A Digital Marketing and Revenue Estimation Project for “Latte”

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Master’s in International Management

Supervisors:
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Department of Marketing, Strategy and Operations

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Jan Seppälä

Resumo

Tendo em consideração o crescimento do mercado internacional de “streetwear”, esta tese procura abranger as várias estratégias de marketing digital, que podem ser utilizadas para fazer crescer a marca portuguesa Latte e criar uma estimativa das receitas esperadas. O trabalho mostra o potencial do marketing digital global e procura realçar as oportunidades de crescimento para a marca em causa. Visando reorientar os esforços de atividades locais, para uma abordagem comercial sem fronteiras.

Temas como a indústria global da moda, as tendências, o comportamento dos consumidores e as tácticas de marketing digital são abordados na revisão da literatura. A metodologia utilizada é uma análise de regressão, que ajudou a determinar o nível de relação entre as despesas de marketing das marcas de “streetwear” e as suas receitas. É utilizada uma abordagem quantitativa para permitir a geração de um rácio numérico na secção de avaliação financeira do trabalho, para determinar a estimativa de receitas potenciais de uma campanha de marketing digital criada especificamente para a Latte. O trabalho conclui que existe uma relação significativa entre as variáveis e que pode ser utilizada para estimar as receitas. O trabalho inclui uma visão global do mercado, acompanhado por uma análise interna, externa e da concorrência, seguindo para a definição de objetivos e estratégias, antes de concluir com a secção financeira.

O carácter inovador do trabalho assenta na criação de uma oportunidade de expansão internacional e de crescimento do negócio de marcas como a Latte, de fabricantes portugueses de têxteis e do mercado global de “streetwear”, com base na tendência crescente de preocupações éticas dos compradores de moda.

Palavras-Chave: Marketing Digital, Estimativa das Receitas, Moda Urbana, Sustentabilidade

Codigos da Classifacação JEL: F23, M31

Abstract

In the context of the growing international streetwear market, the thesis seeks to cover the various digital marketing strategies that could be used to grow the Portuguese streetwear brand Latte and offer an estimation of expected revenue. The work shows the potential of international digital marketing and seeks to highlight the opportunities for a brand that desires to prosper with the help of digital marketing and is keen to refocus efforts from mainly local-based activities to a borderless approach to business.

Topics such as the global fashion industry, consumer trends and behaviors, and digital marketing tactics are covered in the literature review. The methodology conducted is a regression analysis which helped to determine the level of relationship between marketing spending by streetwear brands to their revenue. A quantitative approach is used to allow for a numerical ratio generation to be used in the financial evaluation section of the work to determine potential revenue estimation from a digital marketing campaign created specifically for Latte. The work finds that a significant relation between the variables is present and can be used for revenue estimation. The work then progresses with an overview of the market paired with an internal, external, and competitive analysis followed by determining objectives and strategies for the work before concluding with the financial section.

The innovative nature of the work is based on the creation of an international expansion and business growth opportunity for brands such as Latte, Portuguese textile manufacturers, and the global streetwear market based on the rising trend of ethical concerns for fashion shoppers.

Keywords: Digital Marketing, Revenue Estimation, Streetwear, Sustainability

JEL Classification Codes: F23, M31

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Introduction

This innovative business plan thesis will explore the possibility of using digital marketing in the context of international growth for a Portuguese streetwear brand called Latte and provide a revenue estimation based on the marketing success of competitors in the market. The thesis will explore a gap in a growing market for streetwear brands and innovate Latte's strategy based on expanding outside of the Portuguese borders for international growth all the while utilizing consumer trends such as ethical concerns and the growth in online shopping.

A great portion of the work will be based on digital marketing and offer a deeper look at the health of the fashion industry, the streetwear market, and consumer behavior. The methodology will offer an understanding of the correlation between marketing spending and revenue for brands that offer streetwear products. In the methodology, the ratio acquired with a regression analysis between the two variables will offer support for the financial evaluation section of the work.

A market analysis, internal analysis, and competitive will also be conducted to have a wider understanding of the horizon and get an idea of where Latte is located compared to the rest of the market. The work will also strive to create concise objectives and accurate plans to execute for the Latte brand with development strategies, implementation policies, and requirements that the plan relies on.

At last, a financial evaluation section will offer a revenue estimation to finalize the work and present a depiction of what a successful marketing campaign can resemble in terms of concrete profit and return on investment.

Introducing Latte

Latte is a Portuguese streetwear brand based in the center of Lisbon, Portugal, where they have been operating for around 5 years since the brand was created. Latte is a streetwear cultural hotspot within Lisbon and has curated a unique place for streetwear enthusiasts in their brick-and-mortar store. Latte also has an online shop where they ship globally. The brand's business model is based on retailing streetwear products from various brands but also releasing a few pieces of their own locally produced merchandise a few times a year. Latte are also very active on Instagram and a great source of streetwear news. Additional information and further details on the company's activities will be covered all along the work.

Literature review

To better understand the environment of this thesis, this literature review is going to offer a deeper insight into topics that could strike an interest when thinking about the global fashion industry, the streetwear market, and marketing strategies. The literature review will be divided into the following topics:

- Overview of the global fashion industry
- The current state of the streetwear market
- Consumer behavior in the fashion market
- Portuguese fashion and streetwear industry
- International marketing strategies
- Digital marketing strategies

<u>Overview of the global fashion industry</u>

Fashion can be defined in many ways, some might say fashion is a term to describe elegant or more refined clothing pieces, and some might see it as a concept that represents a more artistic view of anything wearable, perhaps linked to a time and place. The truth, as the literature defines it, is that fashion is an all-embracing term that generally encompasses any product or market where there is an element of style linked with any kind of clothing or accessory that is also likely to be short-lived. (Christopher et al., 2004) The literature also suggested that the market would be divided into four characteristics. Short life-cycle fashion is where products can only be sold for a very short amount of time, seasonal periods. The high-volatility product group has a very unstable demand and is influenced by outside factors such as weather, films, etc. The low predictability characteristic means that demand is difficult to predict and lastly the high impulse purchasing facet is where consumers a stimulated by a product in a way enough to set off a purchase. (Christopher et al., 2004)

The fashion industry which includes textile and apparel brands, retailers, wholesalers, and importers, is one of the world's biggest industries generating an estimated $2.5 Trillion globally in the year 2020 (Ogburie & Žukovskis, 2021). With production doubling from the year 2000 to 2014. The fashion industry has been on an incline for the past two decades and seems to be continuing with an estimated Compound Annual Growth Rate (CAGR) of 7% from 2021 until 2025. The expansion in sales by then should be around $39.84 Billion with sales expansion currently standing at $30.58 Billion in 2021 (Ogbure & Zukovskis, 2021)

Considering the consumer trend of fast fashion which consists of rapidly and poorly produced low-cost trendy garments sold to the masses for a low price, (Gazzola et al., 2019) an increase in consumption of about $10 trillion is expected between 2021 and 2031,(Amed et al, 2022) giving a clear indication in which direction the fashion industry is heading. To maintain with this yearly increase in demand around 300 million people were employed all along the value chain of the industry in 2019 (Gazzola et al., 2019). There is no doubt that this figure will increase in the upcoming years with such market growth.

The main reasons for such growth in the fashion industry can be directly linked to a handful of consumer trends. Not so particularly what type of style or design a person might be wearing but rather setting higher expectations when it comes to delivering a superior service or ethical production. The trends in this instance are associated with purchasing decisions observed in the fashion market.

Clothing over time has changed from a functional and practical necessity to a more trivial, fashion and style-associated garment where durability has less importance (Mahmood & Kess, 2014). Completely different factors are considered during the purchasing decision. Mass production, low costs and cheap prices, fast design, and trend tracking are notions that have given birth to the concept of fast fashion (Barnes & Lea-Greenwood, 2010)

On the other hand, a trend that has struck the minds of not only fashion consumers is the concept of sustainability. Global warming and environmental concerns are higher than ever on the priority list of consumers when shopping (Gazzola et al., 2019). The fashion industry has had to change towards more sustainable practices, all along the value chain, when it comes to delivering apparel or any other kind of fashion items. Sustainability can be a tough challenge for fashion-related businesses trying to balance economic growth, environmental care, and fashionable customer appeal (International Institute for Sustainable Development, 1992). Luckily the consumer trend of sustainability is a long-term one, giving the ability for companies to adapt from cheap and polluting options to more environmentally conscious alternatives when creating fashion designs.

The current state of the streetwear market

A great aspect of fashion, often disregarded, is how some styles and trends are born. The seemingly obvious train of thought will guide some to think that specific styles and trends are born in studios and precisely crafted to shape, exactly like designers envisioned it, meeting certain aesthetic characteristics. That isn’t always the case (Leeb et al., 2019). Some styles such as Streetwear were formed by people with common interests, and in this case as some might say created in the “streets”. Streetwear as we know it today is believed to have originated in the late 1970s in New York closely linked with Hip-Hop culture and later took inspiration from subcultures, of the 1980s and 1990s, such as graffiti, skateboarding and surfing (Leeb et al., 2019). Streetwear is based around comfort and a relaxed style, pieces of clothing meant to be used and worn out in sporty activities. Clothing mainly consists of loose-fitting graphic t-shirts and hoodies, sneakers, and usually remains limited. The apparel is usually designed by independent brands (Sola-Santiago, 2017). Even though the streetwear style has developed, changed over time, and even been adopted by popular fast fashion and even luxury brands, the essence remains.

The streetwear culture and style has gained a lot of popularity over the years due to its availability and its introduction into the luxury fashion market and its marketability on social networks. This has helped the streetwear culture style gain attention and thus helped it grow. A combination of implementing streetwear in cheap fast fashion and more exclusive luxury market on internationally used social media networks and online clothing stores has had a tremendous effect on the growth of the streetwear market (Minhas, 2021). The global streetwear market is said to be worth $185 Billion in sales, around 12% of the entire apparel and footwear market (Leeb et al., 2019).

Another interesting literature topic to review could be the way the market is segmented to have a better understanding of the dynamics of the streetwear market. To truly understand who the buyers are, a few characteristics could be looked at. Such as age of consumers, salary, amount of money spent on streetwear products and source of influence. According to a report made by PwC (Dutzler et al., 2019), 60% of streetwear consumers are aged 25 or under with an annual salary of less than $40,000 with about 56% reporting to have spent between $100 and $300 on a single streetwear item with social media being the main source (83%) of influence when it comes to interest in clothing followed by influence perceived from other young and urban individuals. This information gives a clear indication in which way to proceed when it comes to the marketing part of this thesis. Who to target, their willingness to purchase, where to reach customers and how to market products.

As mentioned above, the main sources of inspiration for streetwear were created by a subculture of skateboarders, surfers, and hip-hop. This developed into rebel and grunge lifestyle clothing that was originally trendy for these sub-groups. Later on, with time streetwear grew in popularity, thus becoming its own fashion genre and started having its own trends (Patel & Mehta, 2021). This became prevalent during the Covid-19 pandemic.

During the COVID outbreak and with most of the world's population being restricted to staying inside and only being able to exit the domicile out of necessity or sport outings, various fashion brands feared the worst. Although online shopping became a prevalent way of shopping, many brands couldn't prevail due to the lack of need for clothing. Consumers weren't interested in fashion shopping if no use could be found. This struck a bell to many fashion brands. The design focus shifted towards clothing that consumers could use during these tough times. Comfort clothing and sportswear. A specific genre of fashion that is called Athleisure. It was thus partly implemented into the fashion market and especially in the streetwear sub-market. Athleisure combines sporty outdoor characteristics with comfort and a style described as casual and relaxed. Characteristics such as waterproof materials, genderless designs, and relaxed fits became the most popular according to an industry report from 2021. With such a prominent trend on the upswing, market opportunity awaits. (EDITED, 2021).

The main distribution channels of streetwear brands, like any other clothing brands nowadays, are through online shopping on the official brand website or through other retailers and platforms, that then ship products out to the customer. The second way is through official flagship brick-and-mortar stores or other streetwear stores that sell the products as well as other brands within the same store. Multichannel distribution is a must for expanding reach either online or in person (offline). The more channels created, the greater the chances to capture purchase-ready consumers' attention (Nguyen, 2019).

Although online purchases are an effective way to grow a brand and gain recognition, streetwear culture has it engrained that going to a brick-and-mortar store in person is way more of an experience that is part of the culture. Certain brands will tend to create a cultural space in their store that represents what streetwear and street culture really stand for. Not to lose touch with the essence of the culture when online shopping is at an all-time high (Rajendran, 2012)

Consumer behavior in the fashion market

Consumers' concern over the ethical and environmental effects of the fashion business has grown in recent years. Consumers are becoming aware of the drawbacks of fast fashion, such as waste production, worker exploitation, and clothes overproduction (Dickson, 2001). As a result, there is a rising market for fashion items made in an ethical and ecological manner. Nowadays, customers are looking for companies that make use of eco-friendly materials, minimize waste, and guarantee fair labor standards. Adding to that customers are prepared to pay more for products made of ethical and environmental materials. However, there are still big differences in how people behave when it comes to ethics and sustainability. For instance, women are typically more inclined than men to be concerned about ethical and environmental issues. Younger shoppers are also more likely to give ecological and ethical considerations precedence over other aspects when making judgments about what to buy (Luchs et al., 2011).

Another interesting aspect of consumer behavior in the fashion market is the extensive use of the internet and search engines like Google. Search engines have resulted in an important shift in consumer behavior in the fashion business. Consumers now use the internet to browse for and find clothing garments they might enjoy wearing. When users conduct a search for particular pieces of clothing or fashion trends, utilizing precise keywords and phrases, Google's algorithms have the ability to match these inquiries with matching results (Boone et al., 2017). Additionally, consumers utilize filters to narrow down their searches based on certain characteristics. This could be size, color, price, etc. The recommendations and suggestions made by the search engine have an impact on consumers as well. Google's algorithms make suggestions for items and styles based on users’ data and surfing habits after considering their search history and preferences. These suggestions can change how customers do their searches and help them find new brands and goods. (Silva,et al., 2019)

In contrast to the fast fashion industry, slow fashion is a movement towards a more ecological, moral, and aware approach to clothing. It is defined by the creation of durable, high-quality clothing, the reduction of waste in both production and consumption, and the support of fair working conditions. With more people becoming aware of the negative impact of fast fashion on the environment and society, there has been a growth in consumer behavior interest related to slow fashion (Fletcher, 2010).

Slow fashion customer, for example, premium streetwear consumers, exhibit expectations and interest in fashion. They like choosing apparel based on factors like quality, originality, design, and sustainability. Some consumers are willing to pay more for things that are ethical and sustainable because they are more content to buy from companies that share their beliefs. The goal to eliminate or at least decrease waste in the fashion industry is one of the primary drivers of the slow fashion movement. Customers are looking for alternatives as they become more conscious of the negative effects fast fashion has on the environment. They are looking for ways to make their apparel last longer so that less of it ends up as waste (Niinimäki, 2010).

<u>Portuguese fashion and streetwear industry</u>

According to the literature the Portuguese fashion and apparel industry, aren’t big players in the global market and lacks famous international clothing brands. Although Portugal isn’t particularly known for their fashion houses, it still represents a crucial chunk of the Portuguese

GDP due to manufacturing and apparel sourcing for many clothing brands. With a sales volume of about €18 billion, the fashion and textile industry represents 10% of the GDP of Portugal. The textile and apparel industry exports about €5 billion annually to more than 180 countries worldwide. This represents about 10% of the whole national export. It is extremely impressive for a country that isn't particularly known for its fashion to be so dependent on such a sector. The main countries of export are Spain, France, the UK, Germany, and the USA. Representing about 70% of the exports. The sector provides about 20% of the national manufacturing industry. (Associação Têxtil e Vestuário de Portugal, 2016)

The main players in the Portuguese fashion market are global brands such as Zara, Shein, H&M, Stradivarius, and Pull & Bear (Statista, 2021). The main offering of these global brands operating and leading the market in Portugal are mainly fast fashion clothing options. On the other hand, the leading Portuguese brands in Portugal such as Sacoor, Parfois, Salsa, Tiffosi and Lanidor offer higher quality garments (Sousa, 2021), that could be classified closer to luxury or at least premium brands whose styles and offering doesn't vary as much as the globally leading brands.

Just as the broader market Portuguese fashion brands just mentioned, Portuguese streetwear brands aren't very much known globally either. Although some brands are well known locally, such as Latte, Son of a Gun, and Selva, with some more emerging, their success hasn't been seen as much internationally yet. Considering that Portugal is a great sourcing and manufacturing location, a great marketing plan could be a key to growing these brands internationally. Especially knowing the focus of many brands internationally on sustainability, with responsible production and diminution of fast fashion, Portugal as a producer and as a brand could see an interesting opportunity to flourish outside its borders (Ferere, 2021).

The main streetwear trends that can be observed within Portugal match the ones seen all across Europe and other more prominent fashion markets. Trends such as sustainability, the growth of second-hand shops, and the moral concerns of production methods are trends that are growing in the Portuguese streetwear market. Not only due to environmental and social concerns but also because it has become more affordable to dress with a streetwear style when shopping for pre-used clothes (Ribeiro, 2021).

These are trends that haven't gone unnoticed by streetwear brands in Portugal. A great example of it would be the brand Latte itself. Their lines of clothing are all produced locally in Portugal to limit waste and pollution and are produced with high-quality fabrics to lengthen the lifetime of the clothing. Although this will not be more affordable than second-hand shopping, it is still appreciated by customers (Latte, 2020).

Growing such streetwear brands within Portugal can be tricky. Although the COVID pandemic gave a little nudge in the right direction, with the growth of the concept of athleisure, it still isn't enough to become such a prominent fashion sector yet. This is due to the consumer behavior characteristics of the Portuguese population. Starting with the small amount of disposable income in relation to other European nations (19,212€/year in 2021) and the limited amount spent on clothing in Portugal per household and per capita (Statista, 2021). The average Portuguese household according to Statista, spends around €1.500 on clothing items in a year (Statista, 2021) with a population of approximately 10,33 million living in 4,14 million households (HelgiLibrary, 2021). This results in an average of 2.5 people per household spending about 600€ on clothing per capita per year. While not being the lowest amount in Europe (EEA, 2015), it doesn't compare to other, bigger countries with higher income and larger spending habits in clothing, where the more prevalent markets for streetwear also happen to be located. Additionally, looking at the streetwear market leaders such as Nike for example, with an offering that is usually on the more expensive side. High-quality products with a price premium. Considering that the main consumers of streetwear are usually of a younger demographic with a lower or no income, this truly shows that streetwear, in this case of higher quality and price, isn't going to be the first choice for many.

This can mean trouble for Portuguese-based streetwear brands or stores that are looking to grow nationally. Even though the yearly increase in salaries in Portugal climbs, it will still take time until the majority of Portuguese streetwear consumers are ready to pay 50€ for a branded t-shirt. Knowing this gives a deeper understating also why the fast fashion streetwear alternative is more popular option amongst Portuguese consumers and why Portuguese streetwear brands should also be looking to expand across borders into more profitable and more well-established markets.

International marketing strategies

The fashion industry is a global, highly competitive market, and brands that are looking to grow internationally, should constantly innovate and plan strategically. Fashion brands must adapt their marketing tactics to reach and engage audiences across many countries and cultures with globalization continuing to accelerate and consumer behavior changing (Easey, 2009). In this section of the literature review, the aim will be to examine the various marketing techniques used by global fashion businesses to successfully increase their growth and success internationally. This review will analyze the many tactics used by fashion brands, including the use of social media and influencer marketing, location marketing, events and trade shows, paid advertising, and branding. Especially interesting for fashion and streetwear brands looking to expand into new markets.

When trying to increase their global presence, fashion brands now depend heavily on social media for marketing and brand image reasons. With more than 4.76 billion social media users globally (Statista, 2023), sites like Instagram, Facebook, YouTube, and Twitter, just to name a few, offer a platform for fashion brands to connect with new customers, increase brand recognition, and boost sales. Making a name for themselves online all the while hoping for success to follow (Rameshkumar, 2022). Fashion brands aiming to expand internationally could find social media marketing to be especially beneficial because it allows them to target local demographics of their choice and interact more personally with potential customers (Kaplan & Haenlein, 2010). Social media marketing can help fashion brands expand and thrive in new markets. Brands must adopt a strategic approach that considers the different preferences and habits of consumers in various nations if they wish to use social media to succeed in their international growth (Swoboda et al., 2012). This could mean working with local influencers to promote their brand by creating content that speaks to local followers.

This leads us to the next important marketing strategy, influencer marketing. For brands aiming to increase their international reach, influencer marketing has grown in popularity and could be a viable option to consider. Fashion brands can market their products successfully to new audiences and increase brand recognition in several countries by collaborating with well-known social media influencers who have sizable followings and great influence in the fashion niche. Fashion companies trying to expand overseas may find influencer marketing particularly helpful because it allows them to engage with people who may not be familiar with their name or products (Biaudet, 2017).

According to literature, influencer marketing can help fashion businesses expand and flourish in foreign markets. It has been shown to significantly increase engagement and sales among millennial and Gen Z consumers, who are the most active on social media platforms. Influencer marketing may also assist fashion brands in establishing credibility and authenticity in new markets by making use of the authority and trust of well-known influencers (Annalect, 2017).

Different brands must carefully choose influencers who are compatible with their brand image and target audience and create innovative campaigns, to successfully deploy influencer marketing for growth in the desired setting (Zhou et al., 2021). This may mean producing localized content, collaborating with regional influencers that are well-known in specific countries or areas, and using data analytics provided by the various social media platforms to control and assess the success of their influencer marketing initiatives.

Localized marketing is also an important strategy to consider when a fashion brand wants to grow worldwide. Fashion brands must generate localized content that appeals to local consumers to have a chance to enter new markets. Localized marketing techniques must be adapted to the unique cultures and languages of each country. This not only means the creation of marketing strategies that are sensitive to the targeted region's cultural norms and values but also the creation of product offers to the specific requirements and tastes of consumers and utilizing local media and influencers to advertise their brand (Haron, 2016).

The growth and success of fashion brands in international marketplaces can be positively impacted by location and regional marketing. For instance, the literature suggests that companies that localize their global marketing efforts have a higher chance of success and creating a name for themselves with local customers and are better prepared to compete with local rivals. Rather than having one single unified message for a global market. Brands that focus on location-specific marketing strategies have a higher chance to grow their consumer engagement and sales in international markets (Castillo, 2013).

Location-wise, a fashion brand should aim to be present in locations that are going to benefit the brand in its growth and international recognition. A great marketing strategy is partaking in trade shows or fairs and fashion shows. Trade fairs and fashion shows are essential for the creation of awareness of fashion businesses on a global scale. (Zawadzka, 2015). A global audience of consumers and fashion "fans", retailers, and industry professionals could all be exposed to the newest collections and designs from fashion brands at these kinds of events. Brands may raise awareness, create buzz, and establish themselves as reliable participants in the international fashion industry by taking part in trade events and fashion shows (Koivisto & Mattila, 2018).

Trade exhibits and fashion shows also give fashion businesses a chance to network with possible suppliers, distributors, and partners in new areas as well as build ties with important industry figures. For fashion companies aiming to grow globally, this can be especially helpful as it gives them an understanding of local market trends, what are consumer preferences and fresh prospects for development (Koivisto & Mattila, 2018).

Some of these trade shows or fashion events might even lead to the creation of partnerships and collaborative merch. Collaborations between fashion labels are becoming more and more crucial for their international expansion and reputation. By collaborating with other well-known brands, fashion businesses can gain access to their partners' current clientele, contacts in the business community, and knowledge. Increased brand visibility, and greater reputation within the industry can all result from this (Eun-Young, 2006).

Collaborations also give fashion companies a chance to experiment with new looks and creation of merchandise. The ability to tap into the trends and aesthetic preferences of customers while also utilizing the capabilities of their partners can be very helpful for fashion firms wanting to increase their global presence (Rollet et al., 2013)

Before engaging in the previously named marketing efforts, it is crucial to be aware of what feelings, values, and themes the brand wants to emit to potential customers. How the fashion business brands and positions itself is essential for promoting growth and success in the fiercely competitive fashion sector. The process of developing and maintaining a brand's identity, reputation, and image in the marketplace is referred to as branding. This includes creating a brand's visual identity, ways of communication, and general personality in addition to setting where the company stands in respect to its competitors and the general market (Sammut-Bonnici, 2014)

Creating a brand identity with a specific position in the market means choosing a unique market position that a brand might occupy and creating a marketing plan to convey that position to customers. Fashion brands can create a loyal following, boost brand recognition, and ultimately increase sales and growth by establishing and conveying their distinctive value proposition (Blankson et al, 2013). Although a seemingly obvious aspect of marketing, the creation of a brand identity is what allows the next potential customers to make up an opinion on what the brand wants to make perceivable.

Digital marketing strategies

The following segment of the literature review will go over the literature on digital marketing. A branch of marketing, as the name states it, focuses marketing efforts via digital means. Although the previous section already covered a few examples of them such as social media and influencer marketing, the literature to be interpreted will solely focus on the importance of digital marketing in growing a business, considering the internationalization and fashion scope of the work. The strategies that will be covered are: Content marketing, user-generated content marketing, Search engine optimization (SEO), Email marketing, online paid advertising, mobile marketing, data analytics, and Cross-channel and multichannel digital marketing.

Content marketing has been and in recent years, with the help of social media, has become an even more vital tool for brands looking to grow and expand their reach internationally. Content marketing consists of creating and publishing valuable and relevant content, such as infographics, videos, and social media posts, that may have a chance to attract and even retain a specific target audience all the while increasing brand awareness. (Ryan, 2014) One of content marketing's key advantages is its ability to highlight a brand's own personality and viewpoint, which may help set it apart from rivals and raise brand loyalty (Desai, 2019). Fashion brands seeking international awareness can interact with global consumers on a deeper level and raise their brands' relevance by producing content in various formats and customizing it according to the group it is aimed towards. Adding to that, by offering their audience useful content, content marketing can assist fashion brands in becoming recognized as an industry player to keep an eye out for. Customers may start to trust and respect your business more as a result (Gibson, 2018).

User-generated content (UGC) marketing is a suitable method for fashion brands to adopt when aiming to grow with the help of various social platforms and user content creations. Content posted by users such as images, videos, reviews, and testimonials, are all referred to as User-generated content brands may make use of the strength of social proof, which is the idea that people are more likely to believe and act upon peer recommendations than traditional advertising, by utilizing UGC. The genuineness and relatability of user-generated content is one of its key advantages. Customers are more inclined to connect with and trust a fashion brand when they witness other people using and appreciating the products in their daily lives. UGC can also assist brands in reaching new markets and audiences that they might not have otherwise been able to (Naem & Okafor, 2011).

For fashion brands looking to expand their online presence and attract new customers from across the world, search engine optimization (SEO) is an effective marketing technique. Fashion brands can have the opportunity to improve their visibility and draw more organic visitors from search results by optimizing their website and content for search engines. Increased website traffic, brand awareness, and ultimately sales can result from this (Gibson, 2018). By tailoring their content by location, brands can target specific foreign markets with the aid of SEO. It may increase their online presence and reach new consumers more affordably and sustainably by investing in SEO (Spais, 2010)

Email marketing can also be a powerful tool for fashion brands looking to grow their awareness. Brands may reach both present and potential customers around the world with customized content and promotions by developing targeted email campaigns. Boosting sales and customer loyalty can also raise interest in and awareness of the brand (Ryan, 2014).

Brands aim to encourage members to make purchases and at the same time spread the word about their products to friends and family by providing exclusive promos and incentives.

Fashion companies may reach a wider audience and establish connections with clients on a worldwide level with a well-thought-out email marketing campaign (Gibson, 2018).

Although online targeted paid advertising is an all-encompassing term that refers to any kind of advertisement online to a targeted group it is still important to mention, due to it being the main tactic behind most online advertising campaigns. Including some of the strategies reviewed earlier in this segment. Online targeted paid advertising refers to promoting a brand or product to a specific group using a variety of digital channels like social media, search engines, and various websites. Increasing traffic to a website or online store most likely means investing in advertising spaces (Liu-Thompkins, 2019). Online paid advertising can be a useful marketing approach for various brands aiming to increase their global exposure. By reaching potential clients in various regions, brands can improve their brand visibility on a global level by focusing on particular demographics and interests with the use of keywords (Bianchi et al., 2016). Brands can improve their targeting and modify their campaigns in real-time to maximize performance and return on investment thanks to the ability to track and analyze data. This type of targeted advertising also has lower costs and easier targeting possibilities compared to offline paid advertising (Goldfarb, 2014).

Considering the increasing use of smartphones worldwide and changing consumer behavior, mobile marketing, and mobile apps have become essential digital marketing tools for fashion brands. Nowadays these highly powerful applications allow to have the ability to seamlessly browse and interact with brands. They offer marketers a customizable and immersive platform to engage with their audience. Fashion applications improve the whole customer experience and create stronger bonds by providing user-friendly interfaces, clear navigation, and from time-to-time features like augmented reality experiences (Azemi et al. 2022)

These fashion businesses can use push notifications to offer personalized messages, promotions, and updates directly to customers' mobile devices by utilizing mobile apps. This immediate interaction creates brand loyalty and increases conversion rates. Data-driven marketing tactics are made possible by the information gained through app interactions regarding client preferences, behaviors, and trends. These apps can thus help certain more established brands with their e-commerce efforts. Fashion brands can grow, by becoming more relevant and memorable through easy-to-reach digital means. (Daoud, et al. 2023).

Fashion brands now depend increasingly more on data analytics and performance evaluation as important digital marketing tools, making a change in how companies make the most of their marketing activities. Brands may obtain important insights into customer behavior and preferences from a variety of online channels by leveraging data. Fashion brands have the chance to make well-informed decisions and modify their strategy and offers to match consumer wants thanks to the information that have been able to gather.

Performance measurement tools allow fashion businesses to monitor important metrics like website visitors, click-through rates, and conversion rates in real-time, providing information about the efficiency of their digital marketing campaigns. Fashion brands may use this information to assess their strengths and weaknesses and improve their strategies (McDowell et al., 2016) (Tong et al., 2019).

Brands now also depend on cross-channel digital marketing to build seamless customer experiences through numerous online touchpoints. Fashion brands can create a consistent and simultaneous brand presence by combining marketing activities across several, previously mentioned, platforms like social media, email, search engines, and websites With the help of this strategy, businesses can reach consumers where they are with consistent messaging and promotions that appeal to their tastes and behavior. With the help of a well-planned cross-channel strategy, a customer who comes across a fashion brand on social media can easily move to the business's website or app to make a purchase (Tong et al., 2019).

Methodology

Research design

As part of the thesis objective, the methodology is attempting to establish a revenue estimation for Latte based on competitors' sales and marketing figures. This revenue estimation is based on a quantitative approach. The figures to be gathered are the revenue and marketing spending over a five-year period of the streetwear market leaders. This means that secondary data is gathered and analyzed with regression analysis to give an estimate of how the numbers of revenue of streetwear market leaders will correlate with the amount spent on marketing efforts.

A quantitative secondary data research approach was chosen to better understand the correlation between how marketing spending in the streetwear market can help determine the outcome in terms of revenue through sales. The approach was also chosen due to its time and cost efficiency, being publicly available data and easily gatherable. The data’s large sample size and unbiasedness also enhance the statistical power of the data and thus allow for comparative analysis. In addition, the quantitative data in this instance will allow for a fair numeric representation of the relationship between the amount spent on marketing by streetwear brands and the total yearly revenue.

Data Collection

The data collected for the analysis was acquired from company financial reports or through publicly available industry reports and databases. Yearly amounts in revenue and marketing spending were gathered from the previous five financial year periods to ensure accuracy and relevance to the analysis. Data was collected from the biggest clothing brands by market share around the world that offer streetwear options. (Annex A)

Variable Selection

To be able to complete a regression analysis, variables had to be chosen according to the aim of the work. This implies that the total amount of yearly revenue, being our dependent variable, had to be compared to an independent variable, which in this case considering the marketing aspect of the work, had to be the total yearly spending in marketing efforts. In other words, how the changes and variations in the independent variable are associated with the results and changes in the dependent variable.

Data analysis

Before being able to proceed with the analysis, the gathered data was precisely processed. Meaning that it was cleaned and formatted in a way to confirm a faultless data entry.

Data points gathered were arranged by variable, dependent, and independent. Twenty data points for each variable were gathered for accurate analysis results. Missing data points from either variable weren't considered for the analysis. Thus suggesting no estimates were entered within the data set to fill in the missing data gaps.

Competitor analysis

The competitors considered for the analysis are Nike, Adidas, Puma, and Jordan. Although at first glance the brands might appear as sports clothing and footwear companies, all four multinationals have long been considered icons in the streetwear market, providing trend-setting fashion pieces for decades. Especially considering that the trend of athleisure is on an upward trajectory, particularly in the streetwear sector, since the Covid pandemic. The brands could fit the aim of the work rather well and give a good representation of established companies offering streetwear clothing.

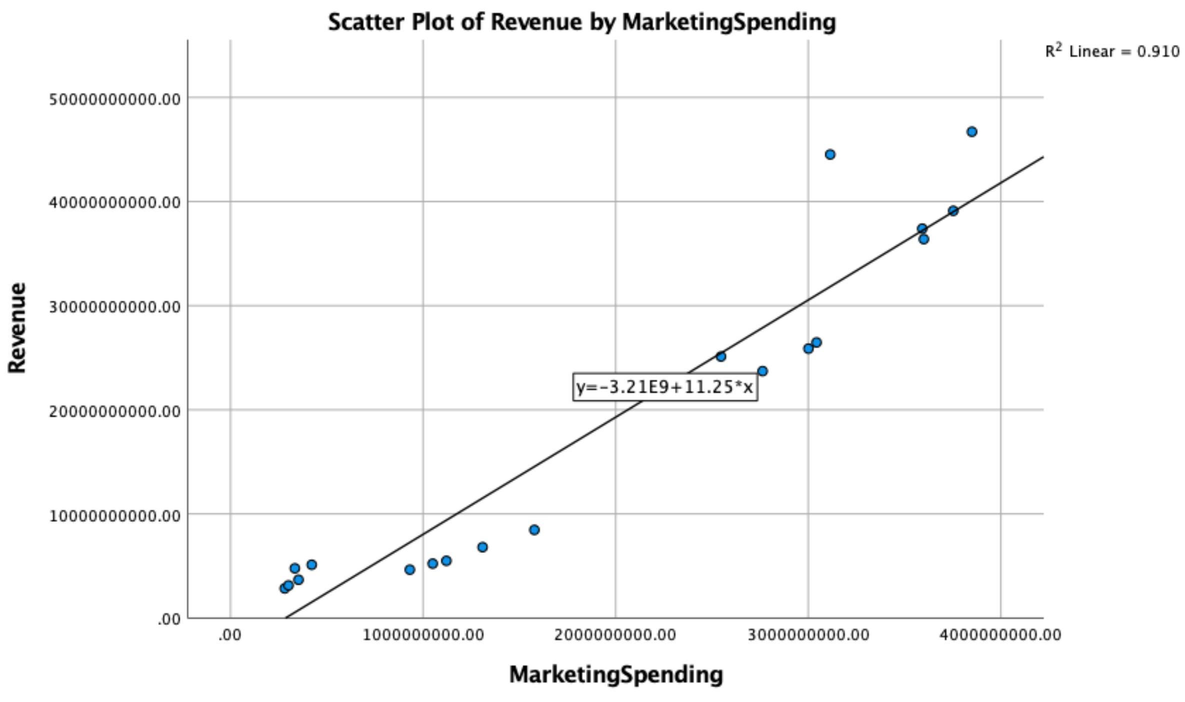
Nike, Adidas, and Puma, in this order, are three of the market leaders when it comes to sports and streetwear-related apparel, footwear, and accessories. Traditionally positioned as sportswear brands, the three multinationals started including more of a fashionable side to their garments succeeding the rise in interest of style within sportswear clothing. The Jordan brand has been a prime example of that phenomenon. Originally designed as basketball shoes by basketball star Michael Jordan. Both Michael Jordan and Nike started prioritizing the fashion side over the sporty purpose of the shoes. Jordan as a result has become an important force in the market, footwear and streetwear-wise.

The four giants have switched like any other successful company from traditional, rather old-school advertising tactics such as print and television advertising to a modern approach. Most of their marketing strategies revolve around digital marketing and advertising.

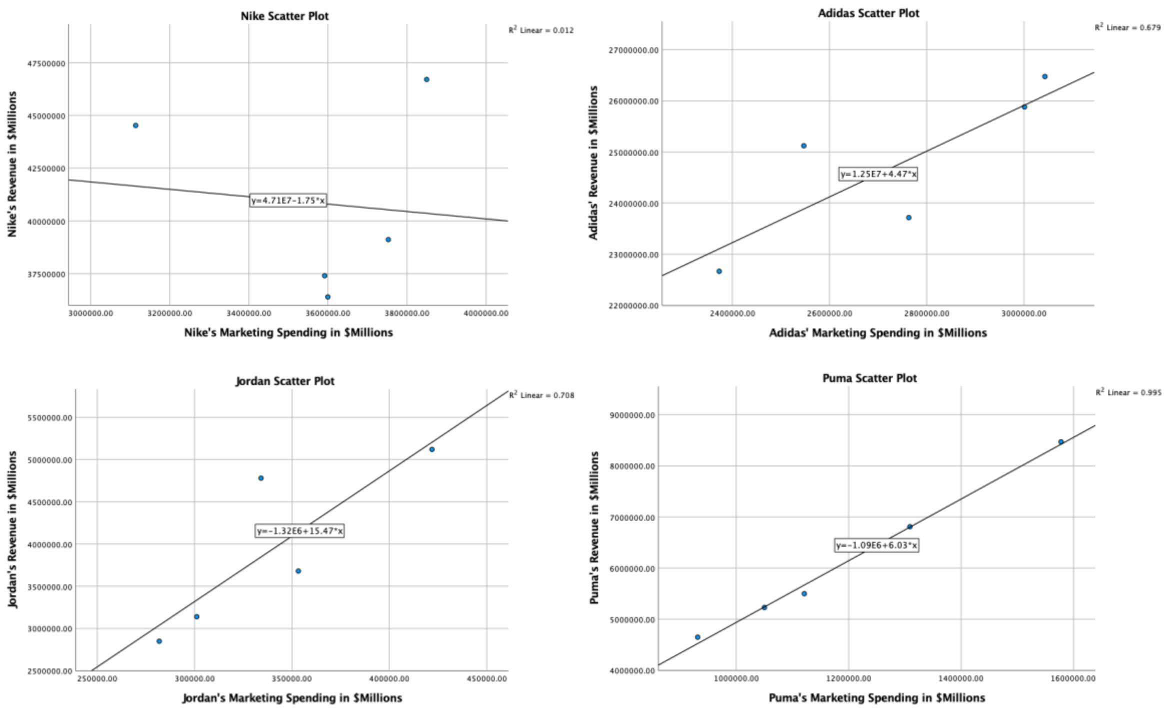
Regression analysis

To be able to have a better understanding of what a successful marketing strategy entails, it is crucial to look at the performance of market leaders in streetwear and competitors to Latte. Seeing the investment into marketing, especially digitally, and the rate at which it affects revenue can give marketers a better idea of what the results of a potentially successful campaign look like. Even though it doesn't tell the whole story and no two marketing campaigns are the exact same, a brief industry estimate based on successful companies can offer a target to aim towards when designing a marketing plan.

The regression analysis done in this instance as described already a few times during the work, compares the amount of money in Dollars invested in marketing to how much the companies have made in revenue from sales. The data gathered were the marketing spending and revenue of Nike, Adidas, Puma, and Jordan from 2018 to 2022. The data was entered into SPSS and a plot was then created with the marketing spending on the X-axis and revenue on the Y-axis. To understand at what rate the marketing spending affected the companies' revenue, a regression line was entered which based on the numbers given, helped to give a visual explanation of the relations between the dependent and independent variables. This rate gives a global view of the market, from the figures obtained of these companies. In the case of this work, the regression line and its function don't quite give an accurate representation of the market rate due to big size differences in the revenues and marketing spending of the various companies. As it can be seen in the graph below, the function -3.21E9+11.25*x gives a rate of 11.25, which means that for every dollar added to the marketing budget, it would result in $11.25 in revenue from sales in return which isn't a representative figure for the market.



The regression line is skewed due to the variance between the companies' data, another way must be used. Still being considered a regression analysis, the route taken was to conduct the analysis on each brand separately and average the rates for a more accurate representation of the market. In the graphs below the four brands' marketing spending and revenue have been made into a scatter plot with a regression line to have a visual understanding of the rate.



The rate from the brands individually is mostly on the positive side except for Nike. The rates gotten from the functions for the brands are the following:

Nike: -1.75

Adidas: 4.47

Jordan: 15.47

Puma: 6.03

$$-1.75 + 4.47 + 15.47 + 6.03 = 24.22$$

$$24.22 \div 4 = \mathbf{6.055}$$

Averaged rate: 6.055

<u>Results</u>

The regression analysis was conducted to determine the level of relationship between the marketing spending of streetwear brands, being an independent variable, and the revenue of streetwear brands sales, being the dependent variable. The regression analysis used a linear indicator of the relation between the two variables. The regression analysis was performed on all four streetwear brands separately. After generating the function for all the brands, the rates could then be established and thus averaged for accuracy and representativeness of the relation between the independent and dependent variables. The results of the calculation performed amounted to 6.055. In the context of the work, the rate of 6.055 signifies that each dollar added to the marketing budget will result in an increase in sales revenue of $6.055. The findings suggest that a successful marketing campaign financial analysis tool should use this rate to estimate the possible revenue that the campaign would yield based on the amount to be invested in marketing efforts and the rates solely. The average rate gives a clear indication that a successful marketing campaign can have positive results on revenue and that sales revenue in the streetwear market is highly dependent on marketing. Finding the right balance of investment compared to the size of the business can truly maximize estimated revenue.

Limitations

Limitations that come across when performing the regression analysis can have a certain impact on the results sought. In this instance when comparing the amounts spent on marketing to the revenue yield of these multinationals, the lack of available data online perhaps limited the accuracy of the analysis by a tad. A lower recommended limit of twenty data points for both variables was still achieved to create an accurate representation of the relationship.

The lack of available data from other streetwear brands, that don't have such a global dominance, could have given a more general market overview on how the relationship between the two set variables is. Even though the examples of Nike, Adidas, Puma, and Jordan are great indicators of marketing spending to revenue ratio, it doesn't tell the whole story. It is only an estimate that should be considered more as an approximation to the efficiency of a well-performed marketing campaign.

Market analysis

Market analysis

When looking at the streetwear fashion market, it is crucial to consider aspects such as its size and growth, its trends, competitors, distribution channels, and how the market is segmented. Having a better understanding of the different components that form the streetwear market will give marketers a sense of direction in terms of where to focus and direct their marketing efforts.

As previously mentioned in the literature review, the global fashion industry is worth around $2.5 Trillion. This includes textile and apparel brands, retailers, wholesalers, and importers. Out of the $2.5 Trillion, around $1.5 Trillion is considered as the market of fashion products. This market is expected to grow further with an estimated compound annual growth rate (CAGR) of 9,45% between 2023 and 2027. This is an extremely positive market growth trend, that gives a clear indication to businesses and marketers about the way in which the market is expected to be heading. With the fashion industry (CAGR of 7% from 2021 until 2025), fashion (CAGR of 9,45% between 2023 and 2027), and streetwear markets (CAGR of 3.52% from 2022 to 2028) all on the rise, no fear of the overall performance of the latter should be expected. The streetwear market represents about 12% of the total fashion market, which includes apparel and footwear, with $185 Billion in sales in 2022.

The streetwear industry is nowadays segmented into different categories, as different styles of streetwear for different tastes. Streetwear apparel and footwear have originally been seen as this one style that originated from skateboard and streetwear culture worn by a younger demographic. A sporty style of clothing that has shifted and adapted over time. The four segments or styles of streetwear are: Original; brands and style approaches that go back to the origins of the creation. Sportswear, an even sportier approach than original streetwear, is extremely popular and usually seen created by brands such as Nike and Adidas. Adopted, which allude to fast fashion brand creating their own, usually low-quality, versions of trendy pieces. And finally, Luxury refers to streetwear with an added touch of exclusivity and rarity.

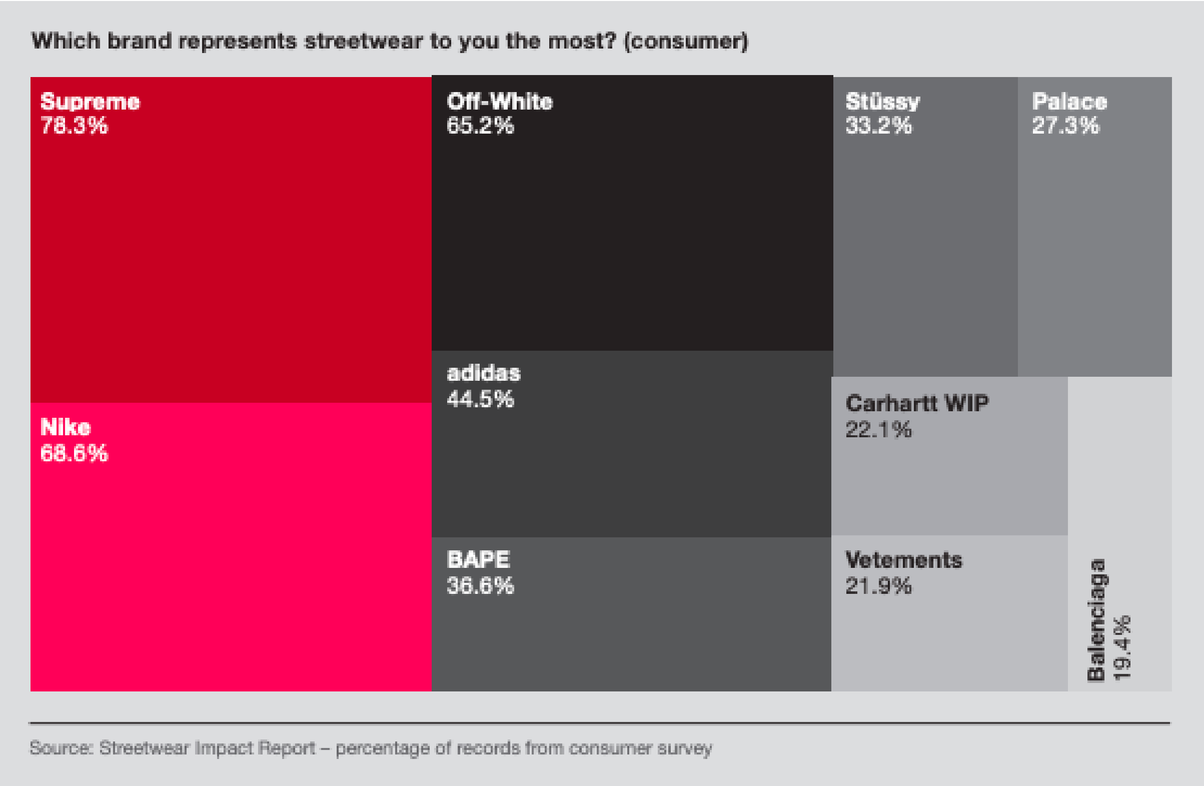
When touching upon the subjects of trends, the streetwear market isn’t any different from the rest of the fashion market. Ethical concerns are at the base of many of the consumer trends. Such as transparency when it comes to labor laws related to the exploitation of workers, child labor forced labor, and inadequate working conditions. Perhaps not as much on consumers' radar as the environmental impact of the fashion industry, like the waste and overconsumption that lead to damaged ecosystems due to bad production practices just to continuously feed the fast fashion, throwaway culture.

This trend can be seen more and more in emerging streetwear brands across the world that prefer to base their offering on locally produced garments and orient the brand as a quality-over-quantity approach. A great example of a brand that carries out this approach is Arte Antwerp, a Belgian streetwear brand from the city of Antwerp, which focuses on creating artistic clothing pieces of high quality made in Portugal due to the country's growing reputation in terms of elevated production standards. By fashion standards, this would be considered "local" production, even though it is across country borders. Not quite at the same level as locally produced foods, that most often than not, refer to production being within the region or country it is sold in.

Consumer trends such as the ones mentioned, based on changing consumer behavior, is what marketers look for when analyzing the health of a market and thus help them with which strategies to begin operations. Behavior shifts are one side of it. Another one is which demographics to target. In the streetwear fashion industry, the market is mainly shaped by the purchases of under 26-year-olds, constituting about 60% of the market. The percentage of 26 years or older then drops compared to age groups like teenagers between 13 and 17 years old and young adults that span from 18 to 25 years old. Those two demographics under 26 years old, which constitute 60% of the market, should be the main target for streetwear brands and marketers. Although streetwear was created by and for a younger demographic, it doesn't necessarily mean some brands that offer streetwear are. Luxury and sportswear brands, tend to target perhaps a bit outside of the 13-25-year-old range as well. Luxury and sportswear traditionally have less of an age target.

Gender-wise, the original streetwear brands such as Stüssy and Supreme which are often considered as the creators of the style, tended to target a male demographic. Due to the brands' close relation to skateboarding, surfing, and hip-hop culture, which was at the time mainly male-dominated subcultures. Over the years, streetwear has changed towards a more unisex style, where the approach to streetwear has become genderless, thus perhaps making streetwear less niche. This fluidity in streetwear could be one of the reasons to the increase in popularity and the growth of the sector within the past years. Fast fashion further increases this phenomenon.

An interesting report published by PwC in 2019 called "Streetwear: The new exclusivity" looks at how streetwear has become an emerging fashion market trend and covers a few topics such as what influences consumers to buy streetwear, what are their sources of inspiration fashion-wise and possibly most importantly, which brands represent the concept of streetwear the most to consumers. Giving important insight on the big players and competitors within the market.



The graph shows the names of streetwear brands by size and percentage of importance to consumers. While glancing over the graph, three types of streetwear categories can be seen. Original, sportswear and luxury. Supreme being at the top of the list clearly indicates that the great majority of consumers realize the importance of Supreme in the streetwear scene. Being an important player with other older pure streetwear brands such as Stüssy, Palace, and Carhartt. Another category of streetwear is sportswear. Brands such as Nike and Adidas are very well-known in the sector, as already seen in the methodology section previously. Luxury brands also can be seen three times in the graph, giving a clear idea that consumers are becoming more aware of streetwear in the luxury sector of the fashion market. This gives a clear indication that the streetwear style is spreading across fashion markets with the help of Brands such as Off-White, BAPE, Vetements, and Balenciaga.

To reach their customers and optimize the transmission of brand value, streetwear brands like to use a mixture of in-person brick-and-mortar shopping and online e-commerce options. According to Shopify, a leading e-commerce website for small businesses, more than half of streetwear consumers prefer to shop in person for their streetwear fashion pieces. As covered earlier in the work, streetwear brands and shops like to create cultural spaces within their stores. An important aspect for most streetwear shoppers and enthusiasts. Flagship stores have become a main part of their selling and branding strategy. On the other hand, brands have also seen the potential of e-commerce for the spread of their offering and aren't limiting themselves when it comes to selling through online channels. Global reach and accessibility have dictated the success of e-commerce and brands can be seen adapting to it, although it isn't quite the cultural experience that these streetwear brands would wish for. Streetwear brands can also try to enlarge their horizon by trying to spread their offering through streetwear fashion retailers. Either through offline or online vendors. Spanning out can be a lucrative move despite the fact that brand essence may not be transmitted as well as wished.

Thanks to the market analysis and the various aspects of this overview we can determine that the target market for Latte is categorized as the following: 14 to 25 years old, streetwear enthusiasts, living in Europe, both genders, medium to high disposable income, uses social media and the internet and has ethical standards when shopping.

Challenges of the international market

While planning a business plan for an international expansion, it is imperative to consider the various challenges that Latte might come across and hinder the success of the marketing efforts and settling within the market. Being aware of such could help in reacting and modifying the marketing efforts accordingly.

Streetwear brands, like Latte, should be aware that although certain long-term trends such as ethical considerations when shopping and slow fashion are here to stay, that there could be a time when trends start changing. As unpredictable as it is, changing trends truly show which brand knows how to adapt its offering based on tracking new trends and being able to capitalize when time is due. Such a challenging aspect shouldn't be taken lightly, because it might as well become a competitive advantage if adapted early enough compared to competition.

A second challenge that might hinder the success and sales of Latte, could be fierce competition. In today's setting, with the world at the tip of the fingers of any brand with the help internet and e-commerce, distancing Latte from the competition can be a challenging task. With the increased ease of selling goods online, creating a name within the hard competition can be a tough job. Becoming a household name is easier said than done.

High saturation in both local and international markets is directly related to the high level of competition. Establishing a brand in these circumstances is tough and increasing the levels of visibility and recognizability is a true challenge for any newcomer on the market. A higher-than-average investment in time and money is required to allow for a chance at success. The creation of trust and of an international consumer base isn't impossible but requires a tailored marketing campaign to overcome such barriers

Internal analysis

Strengths and weaknesses

For a more efficient and strategic decision-making marketing-wise, an internal analysis of Latte would give a comprehensive idea of the brand's internal strengths and weaknesses. Evaluating and assessing these internal factors will help deduce the brand's performance and competitiveness and thus give a sense of direction on where to improve.

Strengths

- Local production and design: A great sustainability initiative consumer trend-wise and environmentally.
- Unique designs and logo: Copyrighted logo, Designs made in-house.
- Partnership with local artists; Special and limited-edition clothing pieces, accessories, and art.
- Partnerships with international brands: such as Havana Club and Ghostbusters.
- Strong online presence: High social media activity, newsletters, website.
- Cultural connection: Cultural nuances to Portugal, a great tool to utilize to market manufacturing and the ethical side of the Latte.
- Brand identity: Consistent brand identity represented through designs, customer interactions, and communications.
- Brand authenticity: Commitment to maintaining a brand image that represents streetwear.
- Growth of loyal customer base: growth of the brand through an increased amount returning customers.
- Hosting cultural events: Cultural events by the brand related to food, music and art. Creation of a community.
- Cross-promotion: Active participation in promoting other local streetwear brands.
- Tourism clientele: Spreading brand awareness through tourists in Lisbon.

Weaknesses

- Limited brand awareness: Not such a popular brand on an international level
- Limited resources: Financial resources would help scale up operations
- Competition from established brands: International brands and market leaders

- Limited range of Latte product line: Small collection releases
- Dependency on local markets: Local market dependency

External analysis and Competitive analysis

Opportunities and threats

Opportunities

- Influencer marketing: Growing brand awareness through social media and influencers.
- Streetwear trends: Taking advantage of global trends.
- More seasonal collections: More releases based on seasons.
- Global e-commerce: Expanding e-commerce efforts to reach global customers.
- Innovating digital marketing: Inspired by augmented and virtual reality.
- Marketing based on ethical concerns: A great way to market the brand and Portugal is by leveraging ethical concern trends.
- Marketing based on economic trends: Market local products to local regions (Europe).
- Brand loyalty programs: Offer advantages to members.
- Flagship store: Changing the retail store into purely a flagship store when the time is right.
- Brand clothing availability: Retail brand releases into international streetwear stores.

Threats

- Competition: Intense and growing competition.
- Fast-changing consumer trends: Rapid changes in preferences.
- Inability to scale operations: Difficulties to grow the brand.
- Saturation in the market: The market could become saturated with similar products and offerings, especially online.

Competitive analysis

The goal of a competitive analysis in the context of the work is to have some insight into the competitors' performance and strengths and to better understand what made them such big names in the market. The competitive analysis will take a glance at the following brands' competitiveness and where Latte stands compared to them. It is an efficient way to guide the marketing efforts in the right direction and to focus the strengths and weaknesses with the opportunities in the market all the while keeping the threats and competitors in mind.

Brands	**Description**	**Products: Streetwear style**	**Pricing strategy**	**Distribution**	**Online presence and marketing**
Supreme	Giants in terms of brand recognition and cultural significance.	Original	Value-based pricing. Medium to premium pricing.	Online. Flagship store.	Moderate
Stüssy	One of the “founders” of streetwear, high reputation	Original	Value based pricing. Medium to premium pricing.	Online. Flagship store. Retail.	Moderate
Nike	Market leader in terms of sportswear that it also considered streetwear.	Sportwear	Value based pricing. Medium to premium pricing.	Online. Flagship store. Retail.	High
Adidas	Giant in the market, high significance to streetwear culture.	Sportswear	Value based pricing. Medium to premium pricing.	Online. Flagship store. Retail.	High
Selva	Portuguese direct competitor mainly in e-commerce.	Original	Value based pricing. Medium pricing.	Online. Retail.	Low

	No brick-and-mortar flagship store. Retails in Portuguese and international streetwear stores.				
Sun of a Gun	Direct Portuguese competitors. two flagship stores in Portugal.	Original	Value based pricing. Medium pricing	Online. Flagship	Low

Business plan's objective

As a business and marketing-related thesis, it is imperative to set objectives for what is wanted out of the work. Setting these objectives helps the work to be guided toward the wanted goal but also helps to assist in the planning of strategies. Clear and specific objectives should be set in a way to be able to also measure the level of success of the strategies.

The main objective of the work is to increase the sales of Latte both in-store and through its online store with the help of a digital marketing campaign. The following objectives to target during the campaign are going to be great goals to aim at to reach the main objective of the project. They are set to be achieved in a year from the beginning of the marketing activities. Many of the following objectives somewhat coincide with each other, meaning many of the strategies used for one objective might also help the success of another one.

Objectives:

Growing brand awareness

An important objective of the project is to spread awareness of the Latte brand through digital channels. A 100% increase in Latte's Instagram social media following would be a great indication of increased awareness. The strategy should focus on this parameter. The current Instagram follower count is at around 15,500 followers and a great objective to reach would be 31,000.

Market expansion

For Latte, a crucial objective alongside spreading awareness is market expansion. An increase in sales made outside of Portugal would be a great indicator of how Latte has acquired customers on an international scale. An increase in international sales would be a great result.

Increase website traffic

To be able to increase sales, especially through e-commerce, it is imperative to increase website traffic. Increased traffic could result in higher chances of sales, even if the retention rate isn't affected. The double of visitors (100% increase) would be an achievable goal with the correct marketing funnel towards the website.

Product launches

To increase sales and grow awareness, the product offering of Latte must match these objectives in terms of appeal. Releasing new collections and branded products should be an important focus. Great design and overall offering that potential customers might want to purchase. Product lines should include more depth in terms of the number of releases and items per release. Including at least one more release per year should be achievable and a great asset to add to the product portfolio

Retail expansion

Even though digital marketing is a great opportunity to spread knowledge about Latte, in-person physical apparitions could be a great objective to target. Partaking in international streetwear-related events and retailing products in streetwear stores across borders could be a smart way to grow the brand. Part-taking in at least one show international streetwear event a year to start and retailing products offline and online

Development Strategy

Setting objectives and goals for a business is an important part of reaching success when making a business. Setting a direction with goals that can be measured will instigate optimized decision-making when it comes to planning strategically in a long-term way. Each objective must come with its own action planning to ensure effectiveness. Planning a structure in terms of actions to be carried out will drastically improve the chances of reaching set goals. Here are the strategies to be carried out for each objective.

<u>Growing brand awareness</u>

With the objective of growing brand awareness, the main actions to take to ensure that the objective is reached would be mainly based on digital marketing efforts. Tactics such as social media, encompass influencer marketing with an appropriate following, content marketing and user-generated marketing to spread awareness. Also email marketing to share knowledge about Latte, and collaborations with other brands and artists to spread to new consumers. The digital marketing must be engaging and represent the Latte brands well.

<u>Market expansion</u>

To increase sales, market expansion is a must in the case of Latte. The focus should be on e-commerce. Although sales are already currently being done outside of Portugal with the help of the Latte online store, digital marketing tactics such as the ones mentioned above should be also implemented in this case to expand to more potential customers internationally. Increased awareness while focusing on foreign consumers should yield some results

<u>Increase website traffic</u>

To be able to expand internationally with digital means, it is imperative to create a funnel to direct digital users to the latte online store. This funnel should be a priority of the marketing efforts discussed within this work. A combination of SEO, Social media marketing, email marketing and online targeted paid advertising should be used.

<u>Product launches</u>

All the while on the website, a superior offering aligned with the brand image should be available. It is crucial to create a product launch framework that outlines the scheduling of products and product types to be launched. The product designs should be created in a way to reflect the brand image of Latte, following trends. Limited edition pieces, collaborations, and partnerships, with great two-way communications between Latte and potential consumers could be a great way to enforce sales on the website. Adding to digital marketing efforts, in-person events to launch products would be an effective way to create engagement.

Retail expansion

Launching these products shouldn't only be done through Latte's own online store, a great solution to expand internationally would be to research potential retailers that fit the brand image and that could suit the expansion mission. Selecting locations for both online and offline distribution is important. Marketing should be done hand in hand in collaboration with the retailing partners and designs should meet local preferences.

Definition of implementation policies

This section of the business plan is going to cover the various actions and efforts to be implemented toward the objectives set previously. A detailed roadmap for each objective will give a clearer idea of the steps and actions to be taken. This would also greatly facilitate the tracking of results. Structured tasks put in place to achieve goals will allow a higher chance of success, business and marketing-wise. Each objective of the work is going to have an action description that will go over the task to be performed followed by the responsibilities section that will cover who will take care of which specific task. A timeline for the actions to be taken is also going to be established with the resources needed. This will be followed but a budgeting section to help keep an eye on expenses. Performance indicators also going to be defined to measure the success of each action. Each action and task is also going to be scheduled to ensure consistency and track progress. Although each section has its own task, the majority of the marketing tactics will benefit the surrounding objectives as well. The goals are all interconnected to work towards the main objective which is to grow revenue with the help of sales that have been generated with the help of the marketing campaign. The tactics being separated only refer to the most efficient tactics to be used for each task.

Growing brand awareness

Actions description

The actions to be taken to grow brand awareness are going to be centered around digital marketing. The digital marketing campaign will be conducted through the social media application Instagram because it is the best platform to reach the target market. Content marketing, user-generated content marketing, influencer marketing, and email marketing are going to be the main tactics used to grow awareness for Latte, due to the opportunity that the tactics can bring. A global reach can only benefit the process of spreading awareness and offer a personalized touch to maintain the wanted brand image and message.

Responsibilities

Content creation and its marketing on social media will be done in-house by marketing department staff. User-generated marketing will be encouraged by the marketing staff and the influencers hired for brand awareness creation.

Timeline

The timeline set for these marketing efforts will be constant throughout the year. Starting from the 1st of September 2023 until the 30th of June 2024. These dates match the change of seasons from Summer to fall and winter, to capitalize on peak shopping season, all the way through to June in the summer but ending before summer sales start, to ensure awareness during spring and summer shopping seasons.

Resources

- Content marketing: No extra costs associated
- User-generated marketing: No extra costs associated
- Email marketing: No extra costs associated
- Influencer marketing: 25.000€

  250€ for a permanent post, 5 influencers with between 10,000 and 50,000 followers per month posting twice, duration of 10 months. This accounts for 100 permanent posts in total from various micro-influencers. This a great way to target the streetwear enthusiasts' niche that is following the influencers. The micro tier also helps keep the costs down compared to other tiers such as macro or mega influencers that reach over a million followers on Instagram.

Key performance indicators

- Social media followers and Instagram analytics
- Objective: 31.000 Instagram followers (double to current count)

Scheduling of actions

- Content marketing: Content should be posted on Instagram every day. Content should be permanent and non-permanent.
- User-generated marketing: Feature user-generated posts about Latte whenever they appear. Encouragement posts about user-generated content should also be posted monthly.
- Email Marketing: Align with product launches and focus efforts during high shopping seasons.
- Influencer marketing: 10 posts per month from 5 different influencers for a duration of 10 months.

Market Expansion

Action description

To expand onto international markets, a combination of search engine optimization and social media marketing is going to be required. SEO on Google will be set up on an international scale for the Latte website with the help of the previously described social marketing efforts used for market expansion with the help of international influencers. Combined with the global reach, SEO can offer data-backed information on the campaign and offer a competitive advantage.

Responsibilities

SEO campaigns can be set up by the marketing department.

Timeline

SEO: Search engine optimization should be mainly put in place during peak shopping season and during one month in Spring when a larger collection is released.

Resources

SEO: 2000€ per month of SEO being active. Three months would equal to 6000€.
2000€ a month is classified as an average, which would offer the opportunity to rival other similar-sized brands.

Key performance indicators

The number of website visits from countries outside of Portugal would indicate the success of the search engine optimization and its available analytics. Keywords can always be adjusted.

Scheduling of actions

Daily SEO during the months the campaign is active.

Increasing website traffic

Action description

A creation of a funnel directed to the Latte website online store will be created with the help of the previously covered SEO and the combination the various social media marketing tactics combined with e-mail marketing. The digital marketing tactic used in this intense is going to be online targeted paid advertising, mainly through social media. The online paid advertising is going to be a combination of self-made content, influencer marketing content, and user-generated content. Targeted advertising gives a chance to reach a specific niche, has high trackability of results, has measurable success, can be easily scaled up, offers great benefits, and should be utilized as a main tactic within the marketing efforts.

Responsibilities

The marketing department of Latte will oversee setting up the e-mail to be sent out and online paid advertising campaigns.

Timeline

The timeline for the e-mail campaign is going to be a monthly occurrence with the additional email sent for the launch of new Latte products and reminders to recent website visitors. The online paid advertising on Instagram is going to match the timeline of the SEO campaign. (Peak shopping time in November and December and an additional month during spring when a new Latte clothing collection releases.)

Resources

Paid advertising: 1000€ per month for a total duration of 3 months amounts to 3000€. This represents an average amount to be spent on paid advertising, although it can be scaled up, if the results are positive.

Key performance indicators

Increase in website traffic and social media followers originating from paid advertisement campaigns. Performance can be measured with analytics tools as well.

Scheduling of actions

Paid advertisements should be active throughout the whole month of campaigning.

Product launches

Action description

The action to be executed for this objective would be the creation of product lines to be launched during various shopping seasons. Creating a premium offering, that represents the Latte brand

and that can be marketed together with previous tactics such as social media marketing, email marketing, online targeted paid advertising, and SEO. The main way to create value would be to create partnerships with artists and brands to come up with designs and take advantage of marketing the ethical side covering environmental and social issues with the help of local production in Portugal. Collaborations would also increase visibility, give access to new markets, and create an appeal based on a limited number of products. Taking part in trade shows and streetwear events would also be a great way to promote new products, although not a digital marketing tactic it is a culturally significant and valuable tool for brands to create exposure within the streetwear space, receive in-person feedback, and perhaps pave a way into new partnerships and collaboration.

Responsibilities

The marketing team would take care of the marketing side with the digital marketing efforts.
The public relations department should be responsible for finding collaborators and partnerships. The PR team should also work hand in hand with the founders when attending in-person events to truly raise awareness around the brand and spread the brand image.

Timeline

Collaborative work with artists or designers should be done at least once a year for a smaller collection of product launches in parallel with other Latte apparel launches.
Events and tradeshows should be attended at least once a year.

Resources

Budget-wise collaborations would be on the low side, due to revenue repartition coming from percentages in royalties coming from sales. On the other hand, travel and logistics for attending and participating in events should account for 3000€ in costs per event. A rough estimate for costs related to traveling and part-taking in the event.

Key performance indicators

An indicator of the success of collaborations and part-taking in events would be the number of products sold.

Scheduling

Collaboration product releases should match the peak seasons of shopping during November and December. Scheduling for attending events is out of Latte’s control.

Retail expansion

Action description

Retailing products in streetwear stores internationally through brick and mortar but mainly through streetwear online stores. A specific selection list of retailers should be assembled that match the esthetic and brand image of Latte. The marketing of these retailers and products should be done with two-way cross-promotion marketing where Latte creates specific personalized content for the retailers to use and on the other hand, the retailers use that content to bring in interest from potential customers and market the Latte brand simultaneously. A clever way to expand reach all the while enhancing credibility for both parties when sharing resources and audiences to drive up sales.

Responsibility

The sales department should be the one responsible for finding suitable retailers for Latte products. The marketing department should oversee the creation of content for the retailers to use in their advertising efforts.

Timeline

For an efficient retail expansion, products should be retailing year-round in various carefully selected retail locations with content to go with it.

Resources

Retailing expansion: No extra costs associated.

Key performance indicators

Performance can be measured through the amounts of orders placed by the retailers for re-stocking. Performance can be measured with the help of order management software and through e-commerce platforms.

Scheduling

Advertising content should be produced for a week’s worth every time a new retailer is found or when a new collection is retailing. Content can be re-used whenever necessary.

Market entry strategy

A crucial part to define within the international scope of the work is to set a market entry strategy for Latte. As understood throughout the work, the digital marketing tactics used in the work are the means to an end when it comes to success in international expansion. International digital marketing efforts are there to provide support in terms of marketability for the sales of the product. The market entry strategy of Latte is classified as exporting. The various business-related activities such as sourcing, manufacturing, production, and designing will fully be performed in Portugal meanwhile the products will be marketed in the target markets and thus shipped, or in other words exported, to the consumer.

Requirements for implementation and implementation issues

Requirements for implementation

In the planning phase of implementation policies and setting objectives, a sense of direction must be acquired. A general route where the company and brand want to be should be reflected in how and by whom the various business departments are operated. For a realistic chance at success, certain structures, resources, and tools should be the backbone of the operations. These resources should be set as a process to be utilized in this case for expanding operations on an international scale with the use of digital marketing as a main objective to grow sales. The resources required for this plan are as follows: Team and its training, financial resources, investment, infrastructure, and monitoring process.

To ensure efficiency in the various processes within different departments a set of processes and rigorous training to team members should be a priority. First, with a business of such size with limited amounts of employees, human resources should be used optimally not to waste talent due to poor organizing. All the employees should know their positions and tasks in the company and understand the objective that Latte is targeting. A global view should transmit what is wanted from each employee in relation to the missions at hand. Secondly, departments should be formed between the various competencies such that each team member knows their tasks and responsibilities compared to their colleagues. Dedicated teams will deter confusion. With this comes a focus on in-company communication. Communication within departments and team members should be a focal point for the company. Employees should exchange feedback and updates about their work to keep track of their progress and perhaps detect weaknesses in operations and recalibrate their focus.

An important requirement that would be imperative for this work is an investor that could help kick start the internationalization campaign and various policies that require a cash injection. Such a campaign although modest considering the size of the business, would be tough to realize purely with in-company financial resources. Investments towards the implementation of the business plan would greatly facilitate and give realistic chances of success to the plan.

With investments secured and plans to start the growth of the business, a crucial organizational and technological point is raised. Correct infrastructure should be set up in a way to anticipate the increase in various technological aspects. To begin with, appropriate software should be acquired to perform tasks such as designing and editing, management and tracking, finances and data analytics, sales and e-commerce, marketing, and customer relationship management. All very important to efficiently conduct various business-related processes. An appropriate e-commerce platform should also be wisely selected to match the expected traffic and include features that a streetwear fashion brand might need, like payment processing and notifications about orders being fulfilled. These technologies should be used on up-to-date hardware as well, to not lose valuable time with outdated and slow equipment. This not only refers to the software being installed onto computers but also to also to invest in solid tools that facilitate the marketing efforts, such as high-quality cameras and mobile phones.

Requirements for expansion

For a higher chance for success in the international expansion efforts for Latte, some requirements are needed in the targeted market. In this case, it is Europe. As previously discussed, a clear indication has been seen of the way the market is headed. A steady growth in the international fashion and especially streetwear market has been perceived which is an important piece of information for a brand that aims to expand and try to base its success on it. With a growing size with trends that Latte is familiar with, specific regions in Europe need to match the spending required for premium-priced clothing pieces from Latte. Countries that have a higher disposable income level should be a priority in launching digital marketing campaigns. According to the European Environment Agency (EEA) the countries that hold the highest expenditure on clothing and disposable income are Norway, Luxemburg, Austria, Sweden, Finland, Denmark, Germany, United Kingdom, France, and Belgium. These mentioned territories should be the locations to focus digital marketing efforts.

The international marketing campaign should also match the seasonality of shopping habits. Meaning that groundwork and advertising should be done in advance before the shopping high seasons. Advertising and marketing done too late might be a blow to the success of the efforts and could be a challenge to be seen compared to competitors. Timing of market entry is a requirement to efficient spending of resources.

A solid messaging strategy should also be put in place. A consolidated image and consistent message should be spread independently within the various regions. On the other hand, customizability is also an important factor for a successful digital marketing campaign. This should come through with the help of influencers who have established relations with their followers and consumers within the specific region and should be able to put a twist on the messaging based on the knowledge of their audience all the while following a specific messaging structure.

An understanding of cultural differences should also be considered as a step when planning and launching any kind of advertising effort. Being aware of the differences in culture should be a requirement before any kind of faux pas can be made and taint the image of Latte. A customizable and bullet-proof message should be transmitted. Also adapting to each language and cultural norm can be facilitated through the help of local influencers.

Implementation issues

When creating implementation policies that allow for business growth, a certain level of trust is placed into various systems, people, partners, and other aspects that keep the business running. This trust doesn't always necessarily mean that a part of the business is going to perform as efficiently as wanted. But are chosen due to the amount of certitude placed on them and the lack of worry when considered as a possible source of issues when making business. On the other hand, Latte should recognize possible issues that may arise during its business endeavors.

Firstly, a highly common issue that might affect more international businesses than not, is the issue that may arise from disruptions in the supply chain. At any time at any level of the supply chain, disruptions can affect the totality of the business and its ability to deliver streetwear goods to customers. Either perturbation in sourcing, manufacturing, or distribution can put a full stop to the promise of delivering value.

An issue that might come as a surprise to Latte, is related to implementation policies not unfolding as according to plan. A variance in costs could arise and completely derail the previously set plan, without mentioning its possible effect on the profitability of the campaigns. A higher rate than anticipated in production or an unexpected additional cost in marketing can really tear the profitability margins down if a backup alternative isn't found.

Lastly, a problem that goes hand in hand with the objective of the work is issues in scalability. With an increase in business activities all along the value chain, issues can be expected. For example, a lack of consistency, inadequate systems, inefficient processes, and other limitations are born from actively wanting to grow the business and increase the rhythm and scale of activities. Scaling up should be done only if certainty about the overall rigidity of the business efforts is certain and a higher load is manageable.

Financial Evaluation

The purpose of a financial evaluation is to assess the viability of a business plan. The various actions, efforts, and activities should be purposely created around financial reasoning. An analysis of the various costs and investments will be used to determine the potential profitability of the plan with the use of an evaluation tool. Which gives a general idea of how the investments are being seen on the revenue side. Being a digital marketing sales revenue evaluation, this will also give an understanding of why digital marketing is a viable way to grow a brand on an international scale and offer a concrete figure on the potential sales revenue based on the amount invested in the marketing efforts. The financial evaluation will offer a complete view of the total costs of the investments and forecasted revenue and with the help of the regression analysis as a revenue evaluation tool, it will be able to give a numerical value of the ratio between the spending and the forecasted acquired revenue and to evaluate the percentage of the return on the investment (ROI).

The cost discussed in the latter part of the work, and sticking with the objective of the thesis, are purely related to marketing activities. The costs considered are solely based on creating a revenue evaluation based on marketing spending. The costs are divided as follows.

Marketing tactic	**Cost**	**Percentage of total cost**
Influencer marketing	25.000€	67.56%
Search engine optimization	6.000€	16.21%
Paid targeted advertising	3.000€	8.10%
Events	3.000€	8.10%
Total cost	**37.000€**	100%

A total of 37.000€ would be spent on various marketing efforts with the highest spending focused on influencer marketing with 25.000€ to be spent. It represents around 67% of the total marketing spending. Search engine optimization represents 16.21% of the total spending with 6.000€. Online paid targeted advertising and events each represents a bit over 8% of the total marketing cost with 3.000€ being spent. These costs are accounted for the period between the period of 1st of September 2023 to 30th of June 2024. The costs are represented in euros even though the ratio represented by the methodology is generated based on US dollars. The ratio stays the same undifferenced from the currency.

On the revenue side of the financial evaluation, the main streams of revenue will mainly be earned through the sales of Latte branded clothing through the Latte e-commerce website and without forgetting their retail store in Lisbon where besides Latte clothing lines, a variety of other streetwear brands are available too. Revenue flow will highly depend on the time of year due to variances in increased spending habits during shopping seasons. Most of the revenue will also mainly arrive from the target market which in this case is streetwear wearers who will mostly be between the ages 14 and 25 years old. Latte will also probably keep their offering at the same pricing, with products being classified from medium to premium price.

The evaluation tool utilized in the work to assess the gain in revenue for Latte is a regression analysis which serves as a purpose to understand the amount of revenue to be acquired compared to the amount invested in marketing. The evaluation is based on the ratio of the two variables obtained from established, successful, market-leading, and iconic brands in the streetwear market. The ratio between the two variables gives the ability to calculate an overall evaluation of revenue from the marketing effort discussed previously.

As addressed in the methodology section of the work, the rate at which the average rate between the marketing spending of the four brands compared with their revenue over the year 2018 to 2022 gave a rate of 6.055. As a reminder, the rate multiplies each Dollar invested, in this case, euros, and multiplies it by 6.055 to have an evaluation of revenue to be acquired from a successful marketing campaign.

The calculation for the revenue estimation is the following:

$$37{,}000€ \times 6.055 = 224{,}035€$$

Estimated Revenue: 224,035€

Profit calculation:

$224{,}035€ - 37{,}000€ = 187{,}035€$

Profit: 187,035€

With a rate of 6.055, the revenue evaluation for the 37,000€ invested in marketing climbs up to 224,035€ of revenue which represents 187,035€ in profit resulting from sales that came from a successful marketing campaign.

Another metric to measure the efficiency of the use of investments is called return on investment (ROI). ROI helps to understand the degree of profitability, in this case, that a marketing campaign has on the revenue of a business.

The return on investment (ROI) calculation:

$$\left(\frac{224{,}035€ - 37{,}000€}{37{,}000€}\right) \times 100 = 505.5\%$$

ROI: 505,5%

The evaluation tool has allowed for an understanding of how a great marketing campaign can affect the revenue, profit, and return on investment of a growing streetwear company. Although with great-looking results for Latte, it is safe to say that with a limited amount of data of smaller-sized streetwear brands, the results aren’t as realistically presentative as they could be. Efforts were made to represent the streetwear market to the closest it could be.

With the help of the methodology conducted, the revenue evaluation tool, and estimated costs, it was possible to acquire a basic understanding of the importance of marketing when forecasting revenue for a streetwear company based on data acquired from market leaders and icons in the streetwear market who’s main marketing strategies are based around digital marketing tactics.

Conclusion and recommendations

In summary, this thesis has allowed for a deeper look into the world of the streetwear fashion market, with its cultural significance to a younger demographic, its growth in the fashion world, the big players in the market, and the various digital marketing strategies a brand might use. The ethical shopping habits and Portugal's growing influence on the European textile scene. With all the above with Latte's significance in the Portuguese market, a strategy was to be created to expand its horizon. An internationalization project was due.

The idea of growing the Latte brand on an international scale was thus born. An international approach was chosen due to potential growth opportunities that arose and the ability to have an impact with the help of a borderless approach to digital marketing. Estimating the costs and revenue of such a campaign became one of the sole objectives of the work. The work offered a better understanding of the costs associated, the requirements, and the implementation policies that go with it. Objectives were also set, and Latte's strengths and weaknesses were measured, all vital parts to strategize and allow a revenue estimation.

Thanks to the methodology and the average rate (6.055) acquired from competitors' marketing spending and revenue, a revenue estimation for the project was obtained. A return-on-investment metric was also calculated (505.5%)

Such a revenue estimation (224,035€) with the various limitations considered, should only be taken as literally as the precision of the data inserted within the work. The estimate can only provide such accuracy to the potential revenue. This proof of concept could be an interesting project to realize, following along with the results it yields, and could provide captivating results, in view of the growth and extended potential of the streetwear market.

Recommendation wise it would be smart to re-evaluate the results of the various digital marketing efforts comparing their respective investments from time to time and re-strategize efforts on the tactics that yield the most success. Optimizing the overall strategy could play in the hands of Latte while using its sustainability initiatives as a main point in its expansion efforts.

An optimistic view of the small gap in the market could possibly be a great opportunity for a small company like Latte, for the growth of the streetwear market and the importance of the Portuguese textile industry.

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Annexes

Annex A

Brands	Revenue in $	Marketing Spending in $
Nike 2018	36397000000.00	3600000000.00
Nike 2019	39117000000.00	3753000000.00
Nike 2020	37403000000.00	3592000000.00
Nike 2021	44528000000.00	3114000000.00
Nike 2022	46710000000.00	3850000000.00
Adidas 2018	25881000000.00	3001000000.00
Adidas 2019	26476000000.00	3043000000.00
Adidas 2020	22667000000.00	2373000000.00
Adidas 2021	25121000000.00	2547000000.00
Adidas 2022	23717000000.00	2763000000.00
Jordan 2018	2850000000.00	281865000.00
Jordan 2019	3140000000.00	301126000.00
Jordan 2020	3680000000.00	353280000.00
Jordan 2021	4780000000.00	334122000.00
Jordan 2022	5120000000.00	421888000.00
Puma 2018	4650000000.00	931200000.00
Puma 2019	5500000000.00	1121000000.00
Puma 2020	5230000000.00	1050000000.00
Puma 2021	6810000000.00	1309000000.00
Puma 2022	8470000000.00	1578000000.00

Revenue and Marketing spending in Dollars for Nike, Adidas, Jordan, and Puma 2018-2022 dataset