy to close contracts with a lower percentage rate. In Portugal, the “base contract” has a percentage rate of 6.5%. For Spain, considering prices will be higher, it will be possible to approach Universities with a higher percentage. Negotiations can start at 8% (earning percentage for each product sold, deducted from VAT and other legal charges), going to

12.5% maximum.

Pricing strategy for students

The price and design are the main factors in consideration when students buy any type of garment. Quality is also important but less than the previous factors since most students are used to lower quality products related to University.

There is an opportunity to pay a premium if the presented quality is higher than the actual products they are selling, also if design is more appealing. In addition, it is important to consider the social factor, meaning students usually do what their friends do (UBB experience in Portuguese Universities).

To be successful when starting selling, UBB needs to be aggressive in the students approach by lowering prices and concentrate in customer satisfaction. A PROMO approach can be used just like the one used in Portugal. Considering it is a brand in development, it is important to build a strong and good quality brand not related to discount prices. These price promotions and sales will happen when UBB enters a new University without having the actual physical product and in specific occasions such as when a new product line is introduced and there still exists stock of the old line.

In terms of promotion, students associations will be the first group to be targeted with group discounts.

From UBB's experience, students belonging to the student unions tend to the ones who buy and use more these products. This way, UBB is able to promote their products relying on WOM and customer satisfaction.

Partner University, by a constant flow of communication with the company, informs constantly the levels of stock and the sizes sold for a better insight about what to produce. Clothing batches are smaller to reduce risk and level of investment, to reduce theft and the partner has more free storage space.

Product Pricing

Item	Price
Hoodie	27
Sweatshirt	25
Polo	20
Tshirt	15
Varsity jacket	35

Table iv- Product pricing

Discount Product pricing

Item	VAT
Hoodie	21,99
Sweatshirt	19,99
Polo	14,99
Tshirt	9,99
Varsity jacket	29,99

Table v- Discount product pricing

Reaching customers

UBB is only present in Spain through products sold by Partner Universities. It is important to build a strong brand reputation through social media platforms since it will be one of the easiest ways for the company to interact with Spanish students.

Institution

First of all, before approaching University students, a contract with a specific University must be signed. The process of closing a contract is a long and complex procedure. In average, UBB takes 3 to 5 months to close a deal with a new partner. Considering the time consumed, it is advisable to start approaching the institutions as soon as possible. They should send at least two co-founders to Spain for at least one week or two to schedule meetings, show the products and present the business model to interested potential partners.

From their experience, companies try to sell all types of products sending them emails. Email is an important communication tool to gather contacts and for the first approach excellent but

only if the email is short and direct to the point. After the first email, they have found that they have been more successful by telephoning directly the department in charge, which normally is the marketing and communication department.

After closing the deal, it will be important to use the institution as a way to get to all students. The institution will send institutional emails to all students announcing the arrival of UBB products and have a direct link to UBB website in their institutional website or in the online shop (more 24 of the Spanish Universities have got an e-commerce platform to sell these types of products) It is crucial for the company to be present in their social media advertising the company through posts.

Students

It is crucial to reach as many students as possible, particularly before the official brand is launched inside the institution. The best way is through the students union. In the co-founders experience, it has been proven to be successful to give direct discounts to student union members and to sports teams (20% always as long there is a proof that they belong to any on them).

Along with student unions, it is also important to establish partnerships with local organizations connected to the Universities such as ESN (Exchange Students Network) to reach as much students as possible. These partnerships can be done through direct discounts for a promotion among foreign students. Currently, they have closed a strategic partnership with ESN Lisboa. UBB gives them a discount in all their purchases, on the other hand, they sell UBB's products, receiving a percentage of each sale (consignment model).

Right now, UBB is present online with an institutional website, an online store and is present in the most well-known social media (Facebook, Twitter, Pinterest, Instagram and Blog).

From these social media tools, the one most used to communicate is Facebook. The company will be launching Facebook campaigns directed to the students of a particular Partner University for brand promotion, sales campaigns and events promotion. On a daily basis, content share will be targeted to students with information relevant for them using mainly Twitter, Facebook and Blog. For image share of certain events and parties sponsored by UBB, directly or indirectly, Instagram and Pinterest are the chosen platforms. Communication through the company's social media will be done in Spanish and English in order to penetrate the Erasmus Market (the biggest in Europe).

In an offline context, Flyers and posters will be distributed and posted inside the Institution in strategic places such as the hallways, bar, canteen and the entrance.

For brand launch in a new University or introduction of a new clothing line, the company will be present with a stand to show the products and to better market the products. These stands will always have to be positioned in strategic places where there is movement and visibility.

Operational Plan

UBB has a flexible supply chain. Since it wants to continue to have a light and flexible core, almost all of the activities are outsourced (all production is outsourced).

In the clothing industry, investment regarding any type of equipment is high and time consuming, so they concentrate in Marketing and obtaining new customers. It enables UBB to create healthy long-term business relationships with the different suppliers especially in the printing and manufacturing industry in order to better satisfy UBB's customers by reducing costs and maintaining quality.

In terms of costs, the team knows they are not the cheapest available. Their strategy is not to bring the cheapest product but the best quality product as quick as possible to customers.

For production, the company uses a JIT model to improve productivity and reduce waste.

They use a consignment production model for partner universities. This way, Universities do not need to invest in merchandising and can concentrate their time and effort in their core capabilities, which is education.

Quality control is done throughout the production chain with their partners and ultimately them since almost all orders pass through their office before heading to the customer. In a near future, the process will be automatized in such a way that no material will pass through the Headquarters, heading directly to the customer, maintaining the quality control but in specific places of the production chain.

Centralized systems

Headquarters Location

The office is located in Avenida da Liberdade, number 230, 8th floor, being shared with another company.

Storage

Storage room is located in the same building as the headquarters. It is used only to store material for some days for quality control and to manage destination. All this process is carefully done and supervised by one of the co-founders. It has 20 square meters.

Database

All the information regarding any client, partner and supplier is carefully secured in an online platform which enables UBB to organize it as it is need and it is free. Most of the data stored is not from the final consumer but from the partner university. This way it is easier to create reports, send e-mails and generate forms. For data about the students from a particular University, it is collected by partner University and shared with UBB.

Website and social media

UBB has an institutional website presenting their services such as screen printing and embroidery, the portfolio with the most important works they have done, the team presentation and a blog. They have decided to include a blog in the website because it creates a greater impact in customer engagement and it is easier to captivate user's attention through our social media tools (Twitter, Pinterest, Instagram and Facebook).

All information about the address, phone number and email are present in the institutional website along with the FAQ.

For any technical information such as delivery date or other products, the customer or partner needs to ask the company directly through email or phone call.

UBB also has an online store for each partner university with all the personalized products available physically in each one of them. It is possible to buy online, where students need to log in through email or Facebook, giving more contacts for their database.

Partner Universities

POS (points of sale)

Partner Universities have got bookstores or stationaries, so hardly any investment is needed by UBB. The only investment to be done will be in exhibitors (about 4 per university) displaying the products in the busiest parts of the University and promotional clothing stands (2 per Partner).

Storage/ stock management

One of the services sold by UBB is stock management, meaning they manage what is

produced and what is sent. The normal is to send a batch with 150 items (60 hoodies, 39 T-shirts, 15 varsity jackets, 6 polo's and 30 sweatshirts) to each University so products do not occupy too much space and diminish the threat of theft.

In three of their current Partners, the products are sold in the students union facilities. The rest have their own bookstores or stationeries where they display the products.

In Spain, from 81 universities, at least 33 of them have got physical stores selling these type of products. All these stores have got their own storage space.

Stock control

In order to have a better control over the quantity of products sold and the quantity of products made available for the students, a tight control over stocks had to be developed. Products are transported to the partner's facilities with a consignment invoice (no VAT) as a proof of what the University partner has received. Each month, the partner counts the quantity of products sold and informs UBB. UBB issues an invoice to the partner university with the total value of products sold and the partner university issues an invoice with the sales margin that UBB owes them. A credit note is then issued to deduct products sold from the consignment invoice.

The average lead production time is 3 to 4 weeks, meaning when stock levels reach 10 units per product, the partner contacts us to deliver more.

In Spain, the control must be tighter. The company will have to have a responsible person, preferably student, for partner universities. He will act as an information intermediary between UBB and the partner university, checking if there is no deviation of material and when stock needs to be re-established. He will also be responsible for acquiring new customers.

Production and its organization

UBB's production system is based on JIT. Right now, suppliers are not closed because they are bigger companies than UBB however in a near future, it is one of the company's production objective to have in the printing phase at least two closed suppliers. The relationship with production partners is based on trust, allowing them to have lower production costs than other companies working with them and better conditions such as minimum production quantities and longer average payment periods.

Their production batches have the size of 60 hoodies; 39 T-shirts; 15 varsity jackets; 6 polo's and 30 sweatshirts, reducing investment risk and demand fluctuation.

In order to provide a better service to their customers, UBB's production scheme is slim and fast for a better demand response.

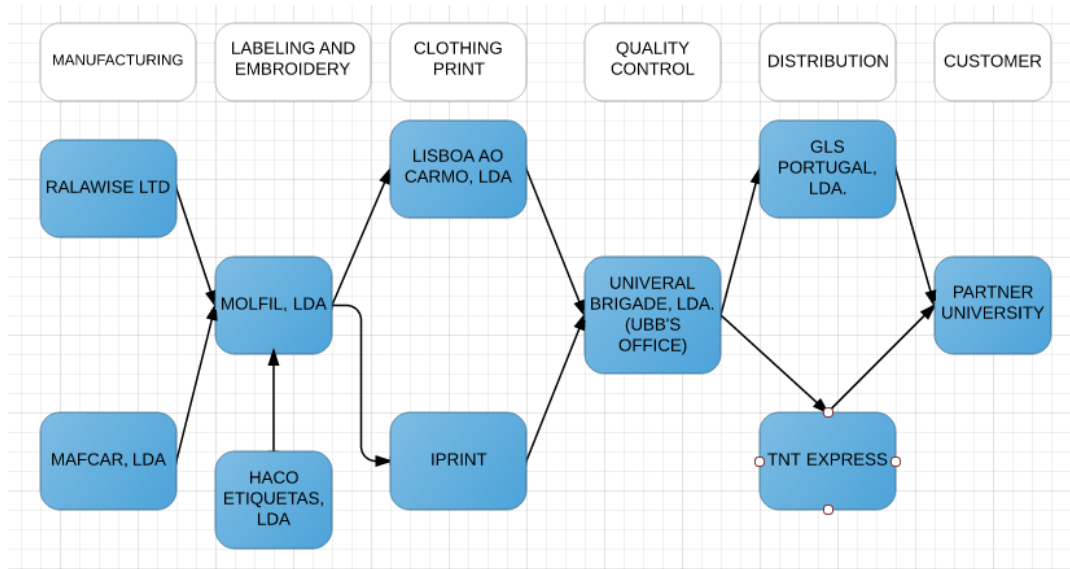


Figure xviii- Production organization

Facilities

UBB only has costs with the HQ and a small warehouse in the same building. The office is an open office, shared with other company. Rent is divided by the two entities. The rent includes internet, mobile and local telecommunications.

Leases	Monthly	Nr. of months	Annual
HQ	500.00 €	12.00 €	6,000.00 €
Warehouse	100.00 €	12.00 €	1,200.00 €
Annual total lease			7,200.00 €

Table vi- Leases

Start-up costs

Equipment	Quantity	Cost	Total
Exhibitors	4	70	280.00 €
Promotional clothing stands	2	230	460.00 €
Material investment (*)	150	-	2,354.00 €
Travelling	1		1,000.00 €
HQ and warehouse			600.00 €
Software integration (CRM)			4,000.00 €
Total start-up cost			8694.00 €

Table vii- Start-up costs

These start-up costs are an average for each partner University they close contract with. In the traveling costs, day-to-day expenses, trip and stay are included for two people (co-founders) who are the ones who are going to negotiate directly the partnerships. Regarding software integration, it will be an initial investment, and considered as a marginal cost as new partnerships are established.

Staffing plan

The philosophy defended by UBB has always been of a flexible and dynamic core that can adapt easily to changing business environments. The people they are looking for need to be

proactive, preferably young and open minded with an entrepreneurial spirit who like challenges. Another attribute which is difficult to find in people but a must for the team is passion. They need to like what they are doing. A philosophy supported by UBB, the core team, is: “We are here to work. It is not our duty to motivate people. People need to be motivated to work”. That is the type of mentality UBB wants their employees to have.

Considering partner universities will also be earning money with this business model, the employee tissue will be somehow shared by the two entities. All employees will be at the HQ in Lisbon except the University managers who will be scattered all around Spain.

The most strategic employees will be the University managers since they will be helping and managing the relationship between the institution and UBB. These employees will be picked carefully and will be trained by the core team. The first one will be hired when first official contract is signed. Their salary will have a base plus a sales commission, that is, they will be responsible for finding new clients who are interested in doing personalized clothing namely student unions and student’s corps. Their tasks with the Partner University will be mainly to control stocks and promote the brand through marketing campaigns designed by UBB.

UBB has an online store with the products sold in each partner university. When it reaches a critical point of quantity of partners, it will be needed to have someone fulltime to develop and integrate the CRM with the website and put all products online (10 Partners Universities). Until then, the IT service will be outsourced.

Administrative employees will always be needed to organize and help in all the secondary activities related to business. They will only be employed when at least 25 universities in Spain are selling our products.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Staff	cost	Staff	cost	Staff	cost	Staff	cost	Staff	cost
CEO	1	18,358.34	1	18,704.84	1	20,471.99	1	20,860.76	1	21,257.31
CDO	1	18,358.34	1	18,704.84	1	20,471.99	1	20,860.76	1	21,257.31
COO	1	18,358.34	1	18,704.84	1	20,471.99	1	20,860.76	1	21,257.31
Head of design		0.00		0.00	1	20,090.84	1	18,358.34	1	18,704.84
University Manager	1	13,160.84	1	13,403.39	2	29,280.79	2	29,825.07	2	30,380.24
IT Staff		0.00		0.00		0.00	1	20,090.84	1	20,471.99
Design Staff		0.00		0.00		0.00	1	18,358.34	1	18,704.84
Administrative staff		0.00		0.00		0.00		0.00	1	13,160.84
Total	4	68,235.86	4	69,517.91	6	110,787.60	8	149,214.88	9	165,194.68
Nr of Universities	2		5		10		17		25	

Table viii- Staffing plan by year

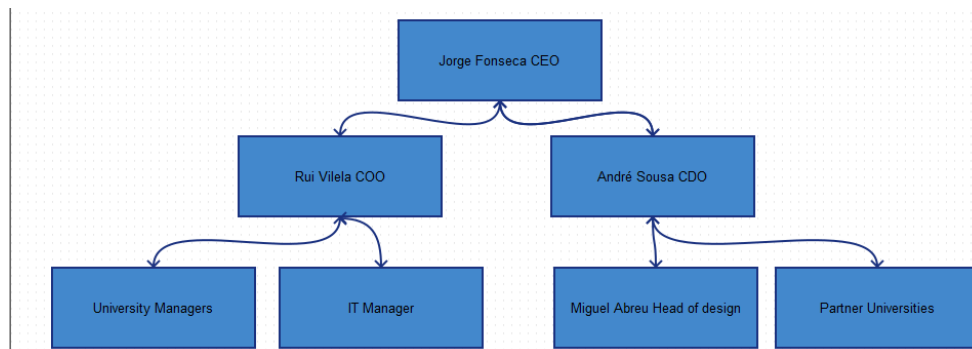


Figure xix- UBB organizational diagram

The team

It is important to have a global mind-set. The team-members have always wanted to take UBB internationally.

With the expansion to a foreign country, UBB will need to have a strong team able to support the company's growth.

The core team:

Head of design will be **Miguel Abreu**, graphic designer who has been with UBB since its birth and has always believed in the brand like us, co-founders. He is a strategic employee because all the design created until now has been of his authorship meaning he is in tune with UBB's vision and message that we wish to pass to students. He will be responsible in hiring other designer or designers.



Regarding partnerships, the most strategic and important is to maintain and nurture with UBB's stamper. The stamper has been the chosen company since the beginning for printing all UBB's products because of his knowhow and quality. When looking for more strategic partners in printing, he will always be consulted to have a second opinion. In one or two years, the plan is to integrate him in the company, buying a part of his company (has been talked but it is only a possibility by now).

UBB rapid growth will need a strong leadership, so the company is looking for 2 people to integrate the board of advisers who have experience in the clothing industry and/or have experience in company's internationalization.



Jorge Miguel da Costa Fonseca

Jorge will be the company's CEO and president. He will be responsible for managing the company and implementing company's strategy since he is the visionary. Simplifying processes has always been one of his strong attributes, meaning he will be responsible for improving all systems (communication with suppliers, IT systems and CRM). Instead of continuing his studies, Jorge decided to embrace other business projects, including

clothing brands. He has more than 4 years of experience in the clothing industry and has been in the team since the beginning.

Rui Miguel Marques Vilela



Rui will be COO and vice president, taking care of the day-to-day operations. He being the most rational and logical person in the team makes the best option for this responsibility. He will also be responsible for the IT employees and university managers. With the University managers he will need to be close and available so that our growth is sustainable. Rui has two bachelor degrees in Business administration and Accounting/Finance at ISCTE-IUL. Has been part of the company's growth since its beginning.

André Henderson Sousa



André will be responsible for the Internationalization process, by doing all market research, implement and adopt the best strategy for the company.

Considering André is a people person he will be responsible for sales (direct sales and partner University sales). He will also lead the design. He is currently finishing the master in MIM (Master in International Management) at ISCTE-IUL and has working experience in dealing with customers. Has been part of UBB since it was born.

Critical Risks

- **Finding the right partners**

The company with this business model, about 2 years ago, on the assumption that most Universities in Portugal are public and have cash-flow problems. This business model has been widely accepted but the procedures to close a contract with a public institution is a slow process, however, the more contracts they get, the quicker and easier it is to negotiate.

- **Demand differs from university to university. Each university has a specific culture.**

To most Universities in Portugal, official merchandising clothing line is something new. First of all, it is important to choose your University partners. The more prestigious it is, the more successful we will be with their products. It also becomes easier to practice higher prices.

Some mistakes have been done in the past and the most common was investing in clothing without having an actual prediction of products demand. This made UBB change strategy when entering a new university. Instead of investing blindly in new products without having any idea of how people will react, a pre-order purchase was implemented. Students must pay full price for product but receive a direct discount of being the early adopters. If the University does not have a demand that justifies our stay, we change the nature of the contract to a supply contract.

Another way which the company found useful was through anonymous questionnaires. The reply rate was not the highest but it helped by giving them an idea of what prices to practice.

In Spain, the University manager, as referred before, will be one of the most strategic employees. The University manager should be a student and someone who is influential in the University market, normally someone related to student unions. This way, communication will improve and he will be doing brand promotion inside of this market niche.

- **New competitors entering the market is a risk**

UBB has assisted with the entering of new companies in the University market. The majority are bigger than UBB but work more with student unions and other organizations related to University, but not the University itself. This gives a gap of action, where they can introduce UBB as an alternative to other companies where the University earns a percentage for each sale.

Students by now know UBB's products and its quality. They are aware that it is impossible to

compete with big players through pricing so they chose of invest in quality instead.

Also, to deal with competition, UBB has been able to retain important clients even when the contract has ended. A direct discount in a direct purchase done by the partner University is given by UBB. (If the partner wants to customize an X number of clothing items for a specific event, a direct discount is done in that order).

Design has been undervalued by university students, who say they prefer the cheapest garment instead of an appealing garment, because a design service can be expensive if it is outsourced. UBB has always included design service in the package, making more appealing garments at an affordable price.

- **Risk of defective garments**

In this industry, defective products can become a problem if not handled in the correct way. Since most of the clothing is being produced in Bangladesh at low-cost, these defects occur more often than companies would like.

To overcome this obstacle, the company built up a good relation with their supplier (clothing distributor) in a way that when any garment comes with defects, they just inform them immediately of the defect along with a photo and the supplier sends them the replacement product straight away. It takes 3 to 4 working days to arrive.

- **In UBB's case, branding efforts need to be more effective since they are not directly promoting UBB's products, but the official merchandising of the partner.**

They are aware that branding efforts need to be more effective. In fact, they are not promoting the brand itself but the external promotion of the University. UBB considers itself as a sign of quality and reliability for students. The company also promotes itself through the label colour (bright light blue), making it easier for students to make a direct association to UBB.

In order to continue the branding strategy, UBB has collaborators scattered all around the country. They are official UBB sellers and they earn a percentage of each sale.

- **Material theft is a reality.**

Some problems arose from material theft in other Universities when sending bigger stock batches. The solution passes through sending smaller batches, tightening up control using

consignment invoices that prove how much material it was taken and stock control maps with inflows and outflows.

- **Higher risk of not recovering money that the partner owes.**

UBB had problems with partner Universities taking too long to pay what they owed and others who simply did not pay. They solved the problem by strengthening contracts with legal backup. Those partner Universities did pay in the end.

One of measures which was added to the contract was the partner needs to pay every month until the 8th day of each month. If they delay the payment for more than 2 months, interest will be added for each month they delay the payment. If after six months, the Partner University does not pay, there is contract clause where the case enters automatically in default, the partner then having to pay all the value plus expenses related to administration of the case.

With the main risks being identified, which could only be identified by experience, UBB is now better prepared to grow. With the retaining of important and strategic clients, UBB will have enough cash-flow to do a smooth entering in the foreign market. Despite the economic crisis well established in the European countries, UBB has been able to grow and prove how successful and flexible it is.

- **JIT partially implemented**

To have a fully integrated JIT implementation, UBB will need to have closed suppliers. Right now, it is possible to find any of UBB's suppliers through internet search. UBB's plan for the coming years is to grow based on volume to have more negotiating power. When enough capital is gathered, the plan is to start by integrating the printing service in the company. The company also has the objective of finding an exclusive manufacturer but this will be in the long-run.

Funds required

UBB will be borrowing money for a smooth entrance in the Spanish University market. It will be used for investment in products, for marketing expenses such as exhibitors, clothing stands, online advertising, and for the online store and maintenance. The basis of this judgment for the size of the loan is cash cannot go below 1000 euros just in case.

Sources	Uses
45000 euros debt	To cover start-up costs and marketing expenses for brand promotion
45,000.00 €	45,000.00 €

Table ix- Table explaining the use of the loan

Financial Plan

The financial Plan explains the plan in numbers. The major projections are:

	Revenue	Net Profit	Assets	Nr of Partner Universities
5 year projection	986,771.27 €	177,247.55 €	431,511.87 €	25

Table x- Projections for the 5th year of operation

These financials are based on academic year, but presented in years for simplification of presentation of results.

Main assumptions for financial statements:

Revenue Drivers:

-The number of contracts signed throughout the 5 years are 25 in total. It starts with a slow starts, considering it is a new market however as years pass, the number of contract closed with Universities is exponential. This is based on our past experience.

- Direct sales or supply model projections are also based on past experience. It is common for companies, students unions, Universities and Students corps to ask specific personalization of the garment. Normally it is for intern use or for sales purposes. This represents around 25% of the consignment sales in Partner Universities.

- Each student only buys one product a year. It is for simplistic outcome in projections. The demand percentage of each product is based on our experience among Partner University.

The demand percentage of each product is (based on UBB's experience):

- Hoodie- 39.84%
- Sweatshirt- 19.92%
- T-shirt- 26.21%
- Varsity Jacket- 9.76%
- Polo- 4.27%

- Three sales projection scenarios were done. The Pessimistic with 5% of students in each University buying products, the Realistic with a percentage of 10% and the Optimistic with

12%. The chosen projection was the Realistic. In the First year, it is assumed a percentage of 10% of students buying. The next year, assuming that in the previous year, 10% of 100% of students have bought a product, it will only be considered 10% of 90% of students in the University. The second year, target reduces to 10% of 80% and reducing 10% for each year UBB is selling products in the Partner University.

- VAT in Partner Universities. The flow of the operation is the University sells UBB products and gives them the money at the end of each month. To collect this money, an invoice without VAT is issued for all sales done each month because it is an intra-communitarian transaction. The University then issues an invoice to UBB when their margin, also without VAT.

Cost Drivers:

- Equipment for each Partner University. Each Partner University counts with a Promotional clothes stand and 4 exhibitors scattered around its facilities.

- Web platform built for each University. This Web platform will include a store promoting the products and a complete CRM to manage stocks and sales.

- Loan amount. A Loan is acquired through the bank. The loan amount is 45,000 euros with a 6% interest rate. It is assumed capital reimbursement which will only occur in the end of year 3. In order to acquire the loan, a collateral with the same value will be given in exchange.

- University and University manager margins. It is assumed a 10% sales margin deducted of all taxes and legal charges for Partner University. For the University manager, a 5% margin of each sale, deducted of any taxes and legal charges.

- Marketing costs:

	year 1	year 2	year 3	year 4	year 5
percentage of annual sales	4.5%	4.0%	4.0%	4.0%	4.0%

Table xi- Marketing expenses for the 5 year projection

These values have a maximum value of 15,000 euros/year. These percentages are based on the Apparel and Accessory stores marketing expenses in 2007.

- Production costs. It is assumed a maximum of one print per garment with two colours.

- Safety stock. Each University will have a safety stock of 1 month worth of sales. This assumption is taken into account because their lead time is 3 weeks in Portugal. In Spain,

transportation time must be added, so as a matter of safety, 1 month of safety stock is enough to secure sales.

Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales					
Partner Universities					
Hoodies	33,296	79,911	155,160	256,180	363,746
Sweatshirt	13,569	32,565	63,230	104,398	148,233
T-shirts	12,175	29,220	56,736	93,676	133,009
Varsity Jacket	10,574	25,378	49,276	81,359	115,520
Polo	2,646	6,351	12,331	20,360	28,909
Sub-total	72,260	173,425	336,734	555,972	789,417
Direct sales					
Hoodies	8,324	19,978	38,790	64,045	90,937
Sweatshirt	3,392	8,141	15,808	26,099	37,058
T-shirts	3,044	7,305	14,184	23,419	33,252
Varsity Jacket	2,644	6,345	12,319	20,340	28,880
Polo	662	1,588	3,083	5,090	7,227
Sub-total	18,065	43,356	84,183	138,993	197,354
Total Sales	90,326	216,781	420,917	694,965	986,771
Cost of goods Sold	38,911	96,924	189,816	315,868	452,307
Gross Profit	51,414	119,857	231,101	379,098	534,464
University margin (assuming 10%)	7,226	17,343	33,673	55,597	78,942
University manager margin (5% sales comission)	903	2,168	4,209	6,950	9,868
Distribution expenses (*)					
Hoodies	1,411	3,386	6,574	10,854	15,412
Sweatshirt	449	1,077	2,091	3,453	4,902
T-shirts	548	1,314	2,552	4,213	1,314
Varsity Jacket	220	528	1,024	1,691	528
Polo	86	205	398	658	934
Total Distribution expenses- Partner University	2,712	6,510	12,640	20,870	23,090
Administrative expenses					
Wages	68,236	69,518	110,788	149,215	165,195
Other	11,405	8,941	9,577	10,214	10,550
Marketing expenses	4,065	8,671	15,000	15,000	15,000
R&D expenses	0	0	0	0	0
Other expenses	0	0	0	0	0

Total expenses	94,547	113,150	185,887	257,845	302,644
Operational Profit/Loss	-43,133	6,707	45,214	121,253	231,820
Depreciation and amortization	1,723	1,914	2,233	1,346	1,856
EBIT	-44,856	4,792	42,981	119,907	229,964
Interest expense	2,700	2,700	2,700	2,363	2,025
EBT	-47,556	2,092	40,281	117,544	227,939
Net income	-47,556	2,092	40,281	117,544	227,939
IRC estimated	0	132	2,538	20,926	47,867
Net income after IRC	-47,556	1,960	37,743	96,618	180,072

Table xii- Income statement

In the first year, UBB presents a negative result. That is normal considering it is the year of more investment for the company. Throughout the years until the 5th year, growth is exponential. That is explained by after year 2, exclusivity contracts start to increase exponentially.

Cash-Flow Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow from operational activities					
Clients receivable					
Partner Universities (30 dias)(1)	66,239	164,995	323,125	537,702	769,963
Direct sales (prompt payment) (2)	22,220	53,328	103,546	170,961	242,746
Subtotal	88,459	218,323	426,671	708,664	1,012,709
Supplier payable:					
Supplier payable(30 days)	-47,861	-119,217	-233,474	-388,517	-556,337
Distribution(30 days)	-3,058	-7,618	-14,919	-24,826	-28,173
Supplier payable total	-50,919	-126,835	-248,393	-413,343	-584,511
University comission (30 days) (1)	-6,624	-16,499	-32,312	-53,770	-76,996
University manager comission (direct sales)	-903	-2,168	-4,209	-6,950	-9,868
Wages	-42,574	-43,190	-68,196	-90,392	-100,178
Subtotal	-50,101	-61,857	-104,717	-151,112	-187,042
Other administrative expenses payment:					
Telecommunications (30 days)	-1,353	-1,476	-2,153	-2,891	-3,290
Marketing (30 days)	-4,583	-10,193	-17,801	-18,450	-18,450
Other(30 days)	-11,506	-9,774	-9,562	-9,607	-9,652
Subtotal	-17,442	-21,443	-29,516	-30,947	-31,392
Tax payment(-)/receivable(+)					
PEC/pag. Por conta	0	-903	-547	-3,260	-21,273
IRC	0	0	0	-1,219	-17,666
IRS+surcharge	-7,023	-7,797	-12,539	-18,407	-20,699
TSU	-16,500	-18,476	-28,697	-39,063	-43,802
VAT		11,290	19,360	35,281	54,570
Subtotal	-23,524	-15,886	-22,424	-26,669	-48,870
Cash Flow from investment activities					
Accounts payable related to investment activities	-8,020	-1,882	-3,137	-4,391	-5,018
Subtotal	-8,020	-1,882	-3,137	-4,391	-5,018
Cash Flow from Financing activities					
Loan received	45,000				
Loan payment			-5,625	-5,625	-5,625
Interest payment	-2,700	-2,700	-2,700	-2,363	-2,025
Dividend payment					
Subtotal	42,300	-2,700	-8,325	-7,988	-7,650
Stock capital	33,000				
Cash at the beginning of the period	33,000	13,754	1,473	11,632	85,845
Cash at the end of the period	13,754	1,473	11,632	85,845	234,072

Table xiii- Cash-Flow Statement

To start expansion, each co-founder should invest 11,000 euros to increase capital.

All expenses have a 30 day payment period since it has been negotiated that way with the suppliers. For receivables, Partner Universities have a 30 day paying period and direct sales need to be paid up front.

It is important to point out the fact that there is no negative cash-flow in all years. This was only possible with the loan.

Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current assets:					
Inventory (1)	3,537	8,490	16,484	27,217	38,645
Accounts receivable	6,022	14,452	28,061	46,331	65,785
State and other public institutions	11,290	20,263	36,599	57,830	94,666
Deferrals	0	0	0	0	0
Other financial assets	0	0	0	0	0
Cash and cash equivalents	13,754	1,473	11,632	85,845	234,072
Non-current assets					
Plant, property and equipment (3)	2,130	3,079	4,729	6,953	9,176
Intangible assets	2,667	1,334	0	0	0
Stockholders/ partnership	0	0	0	0	0
deferred taxes assets	0	0	0	0	0
Total Assets	39,399	49,090	97,506	224,176	442,344
Equity					
Paid-up capital	33,000	33,000	33,000	33,000	33,000
Ownership of shares (quotas)					
Other equity instruments					
Issuing premiums					
Legal reserves		0	392	7,941	27,264
Other reserves					
Retained earnings		-47,556	-45,988	-15,793	61,501
Financial assets adjustments					
Revaluation surplus					
Other Equity variation					
Net profit from the period	-47,556	1,960	37,743	96,618	180,072
Minority interest					
Total Equity	-14,556	-12,596	25,147	121,765	301,837
Liabilities					
Current liabilities					
Accounts payable (4)	4,351	10,442	20,276	33,477	47,533
State and other public institutions: IRC estimated	0	132	2,538	20,926	47,867

IRS+surcharge	534	651	1,081	1,575	1,739
TSU	1,605	1,543	2,469	3,327	3,680
Other accounts payable: (5)					
University margin	602	1,445	2,806	4,633	6,578
Marketing	417	889	1,538	1,538	1,538
other	1,447	1,584	2,277	3,186	3,448
Deferrals					
Total current liabilities	8,955	16,686	32,983	68,661	112,382
Non-current liabilities					
Funding	45,000	45,000	39,375	33,750	28,125
Other operating Profits and Losses					
Diferred tax Liabilities					
Other accounts payable					
Total non-current liabilities	45,000	45,000	39,375	33,750	28,125
Total Liabilities	53,955	61,686	72,358	102,411	140,507
Total Liabilities + equity	39,399	49,090	97,506	224,176	442,344

Table xiv- Balance sheet

Like any company, when it starts to grow, its obligations just as its assets and equity grow. Associated with the previous financial statements, it is obvious that business starts to thrive after year 2, growing exponentially. This happens because of the quantity of exclusivity contracts closed (which is the only way of being sustainable in this market), associated with an increase of direct-sales from our University manager.

All financial statements presented before were built in accordance with SNC (Sistema Nacional de Contas).

Chapter 5- Conclusion

UBB is a textile merchandise brand specialized in the University market. In Portugal, the company has been operating for the last two years and it has had a sustainable growth since its establishment. The co-founders are eager to bring UBB's concept to other European markets. The chosen country to start expansion is Spain because it is a bigger and close market with cultural similarities.

This business plan presents an alternative for Spanish Universities to finance themselves and bring good quality products for Spanish students.

The Spanish industry where UBB is operating has been in decline since 2008. This can be seen as an opportunity for the company to grow in the Spanish market.

Spain's market is bigger than the Portuguese with a concentration of 19038 students, which is around 9 times more than the Portuguese students' concentration per University. The University apparel is nothing new for Spanish students. 33 out of the 82 Spanish Universities have got a physical store selling merchandise and 22 of them have got an e-commerce platform. Merchandise average price for hoodies is between 20 and 27 euros and t-shirts, between 10 and 15 euros.²¹

In order for the company to be successful in the Spanish market, UBB will need to reach and close as many contracts as possible because these markets tend to stagnate quickly. To reach potential universities, co-founders and collaborators should attend university trade fairs. Even if they fail to close a deal, university representatives will learn about UBB's existence. The difficult part of this business plan is to maintain partners satisfied and motivated. UBB will only achieve it if a relationship of trust is built with the partnering university. UBB will have key employees in charge managing partner Universities. However, closing a contract is not enough to be sustainable. UBB needs to sell and so the company should target influential groups inside a particular University with direct discounts such as Sports teams and student unions.

UBB has got a light and dynamic structure in order to adapt quickly to each university. Start-up costs to start operations in a partner University are below 9000 euros, a low investment. Right now, the team has built a product control system which has been working in the Portuguese market and it will be used for the Spanish market. Facilities should be used to store some material

²¹ This average has been taken from viewing the main products sold in the Universities with an e-commerce platform

however with the consignment business model, most products should head directly to partners. In the direct sales, production only starts when full payment is received.

An important part to consider for expansion is the staffing plan. UBB will need to hire more employees. These employees, according to the co-founders, should be pro-active and with an entrepreneurial mind-set. The company should reinforce their employee tissue in three areas: Design, IT and management (with the university managers).

The assumptions which support the sales projection are:

- Students only buy one product per year
- 10% of the Universities will buy UBB's products in each university. Target falls 10% a year for each year the brand is present in a specific university.
- The number of students entering the university market remains close to the values observed in 2012/2013.

The company's growth according to projections is convincing. The company starts out with a negative value since it is an investment year and grows as more universities partner up, with a net income of 180,000 euros at the end of year 5. In terms of cash, according to projections, the company will need to ask for a loan of 45,000 euros with reimbursement in the third year to maintain operations in Spain.

We can conclude that UBB has chances of having a sustainable growth in the Spanish market. This paper gave the co-founders a big picture of the Spanish university market and a detailed plan with advice of how to enter successfully a new market. By having more access this type of information, they are better prepared and the company may make better management and strategic decisions.

Applications

The story told throughout the business plan can serve as an inspiration for early entrepreneurs who want to open a business and expand it. It shows the need for persistence and hard work in order to consolidate brand recognition.

This plan may also be seen as a template for other companies to base themselves for expansion to the Spanish market. Using some useful information provided, companies can be more prepared for future obstacles they may encounter during the way.

Limitations

All assumptions done throughout the paper are based on the team's experience. Spain has cultural similarities to Portugal. However, it does not mean that it will be sufficient to replicate the experience earned in the home country.

There is no exact data about UBB's competition (direct and indirect) and industry niche.

The scenario used for projections was the realistic with 10% of university students buying UBB's products. This assumption was based on past experience. However the concentration per university in Spain is 9 times higher than in Portugal.

Another very important factor for this plan to work is the contract closing with partner university. All the projections were made based on it. They were done based on the co-founders experience, although that does not mean that the company will be able to close as many contracts in the same time period as it has done in Portugal.

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Attachments

Attachment

Contract Sample in Portuguese

Contrato de Parceria e Cedência de Direitos de Imagem

19

Confirmar com quantas assinaturas obriga a sociedade e quem vai assinar...

Segunda Outorgante

Os Outorgantes acima identificados acordam entre si nos termos das cláusulas seguintes:

Cláusula Primeira

1 – A Universal Brigade, Lda tem por objecto o comércio por grosso e a retalho de vestuário e merchandising.

2 – A universidade X tem como fim a recepção, integração, alojamento, acompanhamento de alunos estrangeiros a estudar na Universidade X.

3 – Pelo presente Contrato de Parceria, a Primeira Outorgante compromete-se a fornecer à Segunda Outorgante os produtos discriminados no Anexo I junto a este Contrato.

4 – Pelo presente Contrato, a Segunda Outorgante compromete-se a ter um espaço, equivalente a x metros quadrados, nas suas principais instalações para exposição e venda dos produtos fornecidos pela Primeira Outorgante, sob a insígnia e logótipo da Segunda Outorgante.

5 – Após ser apresentado o modelo de cada produto alusivo à Segunda Outorgante, a Segunda Outorgante deve aprovar ou rejeitar esse modelo, comprometendo-se após aprovação a não modificar o modelo do produto enquanto ainda existir stock do mesmo, sob pena de cobrir todos os custos tidos pela primeira outorgante com esse stock.

6- Durante a vigência do presente Contrato, a Segunda Outorgante garante a exclusividade de comercialização de produtos discriminados no Anexo I ao presente Contrato.

7 - A Primeira Outorgante confere exclusividade à Segunda Outorgante na venda dos produtos com referência, sob a insígnia ou com o logótipo da Segunda Outorgante. A não observância da exclusividade constitui violação grave do presente Contrato, conferindo à Segunda Outorgante o direito a demandar a Primeira Outorgante no sentido dos produtos serem retirados do mercado,

suportando a Primeira Outorgante os consequentes encargos e custas.

Cláusula Segunda

1 - Pelo presente contrato, a Segunda Outorgante concede à Primeira Outorgante o direito de promover e vender no site da internet, os artigos a serem vendidos com o logótipo, nome e imagem da Segunda Outorgante.

2 – A Segunda Outorgante tem a liberdade de fazer promoção, no seu website e através de newsletters, com alusão à Primeira Outorgante dos produtos mencionados em Anexo 1.

3 – A Primeira Outorgante tem a liberdade de fazer a promoção online no seu website com alusão à Segunda Outorgante.

4 – A Segunda Outorgante deve ceder espaço razoável nas suas instalações à Primeira Outorgante para colocação de material publicitário alusivos à mesma durante o prazo de vigência do presente contrato.

5 - A Segunda Outorgante autoriza a Primeira Outorgante a realizar durante, pelo menos duas semanas por semestre lectivo, eventos de promoção e comercialização dentro do espaço da Segunda Outorgante com o aviso prévio de duas semanas e sujeito á aprovação da data concreta pela Segunda Outorgante.

Cláusula Terceira

1 – Mensalmente a Segunda Outorgante compromete-se a contabilizar os artigos vendidos e a comunicar essa mesma contabilização à Primeira Outorgante.

2 – A Segunda Outorgante transferirá, até ao dia 8 de cada mês, para o NIB (...) da conta da Primeira Outorgante, o valor correspondente ao total das vendas dos produtos identificados no Anexo I ao presente Contrato, correspondente ao mês anterior, deduzido de uma margem correspondente a 10% do valor total das vendas do mês a que corresponde, calculado sobre o valor livre de impostos e demais encargos legais.

3 – Trimestralmente, a contar da data da assinatura deste Contrato, será feito um balanço dos produtos vendidos e melhor identificados no Anexo I, comprometendo-se a Primeira Outorgante:

- a) A entregar à Segunda Outorgante o valor correspondente a 11% do valor total das vendas do trimestre a que corresponde, calculado sobre o valor livre de impostos e demais encargos legais, no caso das vendas se terem situado nesse trimestre entre (deveria ser

abaixo de 315 simplesmente, senão o que acontece se venderem menos que 186?) 100 e 188 de todos os artigos.

- b) A entregar à Segunda Outorgante o valor correspondente a 12,5% do valor total das vendas do trimestre a que corresponde, calculado sobre o valor livre de impostos e demais encargos legais, no caso das vendas terem sido superiores a 188 unidades trimestrais de todos os artigos.

4 - Aos montantes mencionados nas alíneas a) e b) do número anterior serão deduzidos os valores mensais já retidos nos termos do número 2 da presente Cláusula.

5 - Os montantes apurados nos termos das alíneas a) e b) do nº3 e nº4 da presente Cláusula deverão ser entregues até ao dia 10 do mês seguinte ao final do Trimestre respectivo.

6 - Em caso de dúvidas ou divergências quanto aos resultados contabilísticos apresentados pela Segunda Outorgante, esta compromete-se a submeter-se a uma auditoria, a realizar por um perito a nomear por ambas as Outorgantes, salvo se essa divergência for provada pela parte interessada de forma inequívoca. Os custos da auditoria são da total responsabilidade do segundo Outorgante.

Cláusula Quarta

1 - O preço de venda dos produtos, discriminados no Anexo I ao presente Contrato, é acordado entre ambas as Outorgantes sendo que, em caso algum, poderá ser alterado sem autorização prévia da Segunda Outorgante.

Cláusula Quinta

1 - A regularização do stock é controlada pela Primeira Outorgante, sendo que, para tal, a Segunda Outorgante se compromete a fornecer informações das vendas por cada período mensal.

2 - Em caso de ruptura de stock, deverá a Segunda Outorgante proceder à solicitação, por escrito, do fornecimento dos produtos referidos no Anexo I do presente Contrato que se encontrem em falta de stock, devendo a Primeira Outorgante regularizar a situação num prazo máximo de 30 dias, sob pena de lhe ser aplicada uma penalidade no valor total das vendas efectuadas no trimestre anterior correspondentes ao artigo em falta.

3 - Com o aviso prévio de 48 horas poderá a Primeira Outorgante dirigir-se às instalações da Segunda Outorgante para proceder à contagem do stock.

Cláusula Sexta

O Contrato tem o seu início eme termo em, renovando-se por iguais e sucessivos períodos de tempo, excepto se for denunciado por qualquer das partes, por carta registada com aviso de recepção, enviada com a antecedência mínima de 60 dias do termo do contrato ou respectiva renovação.

2 – Sempre que o presente Contrato for renovado, as percentagens previstas na Cláusula Terceira deverão ser alvo de actualização por acordo das partes, bem como o preço dos produtos em questão, e que deverão ser aditados no Anexo 1 do presente contrato.

Cláusula Sétima

1 – Em caso de incumprimento do presente Contrato por motivo imputável à Primeira Outorgante, deverá esta indemnizar a Segunda Outorgante pelos prejuízos causados mas nunca num montante inferior ao valor da percentagem correspondente ao total das vendas, calculado sobre o valor livre de impostos e demais encargos legais, do trimestre anterior.

2 - Em caso de incumprimento do presente contrato por motivo imputável à Segunda Outorgante, deve a mesma indemnizar a Primeira Outorgante no valor do pagamento previsto na clausula 3ª do presente contrato e que consubstancia o valor de receitas que a segunda outorgante deve entregar à primeira outorgante todos os meses em função do número de vendas, realizadas nesse mês, bem como na sanção pecuniária compulsória de 1% do valor total de receitas do pagamento mensal devido à primeira outorgante.

3- No caso de incumprimento de pagamento por parte da segunda outorgante por um periodo igual ou superior 3 meses, a Segunda outorgante é obrigada a indemnizar a Primeira outorgante no valor do preço de venda dos produtos em stock deduzido da margem da Segunda Outorgante e demais encargos legais.

Por ser a vontade de ambas as Outorgantes, após lerem o presente contrato, assumem ser a vontade real de ambas pelo que o irão assinar

List of institutions with e-commerce platforms

University	Number	City	Store?	Link
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	of students			
Universidad de Barcelona	90476	Barcelona	Online	http://www.ub.edu/botigaub/
Universidad Complutense Madrid	87000	Madrid	-	
Universidad Sevilla	58343	Seville	Online	http://www.tiendauniversidaddesevilla.es/index.php?option=com
Universitat Oberta de Catalunya	52000	Barcelona	-	
Universidad de Granada	62706	Granada	-	
Universitat de Valencia	54706	Valencia	Online	http://fundacio.uv.es/
Universitat Aut3noma de Barcelona	37166	Barcelona	-	
Universidad del Pais Vasco/ Euskal Herriko Unibertsitatea	44164	Biscaya	Online	http://www.ehu.es/p200-content/es/contenidos/informacion/ehu
Universidad Politecnica de Madrid	37891	Madrid	Online	https://www.upm.es/tiendaUPM/catalog/
Universitat Politecnica de Valencia	36187	Valencia	-	
Universidad de Malaga	36554	Malaga	Online	http://www.tiendauma.com/
Universidad de Zaragoza	34291	Zaragoza	Online	http://tiendauniversitaria.unizar.es/list.php?PHPSESSID=7k6kv
Universidad de Salamanca	25443	Salamanca	Online	http://mercatus.usal.es/
Universidad Rey Juan Carlos	24363	Madrid	Offline	-
Universidad Autonoma de Madrid	33000	Madrid	-	
Universidade Santiago de Compostela	30800	Santiago de Compostela		
Universidade Politecnica de Catalunya	29519	Barcelona	Online	http://www.upc-shop.com/
Universidad de Alcal3	26043	Madrid	Online	http://tienda.uah.es/
Universidad de Murcia	27440	Murcia	Online	http://www.tutiendauniversitaria.es/
Universidad de Alicante	25990	Valencia	-	
Universidad de Castilla-La Mancha	26729	Castilla-La Mancha		
Universidad La Laguna	24727	Tenerife	Online	http://www.latiendaull.es/

Universidad de Valladolid	26798	Valladolid	-	
Universidad de Extremadura	n/a	Badajoz/ Cáceres/ Mérida	-	
Universidad de Oviedo	27284	Oviedo	offline	-
Universidade de A Coruña	20309	Barcelona	Online	https://tenda.udc.es
Universidad de Vigo	22833	Vigo	-	
Universidad Las Palmas de Gran Canaria	21245	Canarias	-	-
Universidad Miguel Hernandez de Elche	13061	Valladolid	-	
UIB - Universitat de les Illes Balears	19640	Palma de Mallorca	-	
Universidad de Cadiz	18202	Cadiz	-	
Universidad Ramon Lull	18132	Barcelona	Online	http://www.lean3.es/material-esportiu/
Universidad de Jaén	15344	Jaén	-	
Universidad Carlos III	18591	Madrid	Online	http://portal.uc3m.es/portal/page/portal/conocenos/regalo_corpo
Universidad Córdoba	15500	Córdoba	-	
Universidad Jaume I	13210	Castellon de la Plana	Online	http://www.tenda.uji.es/
Universidad Europea de Madrid	11000	Madrid	-	
Universidad Alfonso X el sabio	n/a	Madrid	-	
Universidad de León	n/a	León	-	
Universidad de Almeria	12601	Almeria	-	
Universidad Católica Valencia "San Vicente Mártir"	9236	Valencia	-	
Universidad Deusto	9566	Bilbao	Online	http://www.libreriatintas.com/
Universidad Cantabria	10393	Santander	-	
Universidad Rovira I Virgili	12847	Tarragona	Online	http://www.botigaurv.cat/
Universidad de Burgos	8286	Burgos	Offline	-
Universidad de Girona	12975	Girona	-	
Universidad San Pablo CEU	8108	Madrid	Offline	-

Universidad Pablo de Olavide	10526	Seville	Offline	-
Universidad de Huelva	10900	Huelva	-	
Universidad de Navarra	9188	Pamplona	Online	http://tienda.unavarra.es/
Universidad Pontifica Comillas	10490	Madrid	-	
Universidad Pompeu Fabra	9522	Barcelona	Online	http://shop.upf.edu/
Universidad Lleida	7162	Lleida	-	
Universidad Pública de Navarra	7830	Pamplona	-	
Universidad Politecnica Cartagena	6949	Cartagena	-	
Universidad Pontificia Salamanca	6520	Salamanca	offline	-
Universidad de La Rioja	6526	La Rioja	Online	http://fundacion.unirioja.es/productos/index/29/camisetas
Universidad Cardenal Herrera CEU	6725	Valencia	-	
Universidad de Vic	4597	Vic	-	
Universidad Internacional Catalunya	4332	Barcelona	-	
Universidad Antonio de Nebrija	2980	Madrid	-	
Universidad Francisco de Vitoria	2763	Madrid	Offline	-
Mondragon Unibertsitatea	3422	Bilbao	Online	http://www.mondragon.edu/denda/
Universidad Internacional Valenciana	n/a	Valencia	-	
Universidad Internacional de Andalucia	n/a	Santa Maria de Las Cuevas	-	
Universidad Abat Oliba CEU	1300	Barcelona	-	
Universidad a Distancia de Madrid	5934	Madrid	-	
Universidad Europea Miguel de Cervantes	1514	Valladolid	-	

IE University (Castilla/León)	2145	Segovia	Offline	-
Universidad San Jorge	748	Villa Nueva de Galego	-	
Universidad Europea de Canarias	n/a	Canarias	-	
Universidad Europea de Valencia	n/a	Valencia	-	
Universidad Europea del Atlantico	n/a	Santander	-	
Universidad Católica de Ávila	593	Ávila	-	
Universidad Loyola Andalucía	n/a	Seville/Córdoba	-	
Universidad Católica San Antonio de Murcia	10580	Murcia	Online	http://store.ucam.edu/
Universidad Internacional de La Rioja	n/a	La Rioja	Offline	-
Nacional de Educación a Distancia (UNED)	264059	Madrid	-	
Universidad Isabel I de Castilla	n/a	Castilla y León		
Universitat Internacional Valenciana	n/a	Valencia	-	
Universidad Internacional Menéndez Pelayo	15000	Madrid	-	

UBB products



Figure xx- T-shirt Sol's



Figure xxi- Pólo THC Adam



Figure xxii- ALWDis Hoodie



Figure xxiii- ALWDis Sweatshirt



Figure xxiv- ALWDis Varsity jacket

Product description:

T-shirt- (Sol's Imperial) 190 grs/m², 100% cotton which means it is a heavier t-shirt that supports more washes and less care with the washes. Soft touch and comfortable fit. Wide range of colors (37). Screen printing is high quality with less water mixed with the paint.

Polo- (THC Adam) 195 grs/m², 100% cotton with piqué knit, considering it is a recent Portuguese brand, the price strategy is of penetrating the market, which means more attractive prices, an elegant cut with tight sleeves. Embroidery always used because it is considered as a more formal item of garment.

Hoodie- (AWDis college hoodie) 280 grs/m², 80% cotton and 20% polyester with a wide range of colors (50), with an elegant cut and a product with accessible prices. Comfortable use. This product comes with a hole to put headphones. Worldwide Responsible Accredited Production (WRAP) certified product. Screen printing is high quality with less water mixed with the paint. Screen printing is high quality with less water mixed with the paint.

Sweatshirt- (AWDis sweatshirt) 280 grs/m², 80% cotton and 20% polyester with a wide range of colours (36). It has the same cut as the hoodie at an affordable price and comfortable use. Worldwide Responsible Accredited Production (WRAP) certified product. Screen printing is high quality with less water mixed with the paint. Screen printing is high quality with less water mixed with the paint.8.5

Varsity Jacket- (AWDis Varsity Jacket) 330 grs/m², 80% cotton and 20% polyester with 16 color choice. Sleeves with different colors from the body and different color combination, pocket with small opening for ear phone cord feed. Knitted collar, cuffs, and waistband with stripe details. Worldwide Responsible Accredited Production (WRAP) certified product. Screen printing is high quality with less water mixed with the paint or embroidery used, adding value to the garment.



Figure xxv- Example of clothing stand

Interview conducted to Emilio Beites Herrero, manager of Mercatus (Salamanca's promotional gift shop)

Buenos días,

Antes de más, muchas gracias por su cooperación en el intercambio de información para la realización de mi tesis.

Mi tesis es sobre la importancia de los regalos promocionales, sobre todo textiles, tienen en la promoción exterior de las instituciones de educación superior y el desarrollo de la búsqueda hay tido en los últimos años.

Preguntas:

¿Cuál es la institución educativa que representa?

UNIVERSIDAD DE SALAMANCA

¿Cuál es la entidad que explora el ramo de los regalos promocionales (textiles) en la Universidad? La universidad o una empresa privada?

MERCATUS, Empresa de la Universidad de Salamanca

Si es una empresa privada, como es el funcionamiento de esta rama? La Universidad recibe un porcentaje por cada venta que se hace o se paga un royalty por el uso de la imagen?

La empresa es de titularidad publica, el dueño es la Universidad de Salamanca

Los principales consumidores se encuentran en que grupo de edad?

Entre 20-60

¿Cuál es el género predominante en la compra de estos artículos?

MASCULINO

¿Cuál es el nivel de estudios (licenciatura, maestría, postgrado o doctorado) de la mayoría de los estudiantes que consumen estos artículos?

ESTUDIANTES DE LICENCIATURA

¿Cuál es la relevancia de los extranjeros a la Universidad en la compra de estos artículos, sobre todo los turistas?

IMPORTANTISIMA. MAS DEL 75% DEL TOTAL

Los principales clientes tienen un buen poder adquisitivo? ¿Por qué?

SI. LOS PRODUCTOS SON DE ALTA CALIDAD Y P`RECIO MEDIO-ALTO

¿Cuántos puntos de venta tiene la Universidad para la venta de estos productos?

TRES Y LA WEB

¿Cuáles son los artículos textiles más vendidos?

SUDADERAS Y CAMISETAS EN ESTE ORDEN

¿Cuál es el período de mayor búsqueda de estos artículos?

DE ABRIL A NOVIEMBRE

Por favor, me indique el precio de los productos textiles más vendidos.

SUDADERA. 26€ (17€ ALUMNOS)

CAMISETA: 10€ (7 € ALUMNOS)

¿Cuál es la relevancia de la falsificación en este mercado?

MUY ALTA. MAS DE 35 TIENDAS EN DOS MANZANAS, QUE FALSIFICAN TODO LO QUE PUEDEN.

Muchas gracias por la cooperación en este cuestionario.

Saludos académicos

Financial Tables

Wages

	Number of employees	Gross Wage	Food allowance	IRS		Social Security (TSU)		Surcharge	Net Wage	company cost	Payments year n				Payment year n-1		
				Rate	Value	Rate	Value				Salary	IRS	SS	Surcharge	IRS	SS	Surcharge
Year 1	4	51,800.00	4,133.36	0.48	6,405.00	0.88	5,698.00	1,256.71	42,573.65	68,235.86	42,573.65	5,871.25	16,500.46	1,151.98	533.75	1,500.04	104.73
Year 2	4	52,836.00	4,133.36	0.645	6,533.10	0.904	5,970.47	1,275.77	43,190.02	69,517.91	43,190.02	5,988.68	16,975.77	1,169.46	544.43	1,543.25	106.31
Year 3	6	84,515.20	6,200.04	0.74	10,935.23	0.904	9,550.22	2,034.14	68,195.65	110,787.60	68,195.65	10,023.96	27,154.03	1,864.63	911.27	2,468.55	169.51
Year 4	8	113,897.50	8,266.72	1.085	16,210.72	0.904	12,870.42	2,690.64	90,392.45	149,214.88	90,392.45	14,859.82	36,594.32	2,466.42	1,350.89	3,326.76	224.22
Year 5	9	125,975.45	9,300.06	1.125	17,883.97	0.904	14,235.23	2,978.29	100,178.03	165,194.68	100,178.03	16,393.64	40,474.86	2,730.10	1,490.33	3,679.53	248.19

IRC payments

	year 1	year 2	year 3	year 4	year 5
Net income	- 47,556.12	2,092.21	40,280.56	117,544.1 1	227,938.9 8
Loss deductible (year n)	0.00	1,464.55	28,196.39	17,895.18	0.00
IRC	0.00	131.81	2,537.68	20,926.27	47,867.19
Losses deductible in the next years	47,556.12	46,091.58	17,895.18	0.00	0.00
PEC (Special pre payment)	0.00	903.26	441.56	849.62	1,393.11
PEC normal advanced payment (payable in the year)	0.00	0.00	105.45	2,410.79	19,879.96
Total IRC payable	0.00	0.00	1,219.22	17,665.86	26,594.12

Acquisition map and depreciation map

Acquisition map	Acquisition value	year 1	year 2	year 3	year 4	year 5	Total
Web platform	4000.00	4000.00					4000.00
Printer	1000.00	1000.00					1000.00
Chairs	250.00	250.00					250.00
Tables	250.00	250.00					250.00
Promotional clothes stand	230.00	460.00	690.00	1150.00	1610.00	1840.00	5750.00
Exhibitors (4 each partner university)	70	560.00	840.00	1400.00	1960.00	2240.00	7000.00
Total		6520.00	1530.00	2550.00	3570.00	4080.00	
VAT		1499.60	351.90	586.50	821.10	938.40	
Acquisition + VAT		8019.60	1881.90	3136.50	4391.10	5018.40	
Depreciation map		year 1	year 2	year 3	year 4	year 5	Total
Total year- Tangible assets		390.00	581.25	900.00	1346.25	1856.25	
Tangible assets book value		2130.00	3078.75	4728.75	6952.50	9176.25	
Total year- Intangible assets		1333.20	1333.20	1333.20	0.00	0.00	
Intangible assets book value		2666.80	1333.60	0.40	0.40	0.40	
Total depreciation		1723.20	1914.45	2233.20	1346.25	1856.25	
Total Book value		4796.80	4412.35	4729.15	6952.90	9176.65	

Loan Map

Loan amount beginning of year	45,000.00 euros									
Interest rate	0.06									
Duration	10 years									
Period of grace	2 years									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Loan amount beginning of year	45,000.00	45,000.00	45,000.00	39,375.00	33,750.00	28,125.00	22,500.00	16,875.00	11,250.00	5,625.00
Interest payment	2,700.00	2,700.00	2,700.00	2,362.50	2,025.00	1,687.50	1,350.00	1,012.50	675.00	337.50
Capital payment			5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00	5,625.00
capital in debt end year	45,000.00	45,000.00	39,375.00	33,750.00	28,125.00	22,500.00	16,875.00	11,250.00	5,625.00	0.00

Production costs

items	manufacturing cost	printing cost/ e	labeling costs (2 label	labeling manuf	Total
hoodie	6.75 €	2.48 €	0.35 €	0.08 €	9.66 €
sweatshirt	5.25 €	2.48 €	0.35 €	0.08 €	8.16 €
T-shirt	2.18 €	2.48 €	0.35 €	0.08 €	5.09 €
Varsity jacket	9.95 €	2.48 €	0.35 €	0.08 €	12.86 €
Polo (embroidery)	2.18 €	5.22 €	0.35 €	0.08 €	7.83 €

COGS

	Year 1		Year 2		Year 3		Year 4		Year 5	
	consignment model	direct sales	consignment model	direct sales	consignment model	direct sales	consignment model	direct sales	consignment model	direct sales
Hoodies	14,659.67 €	3,664.92 €	35,183.21 €	8,795.80 €	68,314.06 €	17,078.51 €	112,791.49 €	28,197.87 €	160,151.02 €	40,037.76 €
Sweatshirt	6,192.16 €	1,548.04 €	14,861.17 €	3,715.29 €	28,855.44 €	7,213.86 €	47,642.44 €	11,910.61 €	67,646.82 €	16,911.71 €
T-shirt	5,083.82 €	1,270.96 €	12,201.18 €	3,050.29 €	23,690.61 €	5,922.65 €	39,114.93 €	9,778.73 €	55,538.73 €	13,884.68 €
Varsity Jacket	4,779.69 €	1,194.92 €	11,471.25 €	2,867.81 €	22,273.35 €	5,568.34 €	36,774.92 €	9,193.73 €	52,216.18 €	13,054.04 €
Polo	1,274.96 €	318.74 €	3,059.91 €	764.98 €	5,941.32 €	1,485.33 €	9,809.56 €	2,452.39 €	13,928.45 €	3,482.11 €
SubTotal year	31,990.30 €	7,997.57 €	76,776.71 €	19,194.18 €	149,074.78 €	37,268.70 €	246,133.35 €	61,533.34 €	349,481.20 €	87,370.30 €
Total year		39,987.87 €		95,970.89 €		186,343.48 €		307,666.68 €		436,851.50 €

Percentage of demand of each product

	%
Hoodies	39.84%
Sweatshirt	19.92%
T-shirts	26.21%
Varsity Jacket	9.76%
Polo	4.27%

Based on UBB's experience

Scenario projection

Realistic Scenario					
	Year 1	Year 2	Year 3	Year 4	Year 5
Nr of partner universities	2	5	10	17	25
Average number of students	38076	95190	190381	323647	475952
Number of students buying	3808	9138	17743	29296	41597

Items	Year 1		Year 2		Year 3		Year 4		Year 5											
	comigment model	direct sales	comigment model	direct sales	comigment model	direct sales	comigment model	direct sales	comigment model	direct sales										
Hoodies	1517	33.296.08 €	379	8.324.02 €	3641	79.910.58 €	910	19.977.65 €	7069	155.159.71 €	1767	38.789.93 €	11671	256.189.01 €	2918	64.045.00 €	16572	363.746.31 €	4143	90.936.58 €
Sweatshirt	758	13.568.72 €	190	3.392.18 €	1820	32.564.93 €	455	8.141.23 €	3534	63.210.23 €	884	15.807.56 €	5856	104.397.73 €	1459	26.099.43 €	8286	148.232.84 €	2071	37.058.21 €
T-shirt	998	13.175.16 €	289	3.043.78 €	2391	29.220.39 €	599	3.305.10 €	4651	56.736.26 €	1163	14.384.06 €	7678	93.675.70 €	1928	23.414.93 €	10902	133.008.78 €	2726	33.525.20 €
Varsity Jacket	372	10.574.31 €	95	2.643.58 €	892	25.378.33 €	223	6.344.58 €	1731	49.276.26 €	433	12.319.07 €	2859	81.358.71 €	715	20.339.48 €	4059	115.520.06 €	1015	28.880.01 €
Polo	183	2.646.23 €	41	661.56 €	391	6.350.96 €	98	1.587.74 €	758	12.331.44 €	190	3.082.36 €	1252	20.360.11 €	313	3.090.03 €	1778	28.969.03 €	444	7.227.26 €
Subtotal year		72.260.50 €		18.065.12 €		173.455.19 €		43.356.30 €		336.733.91 €		84.183.48 €		655.972.26 €		138.991.64 €		786.417.02 €		192.545.54 €
Total year				90.325.62 €				216.781.49 €				420.917.39 €				694.965.32 €				986.771.27 €

Students purchase projection

nr of universities	Pessimistic scenario					Realistic scenario					Optimistic scenario				
	year 1	year 2	year 3	year 4	year 5	year 1	year 2	year 3	year 4	year 5	year 1	year 2	year 3	year 4	year 5
1	5.00%	4.50%	4.05%	3.65%	3.28%	10.00%	9.00%	8.10%	7.29%	6.56%	12%	10.80%	9.72%	8.75%	7.87%
2	5.00%	4.50%	4.05%	3.65%	3.28%	10.00%	9.00%	8.10%	7.29%	6.56%	12%	10.80%	9.72%	8.75%	7.87%
3		5.00%	4.50%	4.05%	3.65%		10.00%	9.00%	8.10%	7.29%		12%	10.80%	9.72%	8.75%
4		5.00%	4.50%	4.05%	3.65%		10.00%	9.00%	8.10%	7.29%		12%	10.80%	9.72%	8.75%
5		5.00%	4.50%	4.05%	3.65%		10.00%	9.00%	8.10%	7.29%		12%	10.80%	9.72%	8.75%
6			5.00%	4.50%	4.05%			10.00%	9.00%	8.10%			12%	10.80%	9.72%
7			5.00%	4.50%	4.05%			10.00%	9.00%	8.10%			12%	10.80%	9.72%
8			5.00%	4.50%	4.05%			10.00%	9.00%	8.10%			12%	10.80%	9.72%
9			5.00%	4.50%	4.05%			10.00%	9.00%	8.10%			12%	10.80%	9.72%
10			5.00%	4.50%	4.05%			10.00%	9.00%	8.10%			12%	10.80%	9.72%
11				5.00%	4.50%				10.00%	9.00%				12%	10.80%
12				5.00%	4.50%				10.00%	9.00%				12%	10.80%
13				5.00%	4.50%				10.00%	9.00%				12%	10.80%
14				5.00%	4.50%				10.00%	9.00%				12%	10.80%
15				5.00%	4.50%				10.00%	9.00%				12%	10.80%
16				5.00%	4.50%				10.00%	9.00%				12%	10.80%
17				5.00%	4.50%				10.00%	9.00%				12%	10.80%
18					5.00%					10.00%					12%
19					5.00%					10.00%					12%
20					5.00%					10.00%					12%
21					5.00%					10.00%					12%
22					5.00%					10.00%					12%
23					5.00%					10.00%					12%
24					5.00%					10.00%					12%
25					5.00%					10.00%					12%
Total	5.00%	4.80%	4.66%	4.53%	4.37%	10.00%	9.60%	9.32%	9.05%	8.74%	12.00%	11.52%	11.18%	10.86%	10.49%

Stock at the end of the year and purchases

	Unitary Production cost	year 1		year 2		year 3		year 4		year 5	
		Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
Hoodies	9.66 €	2013	19,452.25 €	4831	46,685.41 €	9380	90,647.50 €	15487	149,665.64 €	21989	212,508.08 €
Sweatshirt	8.16 €	1006	8,216.51 €	2415	19,719.63 €	4690	38,288.95 €	7743	63,217.86 €	10995	89,762.13 €
T-shirt	5.09 €	1324	6,745.84 €	3178	16,190.02 €	6171	31,435.62 €	10189	51,902.51 €	14467	73,695.63 €
Varsity Jacket	12.86 €	493	6,342.28 €	1183	15,221.47 €	2297	29,555.02 €	3793	48,797.49 €	5386	69,286.85 €
Polo	7.83 €	216	1,691.78 €	518	4,060.26 €	1006	7,883.68 €	1662	13,016.53 €	2359	18,481.98 €
Total			42,448.66 €		101,876.79 €		197,810.77 €		326,600.02 €		463,734.67 €
VAT			9,763.19 €		23,431.66 €		45,496.48 €		75,118.00 €		106,658.97 €
Total purchases + VAT			52,211.86 €		125,308.45 €		243,307.25 €		401,718.02 €		570,393.64 €
Starting stock					3,537.39 €		8,489.73 €		16,484.23 €		27,216.67 €
Stock end year			3,537.39 €		8,489.73 €		16,484.23 €		27,216.67 €		38,644.56 €
Cost of goods Sold			38,911.27 €		96,924.45 €		189,816.27 €		315,867.58 €		452,306.78 €

Email from Fyvae (Asociación de Fabricantes y Vendedores de artículos Publicitarios y Promocionales) 24th October 2014

Buenas tardes Sr. Andre:

Los datos que te puedo facilitar son los siguientes, ya que nuestro estudio de mercado es del año 2005 y estos son los datos generales destacados en su momento.

Total Inversión en regalo publicitario y promocional = 1.352 Millones de Euros.

Mercado en España compuesto por:

347 Mayoristas/Fabricantes/ Importadores.

5330 Distribuidores/ Reclamistas.

Productos destacados: camisetas, llaveros, bolígrafos, USB, MP3 y lanyards.

Un saludo,