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## **How to grow in the food delivery market? An in-company project for a Portuguese SME**

Catarina Marques Ribeiro

Master's in Business Administration

Supervisor:

PhD, Álvaro Augusto da Rosa, Associate Professor with Habilitation  
Iscte – Instituto Universitário de Lisboa

August, 2024



BUSINESS  
SCHOOL

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Department of Marketing, Strategy and Operations

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## **Acknowledgements**

When I decided to pursue this master's program, I was uncertain about transitioning from communication to management. Despite my doubts, I embarked on this journey with many aspirations and few certainties. Today, I am closing one of the most significant chapters of my life, happy with the direction it has taken. Developing this project has been a fulfilling experience, and I have learned a lot throughout the process. This would not have been possible without the support of the people around me.

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## Resumo

O mercado global de entrega de comida ao domicílio (*food delivery*) tem vindo a crescer exponencialmente nos últimos anos, sendo avaliado em mais de €530 mil milhões em 2023. Esta expansão, impulsionada pelas mudanças nas preferências e estilos de vida dos consumidores, foi ainda mais acelerada pela pandemia Covid-19. Pequenas e médias empresas (PMEs) desempenham um papel crucial neste setor, mas enfrentam inúmeros desafios.

Os negócios percorrem um ciclo de vida natural caracterizado pelo crescimento, maturidade e potencial declínio. Para evitar o declínio e alcançar um crescimento sustentado, é necessária orientação estratégica alinhada com o contexto da organização.

Este projeto centrou-se nos aspetos estratégicos do crescimento empresarial das PMEs no sector do *food delivery*, com um estudo de caso específico de uma PME portuguesa que opera no segmento da entrega de sushi ao domicílio. O objetivo foi avaliar estratégias de crescimento que permitam à empresa ultrapassar a estagnação e capitalizar as oportunidades de mercado. A abordagem envolveu uma revisão da literatura e análise empírica dos ambientes externo e interno da empresa, considerando o mercado, os recursos e as capacidades da empresa, e a sua visão.

O estudo empírico identificou duas estratégias principais para o Home Sweet Sushi: desenvolvimento de mercado e diversificação. Após avaliar ambas as opções, a abertura de uma nova loja foi escolhida como a estratégia mais adequada, destacando Braga como a localização ideal para isso, seguida de Aveiro.

Este estudo oferece, ainda, orientação estratégica para ajudar PMEs semelhantes no setor a enfrentar a fase da maturidade.

**Palavras-Chave:** Entrega de comida, PMEs, Crescimento empresarial, Estratégias de crescimento, Entrega de sushi

**Códigos de Classificação JEL:** M10, M19



## **Abstract**

In recent years, the food delivery market has experienced exponential growth, emerging as a global market valued at over €530 billion in 2023. This increase in demand for food delivery services reflects the evolution of consumer preferences and lifestyles, further accelerated by the Covid-19 pandemic, leading to significant market expansion. Small and medium-sized enterprises (SMEs) play a crucial role in this sector but face numerous challenges.

Businesses follow a natural life cycle characterized by growth, maturity, and potential decline. To avoid decline and achieve sustained growth, strategic guidance aligned with the organisation's context is crucial.

This project focused on the strategic aspects of SME business growth in the food delivery sector, with a specific case study of a Portuguese SME operating in the sushi delivery segment. It aimed to evaluate growth strategies that enable the company to overcome stagnation and capitalize on market opportunities. The approach involved a literature review and empirical analysis of the company's external and internal environments, considering the market, the company's resources and capabilities, and its growth vision.

The empirical study identified two primary strategies for Home Sweet Sushi: market development and diversification. After evaluating both options, market development through opening a new store was chosen as the most suitable strategy, targeting Braga as the optimal location for this expansion, followed by Aveiro.

By understanding the underlying mechanisms of business growth, this study offers strategic insights to help similar SMEs in the sector address the maturity phase within the competitive landscape of the food delivery market.

**Keywords:** Food delivery, SMEs, Business growth, Growth strategies, Sushi delivery

**JEL Classification Codes:** M10, M19





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## List of Acronyms and Abbreviations

APED – Associação Portuguesa de Empresa de Distribuição

ASAE – Autoridade de Segurança Alimentar e Económica

BdP – Banco de Portugal

CAGR – Compound annual growth rate

CEO – Chief Executive Officer

COO – Chief Operating Officer

EC – European Commission

GDP – Gross Domestic Product

HACCP – Hazard Analysis and Critical Control Point

HICP – Harmonized Index of Consumer Prices

HSS – Home Sweet Sushi

INE – Instituto Nacional de Estatística

IpC – Purchasing Power per Capita Indicator

M&A – Merge and Acquisition

POS – Point of Sale

RBV – Resource Based View

SME – Small and medium-sized enterprises

VAT – Value Added Tax





# 1 Introduction

In recent years, the food delivery industry has experienced unprecedented growth, emerging as a global market worth more than €530 billion in 2023 (GlobalData, 2024). This surge in demand for food delivery services reflects changing consumer preferences and lifestyles, driven by factors such as convenience, accessibility, and digitalization (Ahuja et al., 2021; Dai et al., 2022; Chowdhury, 2023; Kantar, 2022; Talwar et al., 2023). Moreover, the Covid-19 pandemic caused a drastic decline in consumer demand for out-of-home food services, simultaneously accelerating the trend of food delivery (Medina, 2021). As a result, the food delivery sector, led by fast-food restaurants, has become increasingly competitive, with companies competing for market share and striving to meet evolving customer expectations.

Small and Medium-sized Enterprises (SMEs) play a crucial role in the global economy and dominate the food delivery sector (Hasnan et al., 2022), significantly contributing to economic growth (Singh et al., 2019). However, businesses follow a natural lifecycle characterized by growth, maturity, and potential decline. Upon reaching maturity, companies face a critical point where they either stagnate, decline, or reinvent themselves to achieve further growth (Bachtiar & Al Amin, 2019). However, achieving sustained growth is challenging and becomes even more difficult to maintain (Lim et al., 2020), particularly for SMEs in competitive markets, highlighting the need for strategic support and guidance (Hausberg & Korreck, 2020). Choosing the right strategy requires careful study to ensure the best alternatives are selected, aligning with the organisation's unique characteristics and operating context (Nnamseh & Akpan, 2015; Shah et al., 2013).

To address these challenges, an in-company project was developed in collaboration with *Home Sweet Sushi*, a Portuguese SME operating in the food delivery sector, specifically in the sushi delivery segment. The project aims to provide strategic guidance tailored to the company to facilitate its growth. Thus, it explores and evaluates the strategic options available to Home Sweet Sushi, considering the specific dynamics of the market, the company's internal resources and capabilities, and its vision for growth.

The focus of this project is on the strategic aspects of the business, with the primary challenge centred on identifying and evaluating growth strategies to help the company effectively overcome stagnation and capitalize on growth opportunities within a competitive industry. The ultimate goal is to offer actionable solutions to enhance Home Sweet Sushi's expansion. By understanding the mechanisms of business growth, this study also provides strategic insights to help similar SMEs facing the maturity phase in the food delivery market's competitive landscape.

The choice of Home Sweet Sushi for this project arises from the author's four years of experience as an employee within company. This professional background, coupled with further studies in business administration, has fostered a personal interest in contributing to the growth of a company that has significantly influenced her professional development.

That said, this project is structured in two core dimensions: (i) literature-review; and (ii) empirical development of the project. The first dimension relates to the theoretical review of business growth and food delivery market literature in which the most relevant concepts are defined. The second dimension refers to the direct analysis of the company's external and internal environments, as well as its vision. From this assessment, it is possible to draw conclusions that can translate into beneficial growth strategies for the company to overcome stagnation and foster growth.

## **2 Literature Review**

### **2.1 Business Growth Definition and Measures**

As a central area of research on entrepreneurship, strategy, and organisations, business growth is a topic that has been extensively studied (Audretsch et al., 2014; Davidsson et al., 2010; Delmar et al., 2003; Hart et al., 2021; Martín-García & Morán Santor, 2021; Scuotto et al., 2021;). As a phenomenon, organisational growth reflects a large scale of heterogeneity, encompassing some important features: diverse measures used in organisational growth studies; variation in growth indicators; fluctuations in growth over time; and disparities in the growth process, characteristics, and environments of these firms (Audretsch et al., 2014; Davidsson et al., 2010; Delmar et al., 2003; Sterk et al., 2021). Davidsson et al. (2005, p. 5) refer that, as cited in Penrose (1959), “there is no way of measuring an amount of expansion, or even the size of a firm, that is not open to serious conceptual objections”.

Generally, the term business growth is used to describe a variety of resources in a business that experience an increase — e.g., sales, employment, assets, physical output, market share, or profits (Delmar, 2009; Kiyabo & Isaga, 2020; Lim et al., 2020). Among these, sales are the most common measure of growth, nevertheless it does not always serve as the best indicator (Delmar et al., 2022; Martín-García & Morán Santor, 2021; Scuotto et al., 2021). Sales are sensitive to inflation and currency exchange rates and may not always correlate with the growth process (Delmar et al., 2003). Furthermore, multiple indicators should be taken into consideration, and each case should be analysed independently based on the specific characteristics of each firm. According to Delmar et al. (2003), different growth indicators may be subject to the same underlying theoretical growth principles and are often connected. While the fundamental reasons for development may remain the same, a firm's specific growth path may be influenced by situational and unique factors that are outside the scope of the study model. As it is not possible to state a single best measure of a firm's growth or a single best composite measure of it (Hart et al., 2021), using various of these measures of firm growth provides a more comprehensive picture of any empirical correlations (Davidsson et al., 2010; Delmar, 2019); Likewise, it provides a mechanism to assess the validity of any theoretical model to errors in the dependent variable's specification.

As stated above, profit is often the focal point of firms' growth. On this regard, profit is in a large scale produced via innovation and entrepreneurship (Teece, 2010). Since different entrepreneurs have specific growth parameters, the criterion for growth also differs among them; Each entrepreneur's goals and vision are key factors in organisational growth, influenced by factors such as the social setting, formal or informal organisational structure, place of origin, and cultural background (Content et al., 2020; Gupta et al., 2013).

### 2.1.1 Growth Mode

Growth is essential for the long-term survival of a company. However, it is hard to achieve and even more difficult to sustain (Lim et al., 2020). Negative growth values on SMEs often serve as a warning sign of underlying issues, and stagnation is typically a sign of future challenges for a corporation (Pasanen, 2007).

Organisations can achieve growth through internal or external strategies. Accordingly, scholars divided firm's growth strategic options in two broader groups to identify factors affecting the performance and growth of SMEs (Delmar et al, 2003; Pasanen, 2007; Penrose, 2009; Shah et al., 2013): organic growth — firms that grow internally, thus in an organic way — and acquisition growth— firms that grow externally through the acquisition of other businesses. Both growth processes are likely to challenge managers who try to implement them in their companies, as well as impact the firm's overall performance; On the social spectrum, organic growth is “more likely to represent genuine job creation than is growth through acquisition, where existing jobs are shifted from one organisation to another” (Delmar et al., 2003, p. 196). Likewise, organic growth represents the rate at which a firm expands without acquiring other companies, and only by increasing output and enhancing sales internally (Delmar et al., 2003). This mode of growth offers several advantages when compared to inorganic growth, including greater control of the business by the manager, reduced risk, increased sustainability, and opportunity for capital reinvestment in the company; In addition, it enables company owners to maintain their commitment to their vision by assembling their own team, service offerings, and goods in accordance with their beliefs and objectives, all while avoiding high-costs associated with acquisition (Norton, 2020).

On the other hand, instead of expanding via internal business endeavours, inorganic growth results mostly from mergers, acquisitions, and take-overs (M&A). Successful M&As can open new markets and clients; buy R&D-intensive products, patents, or trade information; avoid upstream or downstream market foreclosure by suppliers; reduce taxes through new subsidiaries located in tax-friendly nations; and realise cost synergies by eliminating surplus facilities and overheads (Renneboog & Vansteenkiste, 2019). Although successful M&As allow businesses to expand more rapidly than those relying solely on organic growth (Renneboog & Vansteenkiste, 2019), this growth mode is not suitable for all businesses. There are several aspects that entrepreneurs should take into consideration when choosing how to pursue growth, such as the specific industry, available resources, and the growth potential of the company (Dogru et al., 2020; Shah et al., 2013). Furthermore, from the perspective of management decision-making, it is not possible to revert the decision to expand inorganically and return to the entirely organic strategy (Fonseca, 2022).

In the food industry, inorganic growth tactics may be effective under some circumstances, as the restaurant sector has made considerable use of M&A as a strategic management decision for rapid

expansion (Dogru et al., 2020). Nevertheless, before implementing this strategy, managers should carefully assess difficulties and potential effects on the organisation, operations, and customer experience. Furthermore, Park and Jang (2011) investigated restaurant firm growth through M&As and discovered that although one year after M&A, all size businesses had favourable increase in sales, this beneficial impact vanished completely in the third year. Three to five years following an M&A, firms continued to exhibit the same growth trends as non-M&A enterprises, which questions the long-term value of this way of expanding.

Hence, for many restaurant businesses, organic growth — expanding gradually by enhancing current operations and focusing on customer satisfaction — might be a more viable and secure strategy.

### **2.1.2 Stages of Business Growth**

Literature on SMEs suggest that from the beginning until the decline of a business or product, it transitions through several stages. Notwithstanding the fact that different authors use different terminology related to this topic (Burns, 2016; de Angelis, 2018; Storey, 2016), the events through which any enterprise passes are essentially the same (Gupta, 2013). The majority of scholars argue that typically, businesses must first emerge, then grow and expand while overcoming several obstacles and crises, and lastly, mature and decline (Davidsson et al., 2010). This progression illustrates the completed lifecycle of a business or product and is often represented through a life cycle model.

During the expansion stage, whether growing organically or inorganically, organisations move through different phases, which can be shown in a growth models. When life cycle models provide a comprehensive view of the complete life cycle, growth stage models prioritise the universal issues that businesses face as they expand, focusing on specific phases of the organisational growth; Although every organisation is unique, there are enough similarities in the issues that they confront — each phase is characterised by a set of usual concerns and organisational solutions (Davidsson et al., 2005).

The concept of growth models has experienced several research and experimentation since the last century due to its value to organisations. These models assess a firm's position in its industry, assist in setting a growth strategy, and aid in planning the future of the firm by providing useful insights into what might be anticipated in the subsequent stage of development (Bachtar & Al Amin, 2019).

Over the years, studies on this topic have contributed to the literature by developing various theoretical frameworks and analysing them — namely Greiner, in 1972; Churchill and Lewis in 1983, and Storey and Greene, in 2010. The growth model developed by Churchill and Lewis (1983) is of great importance for small and growing businesses, being divided into 5 phases, as illustrated in Figure 2.1: (I) *existence*, focused on attracting customers and providing the product of service; (II) *survival*, where companies have proven to be viable business entities, but need to understand if there is sufficient

revenue to allow the it to break even and continue operating; (III) *success*, when companies' owners must decide whether to exploit the company's accomplishments and expand, or to maintain stability and profitability so the business can support the growth of alternative owner activities; (IV) *take-off*, concerned with how to make the companies grow rapidly and how to finance it; and (V) *resource maturity*, when companies have the advantages of size, financial resources, and managerial talent, and can be powerful players in the market if they retain their entrepreneurial spirit. To describe each of these stages a size, diversity and complexity index is used, along with five management characteristics to describe it: managerial style, organisational structure, formal systems extent, primary strategic goals, and the owner's involvement in the business (Churchill & Lewis, 1983).

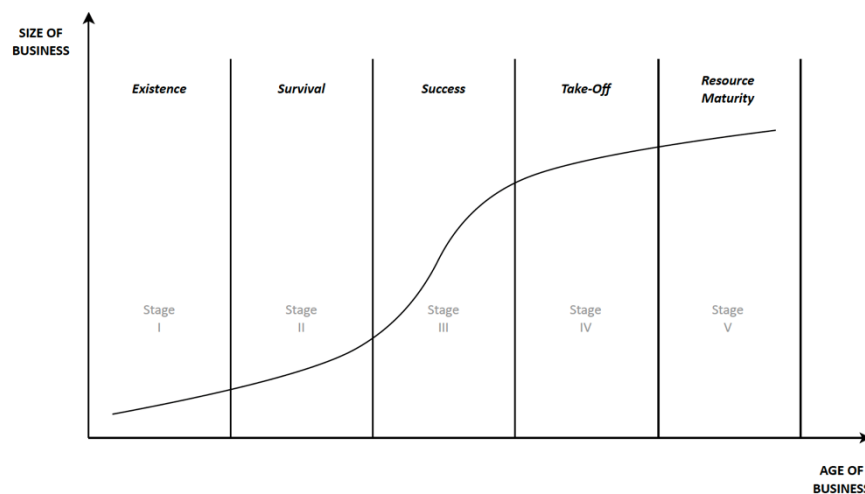


Figure 2.1 – Churchill and Lewis' Growth Model, adapted from Churchill and Lewis (1983)

Nowadays, growth stage models continue to offer valuable insights in predicting an impending crisis, plan ahead, and take action. For this, entrepreneurs are relevant players, as these frameworks assist to explain management's strategic choices and to study challenges and issues that business faces. In this regard, the growth model's main purpose is to give entrepreneurs precise knowledge about their present company situation and position in the industry, so they can design an appropriate growth strategy, deal with crises, and foresee future opportunities (Bachtiar, 2020; Bachtiar & Al Amin, 2019).

### 2.1.3 Business Growth Strategies

One of the most important tactical decisions to consider when determining the growth of a firm is, precisely, the strategy to be followed (Grant, 2021). The vast majority of company directing strategies are those designed to achieve growth in sales, assets, profits, or some combination of these (Wheelen et al., 2017). *Strategy* can be succinctly defined as a cohesive set of decision-making rules guiding the

management of organisational behaviour (Ansoff et al., 2018; Burns, 2016). Moreover, according to Grant (2021), strategy is the key to attaining success, either for organisations or individuals.

Entrepreneurial organisations at all levels develop strategies, in which each level has a distinct amount of formality from the others (Burns, 2016). One of the central frameworks in strategic management is the Ansoff Matrix, introduced by Igor Ansoff (1957). The Ansoff Matrix assesses risk levels by focusing on the products, services, and markets targeted by the organisation (Zugay & Zakaria, 2023). Ansoff (1957) was responsible for delineating four pathways for business growth through a designed grid based on two dimensions (products and markets), as represented in Figure 2.2.

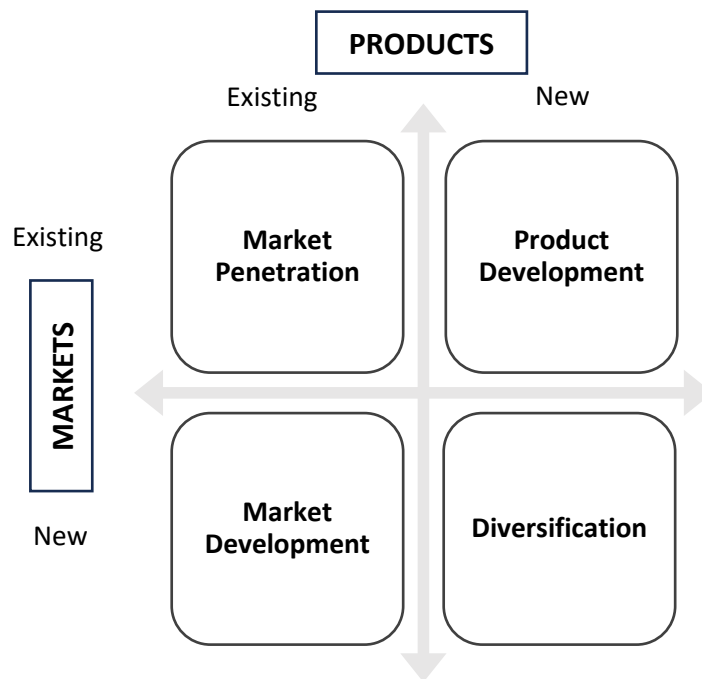


Figure 2.2 – Ansoff's Matrix, adapted from Ansoff (1957)

The Ansoff Matrix outlines four primary strategies to assist companies in determining appropriate actions based on their current performance. These strategies are:

- (a) *Market Penetration*, which is the least risky strategy within the matrix. This strategy involves a company entering an established market with its existing products, aiming of increasing revenue and market share, without deviating from the original product-market strategy; It encompasses efforts to enhance business performance by either boosting sales volume to current customers or acquiring new customers for existing products, expanding their market share in existing segments (Ansoff, 1957). This growth is achieved by increasing sales to existing clients and expanding the customer base through intensified communication and distribution efforts. Ansoff suggests that market penetration can be realized through tactics such as price reduction, acquisition of competitors within the same market, heightened

promotional and distribution support, as well as product or service enhancements (Ansoff, 1957; da Fonseca, 2022).

- (b) *Market Development*, the next least risky strategy. In this strategy, the focus is on developing new markets or market segments of an existing product or service. Ansoff's Market Development is a strategy where businesses attempt to enter new regions and locations, utilizing their current products or services with some modification in their characteristics (Ansoff, 1957; da Fonseca, 2022; Kukartsev et al., 2019). This is a strategy that can be successful if companies invest time and resources in different customer segments, exploring new markets and geographic locations (da Fonseca, 2022). According to Ansoff, cited by Da Fonseca (2022), the possibility of market expansion is more likely to succeed in: (a) situations where the company has a unique product technology it can utilize in a new market, (b) situations where there is the potential for economies of scale, (c) situations in which the new market is not that dissimilar from the firm's home market, and (d) situations in which the markets are, in fact, profitable for the specific firm.
- (c) *Product Development*, which has a moderate risk. The focus of this strategy is to develop products or services with new and different characteristics, for an existing market. The Product Development Strategy concentrates, precisely, in expanding and creating new products and services through different features in order to improve the performance of the company (Ansoff, 1957). This strategy entails expanding the range of products or services offered within the company's existing markets. To achieve this objective, the company must have to invest in research and development for new products or services, acquire rights to produce third-party products, procuring products from external sources and rebranding them, and collaborate in joint development initiatives (Ansoff, 1957; da Fonseca, 2022). As opposed to Market Penetration, Product Development involves bringing new products to the market (Nnamseh & Akpan, 2015).
- (d) *Diversification*, which is the riskiest strategy as it requires two quadrant shifts and the development of both products and markets (da Fonseca, 2022). In this strategy, the organisation introduces new products to fresh markets and regions. This approach comes in two forms: related and unrelated diversification. Related diversification entails the company staying within a market or industry it already knows well. Unrelated diversification refers to situations where the company lacks prior experience in the industry or market it is entering. This strategic decision represents a situation where organisations try to generate new products and services in new markets (Wheelen et al., 2017). Diversification requires different methods, abilities and infrastructure, thus often resulting in structural and organisational changes within the company (Ansoff, 1957). If the strategy sees opportunities in new market



spaces and can create the perfect synergy between those and existing businesses, it is considered a related diversification; On the other hand, unrelated diversification involves a conglomerate of companies without a stated relationship between them (Ansoff, 1957; da Fonseca, 2022; Clarissia, 2020).

There are different growth strategies to choose from, and finding the most suitable strategy for both the business environment and its distinctive traits is a crucial step (Nnamseh & Akpan, 2015; Pasanen, 2007). Choosing the right strategy requires careful study to ensure the best alternatives are selected, aligning with the unique character of the organisation and its operating context (Nnamseh & Akpan, 2015; Shah et al., 2013). Notwithstanding the fact that Ansoff's Matrix is an old framework, in the business context it is an underpinning theoretical foundation. Ansoff's Matrix is still being used by scholars and entrepreneurs as part of the strategic planning studies or processes; On one hand, for contemporary managers, it remains a valuable tool to identify growth strategies across a spectrum of risks, from low to high (Zugay & Zakaria, 2023). On the other hand, literature proves the matrix's relevance in strategic planning through diverse works, providing valuable perspectives on the complexities of expanding both markets and products (Khajezadeh et al., 2019; Kukartsev et al., 2019; Tsatsoula, 2019; Zugay & Zakaria, 2023). Empirical studies from the past five years show the successful application of Ansoff's matrix (e.g., Gurcaylilar-Yenidogan & Aksoy, 2018; Khajezadeh et al., 2019; Soltani-Fesaghandis & Pooya, 2018; Zugay & Zakaria, 2023). Gurcaylilar-Yenidogan and Aksoy (2018) applied the Ansoff's Matrix to assess a company's potential for innovation and to understand the relationship between different forms of innovation and performance results; The information gathered demonstrated a direct correlation between company's success in the market, and product and market innovation strategies, which has a broad diffusion impact. In the food industry, Soltani-Fesaghandis and Pooya (2018) conducted a study whose purpose was to create an integrated system for predicting the success of product development and aid choosing an appropriate market-product strategy by employing artificial intelligence; Ansoff's Matrix was used to select the market-product strategy and the study's results demonstrated that entrepreneurs of food sector benefit from it by forecasting the likelihood of a new product's success before it is developed.

#### **2.1.4 Resources and Capabilities**

To begin with, it is essential to acknowledge that growth stems from resources and capabilities. A company's strategy revolves around harnessing opportunities, which arise in the external environment, through leverage of its internal resources and capabilities (Grant, 2021).

From the second half of the last century, strategic analysis moved its attention from external profit sources to internal and organic factors within the firm, as the primary drivers of profitability

(Grant, 2021). Birger Wenerfelt (1984) was a pioneer scholar exploring the idea of analysing firms through their resources, based on previous studies of Penrose. In 1984, Wernerfelt published his article “A Resource-based View of the Firm”, which would give name to the well-known framework *Resource Based View* (RBV). Later in 1991, Jay Barney refined Wernerfelt’s work by introducing the concept of sustained competitive advantage, where the competitive advantage and performance of a firm are built upon its internal resources and capabilities (Barney, 1991). From Wernerfelt’s work, one of the most significant conclusions to emerge was that a growth strategy entails finding a balance between exploitation of existing resources and the creation of new ones (Wernerfelt, 1984). While resources are an undeniable factor in strategic considerations, RBV also emphasizes that they cannot perform alone. Capabilities, i.e., a firm's ability to allocate resources to achieve a desired outcome, are central to the development of a sustainable growth path (Matarazzo et al., 2021; Wright et al., 2015).

The RBV theory recognises the firm’s resources and capabilities as its primary source of competitive advantage and the fundamental foundation for shaping its strategy (Grant, 2021). These resources — which can be assets, organisational processes, firm attributes, information, knowledge, among others — are controlled by the firm and can be divided into categories. According to Barney (1991), there are physical capital resources, human capital resources, and organisational capital resources. In turn, Grant (1991) introduces three additional categories: financial resources, technological resources, and reputation. Furthermore, according to Barney (1991, p. 99), “firms obtain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses”.

According to Barney (1991), in order to reach sustained competitive advantage, organisations’ resources must have four specific characteristics, namely being: (a) *Valuable*, maximizing opportunities and mitigating threats within a firm's environment; (b) *Rare*, among both the existing and potential competitors of an organisation; (c) *Inimitable*, or hardly replicated by the existing and potential competitors; and (d) *Organisational*, because the potential for a company to gain competitive advantage depends on the value, rarity, and imitability of its resources; If the company lacks organisation and fails to establish procedures that align with its objectives, these resources cannot be harnessed and leveraged to develop a sustainable competitive advantage (Barney & Hesterly, 2006).

Based on these characteristics, Barney (1991) developed the theoretical VRIO framework to assess a firm’s resources and capabilities, as presented in Figure 2.3.

Is a resource or capability:				
Valuable?	Rare?	Costly to imitate?	Exploited?	Competitive Implications
No	-	-	-	Competitive Disadvantage

Yes	No	-	-	Competitive Parity
Yes	Yes	No	-	Temporary Competitive Advantage
Yes	Yes	Yes	Yes	Sustained Competitive Advantage

Figure 2.3 – VRIO Framework, adapted from Barney and Wright (1998), and Barney and Hesterly (2006)

Based on the four questions presented above, it is possible to assess the competitive implications of such resources and capabilities. The focus on internal resources and capabilities has prompted companies to recognise their unique qualities in comparison to competitors, leading them to formulate strategies that capitalise on these distinctions (Grant, 2021).

According to the existent literature, RBV theory has been widely applied in strategic management over the years (Assensoh-Kodua, 2019; Clarke & MacDonald, 2019; Collins, 2021; Davis & DeWitt, 2021; Freeman et al., 2021; Kiyabo & Isaga, 2020; Malik et al., 2020; Teece et al., 1997; Teece, 2007). Assensoh-Kodua (2019) developed an extensive literature review, which indicated RBV as crucial to helps organisations comprehend the collective resources required to compete favourably in a globalised and highly competitive market. Moreover, RBV was proven to help in generating, nurturing, and preserving competitive advantage.

Clarke and MacDonald (2021) investigated multi-stakeholder strategic partnership in Canadian companies applying the RBV paradigm, outlining several benefits for partners involved in these partnerships. Kiyabo and Isaga (2020) analysed the impact of entrepreneurial attitude on SMEs' performance through the mediation of competitive advantage, concluding that the RBV paradigm is appropriate for characterising both tangible and intangible resources, including an entrepreneurial mindset.

Research findings also highlight the positive impact of dynamic capabilities on organisational performance, particularly in market and financial aspects, compared to their main competitors and industry standards (Bocken & Geradts, 2020). The focus on internal resources and capabilities has prompted companies to recognise their unique qualities in comparison to competitors, leading them to formulate strategies that capitalise on these distinctions (Grant, 2021).

## **2.2 Food Delivery Market**

### **2.2.1 Evolution of the Food Delivery Market**

The food delivery industry has undergone a significant transformation, evolving from traditional local ordering methods to the digital era. Initially, consumers relied on direct orders placed via phone or in-person interactions with local restaurants, awaiting their meals at home. However, the evolution of digital technology has reshaped this model, with consumers seeking the same level of convenience and transparency they experience while shopping online (Hirschberg et al., 2016; Vinaik et al., 2019).

One significant shift involves restaurants transitioning from offline to online platforms by developing their websites, enabling customers to place food orders directly through the restaurants' own webpages (Yeo et al., 2017). Consequently, Online Food Delivery (OFD) platforms have emerged, providing customers expanded choices and convenience, allowing orders from a wide range of restaurants through their mobile phones. OFD itself, has experienced notable technological advancements, and is anticipated to maintain a permanent presence in the dining landscape (Ahuja et al., 2021; Meena & Kumar, 2022).

Nevertheless, for operational or financial considerations, not all restaurants employ their own delivery channels for food distribution; Consequently, these restaurants opt for third-party delivery platforms or food aggregators to facilitate online food delivery, enabling them to access a broader market cost-effectively (Shankar et al., 2022).

The Covid-19 pandemic triggered lockdowns and physical distancing measures, acting as a catalyst that substantially bolstered the food delivery sector. During the pandemic and subsequent lockdown measures, food services faced significant financial instability, with delivery services becoming a lifeline for struggling restaurants during this period (Ahuja et al., 2021; Li et al., 2020; Meena & Kumar, 2022). Dining out became restricted, stimulating dependence on OFD services due to safety concerns, leading to a significant shift towards home-based food ordering via in-house delivery and third-party delivery platforms (Meena & Kumar, 2022).

The crisis witnessed numerous conventional food delivery services transitioning towards OFD platforms. Simultaneously, restaurants adapted by shifting to online services, converting their traditional operations into an online-to-offline format to meet consumer demands and ensure business stability (Kumar & Shah, 2021). Restaurants relied heavily on technology during the pandemic to strengthen online-to-offline food delivery, effectively catering to a large number of consumers. As a result, restaurants adopting OFD services faced fewer financial challenges (Kim et al., 2021).

Beyond the pandemic, a global shift in eating habits has transformed the food delivery service from offering fast-food delivery to providing a wide array of restaurant-quality meals. The global food delivery business grew to over €137 million in 2021, marking a quadruple increase since 2017 (Ahuja et al., 2021). Restaurants are increasingly venturing into food delivery services, establishing independent in-house delivery systems, or partnering with third-party delivery services (Khan, 2020), driven by user-friendly applications, technological advanced driver networks, and evolving customer preferences, propelling ready-to-eat food delivery into a substantial market (Ahuja et al., 2021).

Additionally, the OFD has emerged as a key driver behind the rapid expansion of the Food away from Home (FAFH) industry globally, attracting increasing user numbers and significantly impacting the food delivery landscape (Dai et al., 2022). This transformation in eating habits and the consequent evolution of the food delivery service highlight the critical role played by OFD in reshaping how

consumers engage with the food service industry, underscoring its significance in modern-day business landscapes. The emergence of OFD has become almost essential to the survival and evolution of businesses, providing a significant method of engaging clients and enhancing service offerings (Gavilan et al., 2021). The continued growth and impact of OFD emphasize its critical role in ensuring business sustainability and development, aligning with the evolving demands and preferences of consumers.

### **2.2.2 Market Trends and Consumer Preferences**

The food delivery market comprises two primary categories of retailers offering delivery services. The first category consists primarily of retailers operating their own delivery services, predominantly encompassing fast-food chains such as Pizza Hut, Domino's Pizza, and Telepizza — referred to as *restaurant-to-consumer delivery providers* or *in-house deliveries* (Li et al., 2020). These dining establishments manage and conduct their delivery operations internally, without relying on third-party delivery services or external companies. With delivery personnel, vehicles, or internal systems, these restaurants oversee the entire delivery process, from food preparation to the final delivery, ensuring direct and uninterrupted service for customers without external delivery partners or companies involved.

The second category — *third-party delivery providers* or *platform-to-delivery providers* (Li et al., 2020) — comprises various intermediaries that facilitate the delivery services for dining establishment (Yeo et al., 2017; Zhao & Bacao, 2020). This category represents the platform-to-consumer delivery market, focused on online delivery services providing meals from partner restaurants. Platforms like UberEats, Bolt Food, and Glovo handle the delivery process in this model.

Consumer behaviours and preferences have significantly influenced the rise in off-premises dining, with fast-paced lifestyles reflecting the rising demand for convenience in formats, such as takeaway and home delivery; Also, consumers perceive technology as a gateway to convenience in the food delivery landscape (Riehle & Wilson, 2019). This perception has led to the prevalence of online food ordering, which has emerged as a prominent business model in recent times. Consequently, there has been a rapid increase in the number of customers utilizing online platforms for food orders (Du et al., 2021; Gavilan et al., 2021).

Demographic studies emphasize that younger age groups — namely Millennials and Generation Z individuals —, appreciating the convenience of prepared meals, are major drivers behind the large adoption of OFD services globally (Ahuja et al., 2021; Dai et al., 2022). The industry's integration of smart technologies aims to cater to evolving preferences, offering versatile applications for both service providers and customers (Khan, 2020). While consumers increasingly opt for OFD services, they prioritize user-friendly interfaces of websites and mobile application, real-time updates on order status, the ability to track the entire order progress and monitor the delivery driver's location, pre-

ordering, or scheduling orders in advance for added convenience, compatibility with various mobile payment options, and secure storage of payment information for faster transactions (Chowdhury, 2023; Riehle & Wilson, 2019).

The economic structure within the food delivery ecosystem continuously evolves as the industry expands (Ahuja et al., 2021). Projections by the National Restaurant Association (2019) for 2030 foresee a significant digital transformation in the food service market, already underway. These developments encompass increased digital order placements, advanced packaging strategies, heightened technology utilization for cost control, and the implementation of stringent data-privacy regulations. These predictions collectively indicate a substantial inclination towards increased reliance on delivery services within the food service industry. The study further highlights a significant consumer preference for using restaurant apps or websites, and third-party delivery services for their food delivery orders, underscoring the rising reliance on digital platforms (Riehle & Wilson, 2019).

### **2.2.3 Food Delivery in Portugal**

Many studies point convenience as the primary reason for online food ordering (Ahuja et al., 2021; Chowdhury, 2023; Kantar, 2022; Talwar et al., 2023). In Portugal, according to Kantar's (2022) findings, over sixty percent of individuals cite "convenience" as the leading factor behind their decision to order food online, either through third party delivery platforms, or in-house delivery services.

Third-party food delivery platforms dominate the overall global home delivery scene (Kantar, 2022; Sanchez & Moreno, 2022), similarly as observed in Portugal. According to data from the Statista Search Department (2023), Portugal's Platform Delivery market indicates a substantial growth, with projected revenues surging to €85,45 million by 2024. This growth trajectory is expected to continue, with an anticipated compound annual growth rate (CAGR 2024-2028) of 5.56%, reaching €106,10 million by 2028. The market is also poised to witness a notable increase in the number of users, estimated at 1,5 million individuals by 2028. These projections reflect the growing segment of the population engaging with Platform Delivery services, aligning with the thriving e-commerce sector and global trends (Yeo et al., 2017). This surge emphasizes the market's adaptability to evolving consumer preferences and the escalating reliance on online delivery services within the Portuguese market (Kantar, 2022).

Nonetheless, the in-house delivery model has been growing popularity, facilitating restaurants' transition from traditional orders to online platforms (Meena & Kumar, 2022). According to data from the Statista Search Department (2023), Portugal's restaurant-to-consumer delivery business is expected to rise significantly by 2024, with projected revenues of €86.94 million. This growth trajectory is expected to continue, showcasing an annual growth rate (CAGR 2024-2028) of 5.52%, driving the market to an estimated volume of €107.80 million by 2028. Simultaneously, there is an expected surge

in users utilizing in-house Delivery services. Projections indicate that by 2028, 2.1 million individuals in Portugal will be using in-house delivery services, signifying widespread adoption and utilization of delivery services among consumers. This reflects an expanding market reach and indicates a growing segment of the population engaging with Restaurant Delivery services.

It is important to highlight, however, that Increased competition among these players has led to a competitive landscape in Portugal, where companies compete for customers, resulting in narrowing profit margins. Therefore, future growth is anticipated to decelerate gradually, potentially leading to the convergence of delivery models in the coming years (Statista, 2023). To maintain competitiveness, companies are likely to focus on differentiation strategies and innovation, while also adapting to evolving consumer preferences and regulatory changes.

#### 2.2.4 Factors Influencing Success in Food Delivery

The success and growth of businesses in the food delivery industry are influenced by several key factors, as outlined in various academic and industry studies (Chowdhury, 2023; Elvandari et al., 2018; Ray & Bala, 2021; Saad, 2021; Wang et al., 2021). Consumer perceptions, service quality, and technology and security are among the critical issues affecting a company's success in the food delivery industry, as shown in Figure 2.4. Thus, understanding and strategically addressing these factors is crucial for growth and sustained success.

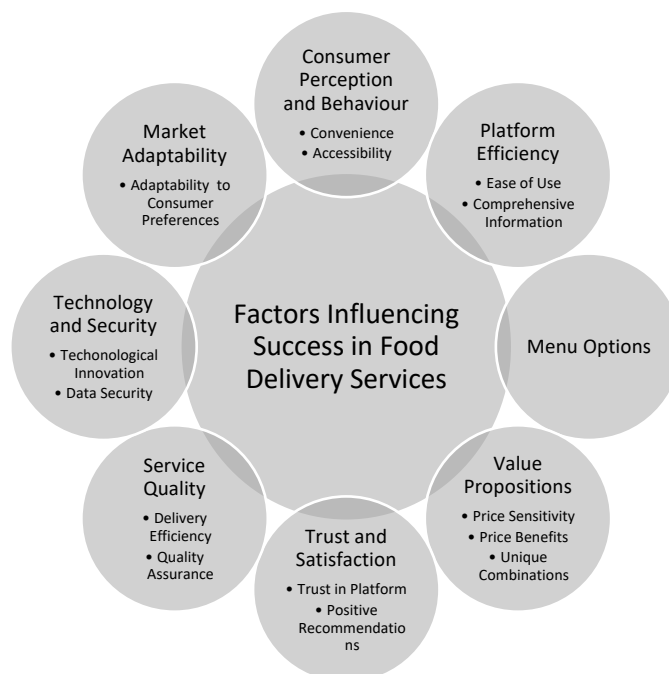


Figure 2.4 – Factors Influencing Success in Food Delivery Services, adapted from Chandrasekhar et al. (2019), Chowdhury (2023), Elvandari et al. (2018), Ray and Bala (2021), Saad (2021), Vinaik et al. (2019), and Wang et al. (2021)

Recognizing consumer perception as one vital instrument for business expansion and competitiveness is crucial (Chandrasekhar et al., 2019). As previously stated, convenience plays a pivotal role in driving positive consumer decisions and significantly influences attitudes and intentions toward food delivery services (Chowdhury, 2023; Yeo et al., 2017). Research by Saad (2021) emphasizes the paramount importance of convenience and accessibility in shaping customer choices in the food delivery sector. Consumers prioritize efficient and user-friendly platforms (Chowdhury, 2023; Vinaik et al., 2019; Wang et al. 2021) that offer diverse menu options, while balancing competitive pricing and value propositions (Elvandari et al., 2018; Ray & Bala, 2021; Wang et al., 2021). Additionally, Saad's (2021) study revealed price sensitivity among consumers.

Further emphasizing the consumer's perspective, Ray and Bala's (2021) study revealed price benefits and trust in service as major predictors of customers' intention to use food delivery services. Similarly, Chandrasekhar et al. (2019) found that consumers mostly prefer unique combinations of price, quality, and delivery. The quality and consistency of the platform itself also play a significant role in shaping trust and customer satisfaction. Chowdhury (2023), Vinaik et al. (2019), and Wang et al. (2021) confirmed that trust in the platform and customer satisfaction act as mediators between platform quality and users' intentions to continue using the service. Their research further emphasizes that user satisfaction is driven by ease of use and the availability of comprehensive information within the application, which fosters positive recommendations based on past experiences.

Additionally, service quality has a positive and significant influence on consumer's attitudes towards OFD services (Chowdhury, 2023; Saad, 2021). The quality of OFD services encompasses multiple factors, such as service efficiency, ordering systems, food hygiene, service convenience, and service tangibility (Chowdhury, 2023; Correa et al., 2019; Yeo et al., 2017). Both Chowdhury (2023) and Yeo et al. (2017) underscore the importance of timely delivery and efficient customer care in influencing positive consumer attitudes and behavioural intentions towards OFD services. Their research specifically highlights service quality as critical components for meeting consumer expectations, emphasizing the need for both prompt food delivery and attentive customer service.

The delivery process itself as a primary challenge in food delivery orders. Operational efficiency and delivery service quality, particularly regarding delivery time and accuracy, along with quality assurance in packaging and efficient delivery tracking services, significantly impact customer satisfaction and retention (Chowdhury, 2023; Correa et al., 2019; Ray & Bala, 2021; Saad, 2021; Wang et al., 2021). Additionally, the food condition upon arrival is a significant attribute of service quality (Chowdhury, 2023). Elvandari et al. (2018) highlight that consumers place high importance on receiving orders in good condition and as ordered. Ensuring reliable delivery remains a crucial priority for the success of any delivery business, as inadequate delivery services may lead to damaged products. Moreover, studies underscore the significant role of service workers in enhancing customer



satisfaction (Chowdhury, 2023; Saad, 2021; Wang et al., 2021). The delivery person's attitude is a consistent important factor in research (Elvandari et al., 2018; Saad, 2021), emphasizing the importance of communication by delivery personnel with customers (Chandrasekhar et al., 2019). Any deviation from expected quality standards significantly influences customers' decisions for future orders.

Regarding service quality, research emphasizes the importance of improving delivery efficiency, customer service quality, and efficient complaint handling (Chowdhury, 2023; Saad, 2021). Implementing practices such as real-time tracking and adjusting delivery schedules based on traffic conditions can potentially expand customer bases by ensuring timely deliveries (Correa et al., 2019). These findings underscore the need for management to prioritize enhancements in these areas to meet customer expectations and sustain business growth.

As the industry has experienced significant technological advancements, studies highlight the crucial role of technological innovation in a company's success. This encompasses the development of user-friendly interfaces and use of data analytics to tailor services to customer preferences (Li et al., 2020; Gavilan et al., 2021; Muangmee et al., 2021; Wang et al., 2021). The industry's reliance on technology emphasizes the urgency of addressing technical deficiencies in services, emphasizing optimal performance, responsive customer service, and technological innovation for sustained user engagement (Muangmee et al., 2021). Businesses transitioning towards technology dependence may struggle to adapt without adequate technical infrastructure. Thus, prompt responses to customer inquiries, technological adaptability, and establishing trust and security are crucial for sustained FDA usage and business success (Muangmee et al., 2021). Technical requirements, such as technology-task fit and order quality, were also considered essential in enhancing the overall quality of food delivery services (Elvandari et al., 2018; Li et al., 2020).

Researchers also highlight the criticality of technical aspects, including trust in technology, data security, and platform integrity within Food Delivery Apps (Li et al., 2020). Regarding security aspects in online food delivery (OFD), academic consensus is lacking. While some scholars argue that customers' purchase intentions are influenced by their trust in security (Zhao and Bacao, 2020), others suggest a less significant relationship between customers' intent to use OFD services and the preservation of their personal data privacy and security (Chowdhury, 2023; Wang et al., 2021). Researchers emphasize the critical technical aspects within Food Delivery Apps, such as trust in technology, data security, and platform integrity (Li et al., 2020). While opinions on the significance of security in OFD vary, some argue that customers' purchase intentions are influenced by their trust in security (Zhao and Bacao, 2020), while others suggest a less significant relationship between customers' intent to use OFD services and the preservation of their personal data privacy and security (Chowdhury, 2023; Wang et al., 2021).



### **3 Methodology**

#### **3.1 Research Context**

As previously mentioned, SMEs in the food delivery market face various challenges regarding growth and survival, including market competition, shifts in consumer preferences, and economic factors. The Covid-19 crisis has further impacted the industry, accelerating existing trends and increasing customer demand for takeaway and home delivery services (Shroff et al., 2022; Medina, 2021). Scholars continue to identify opportunities within this market, which is expected to continue to grow (Ahuja et al., 2021; Medina, 2021). However, as challenging as it is to establish oneself in the market, continuing to grow after reaching the plateau of the life cycle is equally demanding.

Therefore, this project is focused on understanding how a company operating in this market can grow after reaching the take-off stage of its lifecycle. For this purpose, a specific company within this market was selected as the primary object of the study — Home Sweet Sushi. Thus, the main objective of this study is to provide a tailored strategic recommendation for Home Sweet Sushi, aimed at guiding its growth in the food delivery market. The conclusions drawn from this analysis will not only be tailored to this particular company but can also be extrapolated to provide valuable insights and assistance to other businesses operating in the same sector.

Home Sweet Sushi initiated its business operations in Lisbon, in 2014. The company was one of the first in Portugal specialised in home delivery and takeaway services for sushi meals, which was a novelty at the time. The popularity of sushi as a trendy cuisine outside of Japan began rising significantly in the late 20th century, particularly in large European cities due to globalization and increased cultural interest. This led to the growth of sushi bars and low-cost sushi options, making sushi available in sit-down restaurants, supermarkets, and as fast-food delivery and takeaway. In Portugal, this trend has kept pace with global developments, with rising competition in the market. Although there could not be found relevant studies from past years regarding the sushi market in Portugal, according to Alves (2021), Portuguese consumers choose sushi as their preferred type of meal in takeaway services.

Home Sweet Sushi initiated its business in a small store in Lisbon and, currently, the company operates with five stores across Lisbon Metropolitan Area and one in Porto. As such, after a continuous expansion in the past ten years, Home Sweet Sushi is currently established in the plateau phase of its life cycle. While this phase often presents challenges, Home Sweet Sushi is looking forward to continuing to grow. Despite the current stability, the company is committed to innovation, adaptation, and strategic planning, all of which are essential for navigating through this phase and finding new growth opportunities.

### **3.2 Research Design**

As explained in the Introduction section, this project aims to explore and analyse the strategic options available to Home Sweet Sushi for achieving growth and expansion in the competitive food delivery market, and to suggest the one best suited to its characteristics and those of the market.

Grant (2018) asserts that a company's strategy needs to align with both its internal and external resources and capabilities. Furthermore, a firm's strategy needs to make sense as a whole: an organisation's culture, goals, procedures, strategy, structure, and personnel abilities are all complimentary. Thus, to understand the foundational elements supporting Home Sweet Sushi's growth strategy, this project was centred around three key components: (a) market analysis, (b) resources and capabilities assessment, and (c) management's vision.

To explore these three key components, the competitive landscape was initially assessed, beginning with an analysis of the external environment followed by an assessment of the internal environment of the company. This comprehensive approach involved the collection of both primary and secondary data pertaining to the food delivery market and the company itself. The market analysis encompassed studying both the macro and micro levels to understand its conditions and dynamics. Next, carrying a broad overview of the competitive landscape in mind, the internal situational analysis focused on evaluating Home Sweet Sushi's resources, capacities, and their alignment with management's strategic vision. For both the external and internal analysis, specific tools and frameworks were applied, among which, the PESTEL analysis, Porter's Five Forces framework, and the VRIO framework.

After conducting thorough analyses of the industry landscape and internal environment, the next step was to evaluate strategic options for Home Sweet Sushi. To facilitate the decision-making process, one last analysis was performed. The SWOT analysis involved identifying the company's internal strengths and weaknesses, as well as external opportunities and threats present in the market.

The insights gained from the analyses were crucial in determining the strategic choice that would best position Home Sweet Sushi for growth and expansion. The results were discussed throughout the next chapters, which culminated with the strategic decision, aligned with the purpose of this project.

### **3.3 Research Methods and Techniques**

In this regard, a mixed methodology is proposed for the research, as outlined in Table 3.1. This methodology allows for the integration of qualitative and quantitative data, benefiting from more information than each methodology could provide individually (Creswell & Creswell, 2018).

Table 3.1 – Methodology Overview

SITUATIONAL ANALYSIS	SCOPE	RESEARCH OBJECTIVE	RESEARCH METHOD	ANALYTICAL TOOL	TYPE OF DATA
EXTERNAL	MACRO	<sup>a</sup> Market Analysis Environment	Literature review; documentary research	PESTEL	Secondary BdP, Diário da República, EC, INE, PORDATA
	MICRO	<sup>a (i)</sup> Market Analysis Industry		PORTER'S FIVE FORCES	
		<sup>a (ii)</sup> Market Analysis Customers	Sentiment-content analysis	AFINN Lexicon, Content Analysis	Primary Google, Instagram, Websites
		<sup>a (iii)</sup> Market Analysis Competitors	Content analysis		
INTERNAL	-	<sup>b</sup> Assessing resources & capabilities	Participant observation	VRIO	Primary In-store
		<sup>c</sup> Understanding the strategic vision	Interviews In-depth and semi-structured	-	Primary CEO, COO
STRATEGIC ANALYSIS	Strategy formulation		All the above	SWOT + All the above	Primary and secondary

To address component (a) *Market Analysis*, it was primarily necessary to understand the market's environment. Therefore, a market analysis was conducted, which involved analysing the PESTEL dimensions to identify potential macro-environmental factors influencing the current food delivery market. To better apply these tools, secondary data was collected from the websites of public organisations, such as Banco de Portugal, Diário da República, European Commission, INE, and PORDATA.

Additionally, to study the micro environment, three dimensions were analysed: (i) industry, (ii) customer, and competitor.

For the industry analysis, Porter's Five Forces Framework was applied to assess industry's attractiveness. After focusing on understanding customer perceptions, it was recognized that sentiment analysis is crucial for decision-making processes, particularly in business strategies and quality improvement (Drus & Khalid, 2019). However, as sentiment analysis alone may not provide a comprehensive evaluation (Niklander & Niklander, 2017; Signori & Flint, 2015), it is recommended to complement sentiment analysis with other content analysis techniques to obtain richer insights. Thus, to assess Home Sweet Sushi's customers perceptions, primary data was collected and later analysed

through a hybrid sentiment-content analysis, which involved extracting and analysing customer sentiments, preferences, and perceptions from social media comments and reviews.

To achieve a feasible and representative sample for the customer analysis, methodological considerations were implemented. Firstly, the scope of the analysis period was constrained in two phases. Initially, the social media pages with the highest levels of customer engagement were assessed with Home Sweet Sushi's COO. Later, the data collection timeframe was limited to the closest available period, spanning one year. Therefore, primary data were collected from Home Sweet Sushi's Instagram and Google pages, spanning from January 1, 2023, to December 31, 2023. This approach resulted in the selection and analysis of 52 Instagram comments and 180 Google ratings, of which 98 were written reviews. Next, with the set of comments and reviews already defined, a sentiment analysis was applied using AFINN lexicon, followed by a content analysis, aiming to assess customer perceptions. The content analysis was carried using Microsoft Excel, and a comprehensive list of the variables and categories analysed can be found in Appendices G and J.

Similarly, to perform the competitor's assessment and complete the micro analysis, primary data were gathered and later assessed through content analysis of competitors' activities on social media platforms, as synthesized in Appendix O. This included examining competitor's business models, and customer engagement and ratings, to gain insights into their strengths, weaknesses, and market positioning.

To address components (b) *resources and capabilities assessment*, and (c) *management's vision*, it was necessary to first provide an overview of the company's history and structure. Following this, primary data were collected through the qualitative methods of participant observation and interviews. The participant observation of Home Sweet Sushi's stores' operations was conducted to gain a firsthand understanding of the company's processes, and physical and human resources. This method involves observation, recording, description, analysis and interpretation, enhancing the depth and richness of the research data significantly, and being a very valuable tool (Saunders et al. 2009). In this particular case, this method allowed for a detailed assessment of the company's internal environment and capabilities.

Lastly, to gather the company's strategic vision and perspectives, two interviews were conducted. The interviewees chosen were the COO, Eduardo Canilho, the CEO, Pedro Ribeiro — each interview beginning with a presentation and contextualization of the project. These interviewees were chosen based on the valuable insights each one of them could give regarding different areas of the business. However, it is important to note that initially attempts were made to also conduct interviews with the managing partners, which were not successful.

The first interview was conducted online by videoconference with Eduardo Canilho, on the 20th of February (transcript in Appendix D). The interview with Pedro Ribeiro occurred in-person, on the

21st of March (transcript in Appendix B). Both interviews were in-depth and semi-structured, as: a) in-depth interviews allow the interviewer to access details of the interviewee's experience that they might not be able to access through another technique (Allmark et al., 2009), and b) the flexible nature of semi-structured interviews makes it possible to extract knowledge about the interviewees' perspectives (Bryman, 2012). Also, it is pertinent to conduct semi-structured interviews so there is fluency and flexibility in the conversation. This process enables the omission of certain questions based on the specific organisational context encountered in relation to the research topic; It also allows the inclusion of additional matters to further explore research questions and objectives (Saunders et al. 2009).

Each one of the interviews were scheduled and performed according to the availability and preference of the interviewees. During the collection of data and information through interviews, ethical and legal issues were considered. The interviewees were informed about the scope of the research and safeguarded that the data collected would be used exclusively for academic purposes, guaranteeing their informed consent; For greater accuracy of the information collected in the data processing, audio recording of the interviews was requested, also with the consent of the interviewees and considering their privacy rights (Bryman, 2012).

## **4 External Environment: Situational Market Analysis**

### **4.1 Macro Analysis - PESTEL**

The PESTEL analysis was conducted with a specific focus on the external factors influencing the food delivery sector. However, due to a lack of specific data for certain dimensions, some aspects were examined within the broader context of the food service sector. Notwithstanding, it is important to emphasize that this broader context significantly influences the food delivery service. Appendix E synthesizes the most significant factors within each of the PESTEL dimensions.

#### **4.1.1 Political & Legal**

Food services use domestic ingredients and products, but also import a significant amount of them. Wars and conflicts (namely Ukraine-Russia Conflict and Israel-Palestine Conflict) impact tariffs and trade barriers for importing ingredients, which directly affects the price and accessibility of imported ingredients.

Domestically, taxation significantly influences quality, demand and purchasing of products in the restaurant sector, thus affecting food delivery businesses. In 2016, the Portuguese Law No. 7-A/2016 introduced several changes to reduce the Value Added Tax (VAT) in the restaurant industry, which remains in force today. This law predicted a 13% rate for any type of meals and 23% rate in the sale of

alcoholic drinks, soft drinks, juices, nectars, and aerated waters (Diário da República, 2016). For 2024, and aiming to harmonize VAT in the sector, the Portuguese Government announced the readjustment of this tax: in food delivery or takeaway services, prepared meals will continue to be subject to 13% VAT rate. Regarding beverages, the Government decided to reduce the tax on alcoholic drinks from 23% to 13%, and on the aforementioned non-alcoholic drinks from 23% to 6%.

Changes in VAT in this sector have a very significant impact, ultimately affecting merchants more than their customers (Sousa, 2023). This VAT reduction, however, seems to be a welcomed change in the tax system that is likely to benefit both entrepreneurs and consumers. This measure aims to promote fairness and make the industry more competitive and accessible, fostering a favourable atmosphere for its expansion (Zpos, 2023). However, despite the restructuring of the VAT rate in the restaurant industry, the VAT rate applied in Portugal in this market is still higher than that observed in most European countries, as seen in Annex A.

Globally, the food service sector is subject to a complex regulatory framework, being one of the most strictly impacted by public health, hygiene standards, sanitary, and food safety regulations (Kurrer & Wala, 2024). Businesses included in the restaurant industry that prepare, pack, and distribute food must maintain hygienic conditions and adhere to health and safety regulations, to abide by health and safety laws. This includes ensuring high standards of cleanliness and hygiene from primary production through processing, packaging, storage, transport, distribution, and sales. In Portugal, these standards are highly regulated and controlled by ASAE, an entity responsible for planning and carrying out official control actions under the EU Regulation 2017/625, in the food service sector (ASAE, n.d.).

#### **4.1.2 Economic**

The general health of an economy influences the purchasing power of consumers. In a thriving economy, individuals might be more willing to spend money in non-essential goods and services, such as food delivery.

According to the European Commission (EC) (European Commission, 2023), Portugal is experiencing a modest recovery ahead following a difficult year, with GDP gradually recovering. The most recent projections for the Portuguese Economy from Banco de Portugal (2023) covering the period of 2023-2026, point to an economic activity growth at a slower rate than potential, with changes in GDP of 2.1% in 2023, 1.2% in 2024, rising to 2.2% in 2025, back to 2.0% in 2026. The EC's expected growth scenario for 2023 is mostly aligned with Banco de Portugal projections. However, as far as the year 2025 is concerned, the EC is more pessimistic than the Portuguese Ministry of Finance, anticipating a more modest GDP growth of 1.8% (European Commission, 2023).



In the same projections, Banco de Portugal (2023) expects the private consumption to grow at a slower rate than GDP, with projected increases of 1.0% both in 2023 and 2024, 1.7% in 2025 and 1.5% in 2026; Disposable income should also experience gains of around 3.2% in 2024, and 1.6% on average in 2025 and 2026, compared to the 0.9% growth in 2023, benefiting from the moderation of the private consumption deflator and the increase in employment and wages per worker (see Annex B). The tightening of financial conditions, however, will limit consumer spending, as the evolution of financial conditions generally contributes to a greater propensity to save (Banco de Portugal, 2023).

The demand for food delivery services is also directly correlated to the economic vulnerability of a nation. Higher levels of this indicator are associated with the decreasing consumption of non-essential goods and services which, in turn, leads to lower demand of delivery services. According to INE (2023), after a fall in 2020 to 24.8%, economic wellbeing increased in 2021 to 28.4%, and forecasts a slight growth to 29.1% in 2022; On the other hand, Portuguese economic vulnerability has also been increasing in the past few years, from 58.6% in 2020 to projected 66.0% in 2022 (PORDATA, 2023) — see Annex C. These factors reflect the fragility or instability in the face of adverse events (such as Covid-19 pandemic), economic shocks, financial instability, or changes in economic conditions.

As per inflation, it is expected to continue to fall, both in Portugal and in the eurozone and the EU. INE (2024) confirmed Portuguese annual inflation of 4.3% in 2023, and Banco de Portugal (2023) estimated yearly fluctuations in the HICP of 3.6% in 2024 and 2.1% in 2025, broadly in line with the euro-area average (European Commission, 2023). This correlates directly to food business costs, as changes in taxes on raw materials and ingredients directly influence the costs incurred by businesses, impacting product pricing, and potentially affecting profitability. The subsequent effect on menu prices directly relates to the economic aspect as well. Fluctuating taxes and costs of raw materials can lead to increased product prices, affecting consumer purchasing behaviour and overall revenue for the business. In a positive note, Banco de Portugal (n.d.) data shows an overall increasing turnover of Food and Beverages Service activities since 2020, increasing by 17.3% in 2021 compared to 2020, and 34.0% in 2022 compared to the previous year.

#### **4.1.3 Social**

Not only in Portugal but globally, food trends are constantly changing. According to a study developed by Kantar (2023), exploring the timeframe between 2018-2023, there are three key pillars driving the food trends nowadays: health, environment, and experience.

The food scenario of the upcoming years will be shaped by health-conscious dietary choices. The significance of adopting a healthy, well-balanced diet is progressively gaining prominence. Consumers increasingly prioritize fresh and minimally processed meals, as well as natural, healthier, and organic

alternatives. Sustainable practices are being advocated to foster minimal environmental impact (Boavida, 2022). This represents the enduring of vegan, plant-based diet, increasing environmental awareness and promoting an openness to a more sustainable diet — this implies, among other behaviours, a reduction in the consumption of meat and fish. The vegan and sustainable movements are emphasizing initiatives that support and implement practices aimed at minimizing waste while cultivating a greater sense of accountability towards food (Boavida, 2022; Bryant, 2022; Kantar, 2023). Thus, as consumers grow more aware of the environment, they favour companies who share the same values (Bryant, 2022).

On the other hand, there has been a noticeable change in individuals' lifestyles and behaviour. The frequency of food delivery orders is greatly influenced by attitudes toward work-life balance, with longer working hours commonly associated with increased demand for quick meal choices, benefiting food delivery providers. Additionally, as daily life becomes increasingly fast-paced, there is less available time for purchasing ingredients, planning, and preparing meals at home. This factor makes individuals more likely to look for time-saving alternatives, which increases the attractiveness of convenience as a major selling factor. This societal trend favouring time-saving options significantly benefits the food delivery sector (Imtiyaz et al., 2023).

Additionally, while many companies had previously adopted a remote/hybrid work model, the COVID-19 pandemic served as a catalyst for its widespread adoption. Initially implemented as a mandatory measure, these models have gained popularity due to technological advances, with an increasing number of employees actively seeking out companies that offer remote work options. Before the pandemic, the convenience of food delivery was particularly attractive to workers during their lunch breaks, eliminating the need to eat at a restaurant. However, this lifestyle shift poses challenges for food delivery companies, as the increasing number of individuals working from home reduces the demand for lunchtime food deliveries, with home-cooked meals and snacks becoming more accessible alternatives.

#### **4.1.4 Technological**

Technological innovation is undeniably wielding significant influence across all sectors and industries. In the food delivery sector, technology has been transforming how establishments run and adjust to challenges (Kumar & Shah, 2021). The adoption of numerous technology breakthroughs is causing a huge disruption in the market, maximizing consumers' experience and businesses performance to their fullest potential.

Restaurants and food delivery companies have been adopting online ordering systems to provide customers with a convenient way to place orders, streamlining operations and increasing sales (Ahuja et al., 2021). This system that was first implemented towards the end of last century, but significantly surged in 2020, proving vital for restaurants during the Covid-19 crisis. With an increasing consumer preference for OFD and a growing understanding among managers of its advantages, the adoption of online ordering possibilities by restaurants has seen a notable rise (Restaurant Technology, 2023).

Furthermore, as OFD shows a continuous increase in the number of consumers, third-party food delivery companies are also experiencing a rise, currently dominating the home delivery landscape (Du et al., 2021; Sanchez & Moreno, 2022). This surge of third-party delivery platforms has streamlined restaurants' entry into the food delivery market, facilitating seamless partnerships and online order provisioning through these services (Restaurant Technology, 2023). Consequently, the aggregation of numerous restaurants on these platforms has intensified competition within the market. For food delivery providers already operating with online services, this trend presents both opportunities and challenges. On one hand, it signifies a growing demand for their services, potentially leading to increased overall sales. On the other hand, the ease of access provided by third-party delivery platforms has led to increased competition.

Besides online ordering, effective data analytics can give any business a competitive edge. In the food delivery sector, leveraging data can help to understand consumer behaviour, preferences, and patterns, as well as optimise delivery routes and forecast demand. Moreover, data analysis allows the implementation of several business operations and management solutions (Cheng et al., 2021). This encompasses a range of software systems that businesses use to efficiently manage their operations and processes, resulting in less mistakes and increased revenue (Restolabs, 2023).

The sector can take advantage of these technological tools to improve efficiency. Automation of time-consuming tasks, such as order-taking and inventory management, allows employees to concentrate on other duties. This may result in shorter wait times, better customer satisfaction, and quicker service. Some of the emergent tools that may positively affect businesses in the industry are Delivery Management Systems, Inventory Management Software and Customer Relationship Management Systems (Restolabs, 2023).

Beyond software systems, AI may contribute to streamlining processes and enhancing efficiency in various aspects of food delivery operations. Operational factors, such as route optimization for delivery drivers and inventory management, can be enhanced by AI and machine learning algorithms (Kumar & Shah, 2021). These algorithms optimize food delivery routes by considering variables such as food quality, arrival time frames, and dynamic incident management. This optimization aims to improve customer satisfaction and handling efficiency (Tsang et al., 2020).

Moreover, food quality and safety can be affected by temperature, humidity, and other environmental conditions. AI leverages pattern recognition and predict outcomes by analysing data from sensors and other devices. Additionally, AI-based methods, image processing systems, and sensor technology are revolutionizing the food industry, offering accurate and cost-efficient quality assessment solutions (Chen & Yu, 2021; Mavani et al., 2021; Sahni et al., 2021). By using digital food safety tools, it is possible to enhance food quality and prevent potential food safety crises, enabling the restaurant to comply with regulations and consistently serve fresh products (Restolabs, 2023).

#### **4.1.5 Environmental**

Environmental variables are becoming more widely known due to the increasing environmental concern. There has been a huge pressure against unsustainable practices in the food delivery industry, both from society and international governments, with many jurisdictions tightening their environmental restrictions. The food delivery business generates a lot of waste by nature, not only in terms of packaging but also unsold or returned food. Moreover, companies often enforce a 'minimum price' requirement for delivery services, leading to excess food orders for free delivery (Li et al., 2020). To help companies overcome this issue, proactive waste management and reduction strategies, coupled with technological innovations aligning supply and demand, are emerging as effective solutions.

Another significant environmental challenge in the food delivery sector is the prevalent use of single-use packaging and tableware, leading to an urgent concern over the volume of plastic waste generated (Li et al., 2020; Molina-Besch, 2020). The surge in plastic waste has led to regulatory responses to reduce its environmental impact. Portuguese Government laws, such as Law No. 76/2019 and Decree-Law No. 78/2021, align with European Union Council Directive 2019/904, banning single-use plastic tableware and imposing fees on plastic bags, respectively. Additionally, Law No. 75-B/2020 introduced a levy on single-use plastic or aluminium packaging within ready-to-eat, takeaway, or home delivery systems with amendments made to regulate aluminium packaging in 2023. These regulations require establishments to offer reusable alternatives and accept customers' containers, promoting eco-friendly practices (Diário da República, 2021).

Beyond waste concerns, food delivery significantly contributes to a massive carbon footprint (Li et al., 2020). For instance, the reliance on conventional vehicles for deliveries exacerbates the environmental impact through exhaust emissions, intensifying pressure on food delivery companies to reduce emissions. In response, the OFD industry is actively exploring alternative transportation methods, including drones, bicycles, and electric bikes (Li et al., 2020).

As consumers increasingly prioritize environmental values, the food delivery industry's commitment to sustainability becomes vital. This means not just following regulations, but also innovating with eco-friendly practices.

## **4.2 Micro Analysis**

### **4.2.1 Porter's Five Forces**

In 1979, Michael Porter introduced the topic of why certain businesses are more lucrative than others (Wellner & Lakotta, 2020). To manage this issue, Porter (1979) understood the importance of analysing the structure of an industry and published his framework *Porter's Five Forces*. The main purpose of this tool was to help understand the attractiveness (Isabelle et al., 2020) and the profitability level of an industry (Wellner & Lakotta, 2020), which could be assessed through the combination of the five forces. This chapter will demonstrate the attractiveness of the market in which Home Sweet Sushi is incorporated.

#### *1) Competition in the sector — 4 (high threat)*

As it has been stated, food delivery has become a popular option for many restaurants in Portugal, particularly since the Covid-19 pandemic. Considering the increasing offers of food delivery services, either through third-party delivery channels or direct ones, the market has become highly competitive. Despite the overall expansion of food delivery providers, specific data on their geographical distribution or quantity could not be found. However, the concentration of most third-party delivery services in large cities, where restaurants are also predominantly located (as highlighted in Annex D), indicates heightened competition particularly in metropolitan and urban areas.

The competition dynamics discussed, influenced by factors such as restaurant concentration and geographical density, likely extend to food delivery providers across the country. This intensifies rivalry in terms of costs and quality, with competition focusing on delivery efficiency, food quality, price, and customer service. The "4 (high threat)" rating underscores the significant competitive pressures within the sector.

#### *2) Potential of new entrants in the sector — 4 (high threat)*

To start running a food delivery business, one must comply with food safety and sanitary regulations, and guarantee the necessary licenses and permissions to operate. However, there are not many complex bureaucratic barriers to initiate this type of business. In fact, it may be easier to start a food delivery business than to open a physical restaurant.

Starting a food delivery restaurant, requires an initial high investment and involves some logistical complexity. This includes, among others, ensuring that the product's quality and condition are maintained during transportation until it reaches the consumer, as well as providing customers with

the ability to order and track their delivery through a functional technological platform, which involves additional costs. However, as these are not impending conditions, the market is considered to have easy entrance.

The ease of market entry can be considered a disadvantage of the sector itself, as it makes it easier for new competitors to get in the market, thereby increasing supply and potentially reducing overall profitability. Market saturation becomes a significant concern, as the increasing availability of food delivery services and intense competition may dissuade new restaurants from entering the market, particularly when competing with already established ones.

### 3) *Bargaining power of suppliers* — 2 (low threat)

The food delivery sector relies on a range of essential suppliers, including those providing packaging, food and beverage, hygiene products, and other specialized items. While certain specialized suppliers hold more significant influence due to the lower availability of specific products, the majority offers products with little differentiation. While there is this broad supplier base, the low differentiation among them prevents any single supplier from wielding significant influence over pricing and quality. On the other hand, the abundance of supplier options empowers food delivery businesses, allowing them to choose from a variety of sources and minimizing dependence on any single entity.

Raw materials are, however, highly affected by the external environment factors over which companies have limited control. It is crucial to acknowledge the broader market forces impacting products costs, including fluctuations driven by geopolitical events and economic conditions. These factors introduce an element of unpredictability, affecting both suppliers and food delivery businesses as they deal with challenges beyond their immediate control.

While the abundance of suppliers generally results in low bargaining power, it is crucial to evaluate the associated switching costs. Despite the operational challenges and adjustments involved in changing suppliers, the number of available options for the food delivery sector often keeps switching costs relatively low. Hence, the overall bargaining power of suppliers remains low.

### 4) *Bargaining power of customers* — 4 (high threat)

In the food delivery industry customers hold substantial bargaining power due to the abundance of options and low switching costs. This enables them to easily explore alternatives, demand competitive pricing, and seek quality services. The rise of food delivery platforms has further intensified competition, presenting customers with a diverse range of options and reinforcing their influential position. The competitive landscape, marked by numerous competitors offering similar products and services, ensures that switching costs remain relatively low. Hence, price represents a differentiating factor, and customers might choose based on their sensitivity. Additionally, because information is widely available, particularly due to social media expansion, clients are better educated

about their options and can more quickly compare features and pricing, which can strengthen their negotiating position.

The ease with which customers can transition between different food delivery services enhances their ability to make choices based on preferences and considerations without encountering substantial barriers, ultimately giving customers a high level of power.

#### 5) *Threat of substitutes for the product or service* — 3 (medium threat)

In the food delivery market, the threat of substitutes is medium-to-high. There are several alternatives to home delivery, namely dine-in options, pre-cooked meals from supermarkets, takeaway or drive-in options, and even the choice of cooking at home. The abundance of substitutes available suggests an increasing pressure on businesses to differentiate and meet evolving customer demands; The switching cost for customers may range from low to moderate, depending on the substitute service, indicating a moderate propensity for buyers to explore alternatives, further heightening the threat posed by substitutes. However, the continuous growth of the food delivery market suggests that many consumers still find value in the convenience and variety offered by this service.

Figure 4.1 identifies the main influencing factors in the food delivery industry, as well as their impact on the attractiveness of the sector.

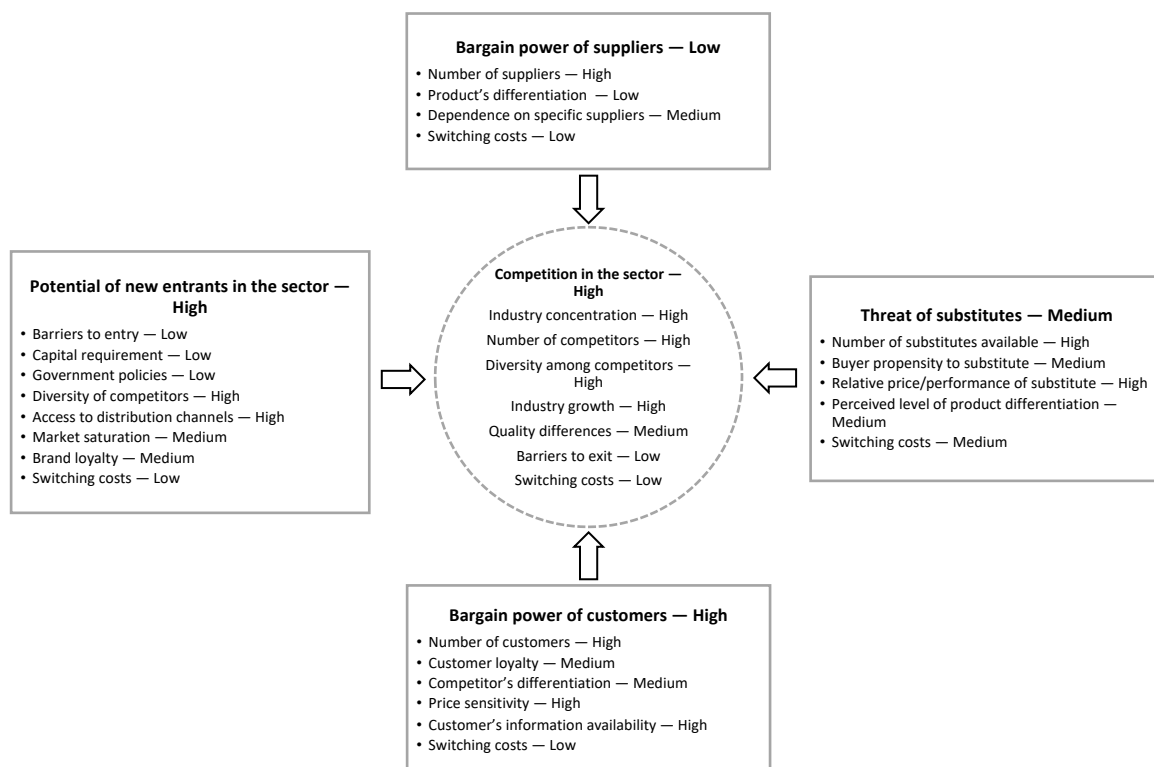


Figure 4.1 – Porter's Five Forces applied to the food delivery industry

By analysing Porter's Five Forces it is possible to conclude that the food delivery sector is characterized by remarkably low barriers to entry, making it relatively easy for new players to enter the market. However, this ease of entry highly contributes to increasing competition in the sector, potentially accelerating market saturation. Moreover, new entrants may face challenges in establishing themselves among established players. However, low switching costs mean that customers can easily switch between products or brands, making it easier for new entrants to attract customers and increasing the overall threat.

Increasing the attractiveness is the large number of suppliers available, offering players diverse options to choose from. With minimal costs associated with switching suppliers, companies have the flexibility to change and adjust if they are not satisfied with the terms of negotiation, thereby diminishing the bargaining power of suppliers.

Given the number of substitute options available to consumers, along with factors such as individual preferences and convenience, the threat of substitutes can be considered medium to high. While switching costs for customers may range from low to moderate, the appeal of substitutes offering superior price performance remains prevalent. Nevertheless, the food delivery industry continues to witness steady development, with many customers finding value in its convenience and variety.

Customer power, characterized as medium to high power, is reinforced by easy access to information, particularly through social media networks, allowing for informed decision-making and increased bargaining power. While some customers may be loyal to specific brands, a significant portion remains open to switching providers based on preference factors.

However, competition in the sector reduces the industry's attractiveness. Overall, the combination of high industry concentration, numerous competitors, rapid industry growth, and low barriers to exit and switching costs, suggest intense competition within the sector. Organisations must continually innovate and differentiate themselves to maintain their competitive edge. However, while the market may be moderately saturated, one believes that there is still room for new enters and that there remains opportunity for innovation and differentiation to enhance the customer experience.

#### **4.2.2 Customer Analysis**

The present section aims to conduct a comprehensive analysis of the target customer of Home Sweet Sushi. This study employed a mixed methodology, structured around two primary objectives: understand (a) *Who is the target customer of Home Sweet Sushi?* and (b) *What are customers' sentiments and attitudes towards Home Sweet Sushi?*

The sources of the analysed data were chosen considering the company's goals, resources, and available information. To explore objective (a), the socio-demographic data of Instagram followers



were considered. As for point (b), given that online reviews increasingly serve as vital feedback mechanisms for businesses, and social media platforms are crucial spaces for individuals seeking businesses and products like those offered by Home Sweet Sushi, it was decided to explore the online multifaceted perceptions and experiences of customers. Thus, this analysis encompasses secondary data collected from both the company's official Instagram and Google pages.

While the data collected does not provide information regarding the entire customer base of Home Sweet Sushi, it serves as a representative sample, offering relevant information regarding the target customers and their perceptions.

#### **a) Home Sweet Sushi's Target Customer**

Starting with the characteristics of Home Sweet Sushi's target customer, data from Instagram was collected on February 20, 2024, encompassing a population of 34,225 individuals who follow the page. Among these, 26,593 (77.70%) are female, and 7,632 (22.30%) are male. The sample is mostly composed of young and middle-aged adults, with the largest portion (38.70%) falling within the 25-34 age range, followed by 37.30% in the 35-44 age range, as seen in Figure 4.2.

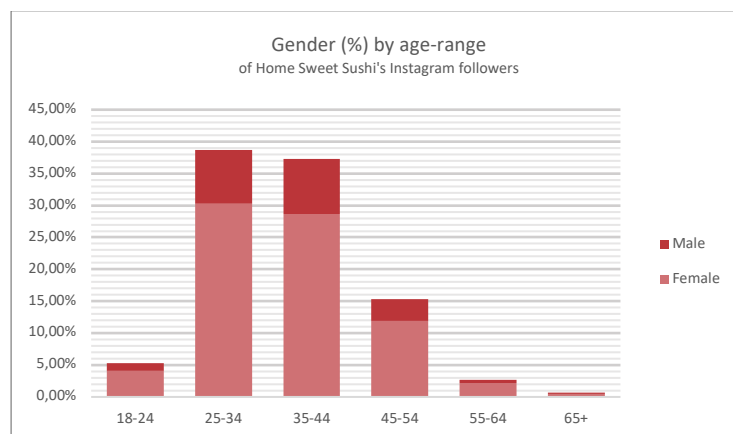


Figure 4.2 – Gender distribution by age-range (%) of Home Sweet Sushi's Instagram followers

#### **b) Customers' Perceptions of Home Sweet Sushi**

To understand customers' perceptions of Home Sweet Sushi, two distinct content analyses were conducted: one of comments on Instagram posts, and the other of reviews on Google pages. Both analyses were centred on data collected on February 23, 2024, from the past year — from January 1 to December 31, 2023. This time frame ensured a current and relevant snapshot of customer perceptions and experiences with the brand over a specific period.

#### *Instagram Comments' Analysis*

A sample of 52 comments was collected from Home Sweet Sushi's Instagram page and later analysed. This sample forms the corpus of the analysis and corresponds to only a portion of the total 1,668 visible comments, across 105 posts from the year 2023. Appendix F contains a table presenting the categories analysed in each comment and explaining the meaning attributed to each variable.

After an initial overview, it was decided that some comments would not be subject of this analysis due to lack of representation and information on brand and/or product perception. This encompasses 1 comment from a partner brand and 1,615 comments from two “give-away” challenges. Among the 52 comments selected, the majority was written by women (see Appendix G).

When analysing how customers feel about the brand, it became evident that the majority (75%) prefer expressing their opinions through relatively short text comments, while the remaining use emoji-only comments (see Appendix H). The analysis revealed predominantly positive perceptions from customers, with 44 individuals (84.62%), expressing positive sentiments, as illustrated in Figure 4.3, and 12 (23.08%) offering direct compliments to the brand and/or the product (see Figure 4.4). When analysing the attitude towards the brand, a representative number of comments did not fit into a compliment nor a criticism category. Most comments (43%) fell into "Neutral" category, indicating a lack of direct or indirect criticism towards the brand or product. This neutrality was because these comments simply provided factual information without expressing a direct opinion. Also, a notable portion of comments (24%) could not be classified, as they simply consisted of emoji comments, once again without any positive or negative criticism.

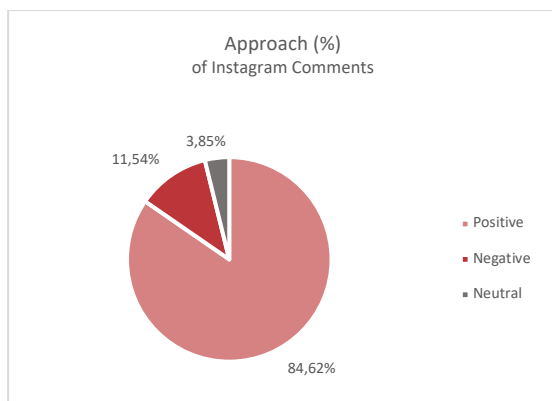


Figure 4.3 – Approach (%) of Instagram Comments

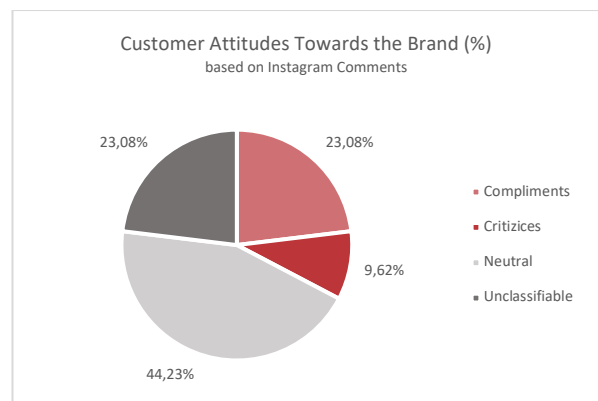


Figure 4.4 – Customer Attitudes Towards the Brand (%)

While nearly a quarter of the comments represents direct compliments towards the brand and/or its products, reflecting a notable level of consumer satisfaction, only a smaller proportion of comments (9.62%) exhibit negative critiques of Home Sweet Sushi. This suggests a predominantly positive interaction with the brand, however negative sentiments still hold some significance.

Figure 4.5 displays the four most frequently mentioned themes across the comments and customer's approach to them, revealing customers' preferences and suggested areas for

improvement. The post engagement theme is the most mentioned, encompassing every comment that simply answers to a call from the brand (examples are shown in Annex E). While this category does not explicitly convey information regarding product and/or brand satisfaction, there is a notable prevalence of positive comments, suggesting that customers engage positively with the brand's social media posts.

The same can be said about "Other" category, which encompasses emojis comments or tags and mentions (see Annex F). Although these comments may not directly address specific topics, they still represent some form of expression, predominantly positive in this case.

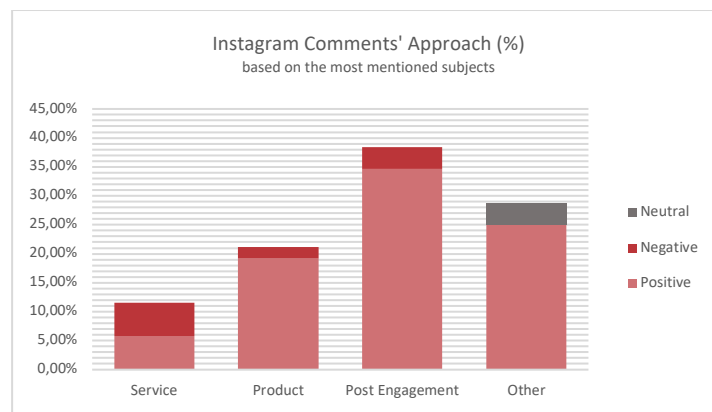


Figure 4.5 – Instagram Comments' Approach (%) based on the four most mentioned subjects

When it comes to perceptions regarding the service and product itself, there is a much smaller number of comments to analyse. The "Service" subject encompasses comments regarding delivery time, conditions under which the order is delivered, and order accuracy, showing a similar distribution of positive and negative comments, with half falling into each value. As for the "Product" category, it aggregates any feedback on product quality, size, and presentation. Overall, the "Product" topic reveals a predominantly positive sentiment, while the balanced sentiment perceived from "Service" suggests that consumers have mixed perceptions regarding their experiences.

Home Sweet Sushi's product reveals a predominantly satisfaction and approval among consumers, highlighting a significant strength for the brand. Overall, these findings suggest that consumers generally perceive the products favourably, although the service may show some room for improvement. Moreover, while the majority of comments do not explicitly mention an intention to purchase the product, it is noteworthy that 7.69% of individuals clearly express their intent to buy (see Appendix I). While this percentage may appear relatively small, one must consider the context: these comments are voluntarily provided. Therefore, this figure represents individuals who, out of any specific closed context, opted to clearly express their intention to buy from Home Sweet Sushi.

### Google Reviews' Analysis

While Instagram's section merely focused on qualitative data available from customer comments, the collected Google data offers both valuable quantitative and qualitative information. Therefore, to comprehensively understand customer feelings and perceptions of the brand, an initial analysis was conducted through Google pages ratings. This analysis was based on 180 ratings, summarized on a scale of 1 to 5 — where 1 represents a great level of dissatisfaction, and 5 represents a great level of satisfaction. All the collected quantitative information is synthesized in Table 4.1, divided by each store's total number of ratings and reviews along with an overview of the company (*HSS* column) that derives from the individual store data. The average scores for the stores were computed based on the total number of customer ratings.

Table 4.1 – Number of evaluations (%) and average score (1-5) per store

	Corroios	Laranjeiras	Massamá	Miraflores	Odivelas	Porto	HSS
1	28.57%	16.67%	12.50%	9.09%	16.67%	45.00%	23.33%
2	7.14%	23.81%	12.50%	-	-	5.00%	9.44%
3	7.14%	4.76%	8.33%	13.64%	8.33%	7.50%	7.78%
4	28.57%	16.67%	16.67%	9.09%	16.67%	7.50%	15.56%
5	28.57%	38.10%	50.00%	68.18%	58.33%	35.00%	43.89%
Total number of reviews	28	42	24	22	24	40	180
Average Score	<b>3.21</b>	<b>3.36</b>	<b>3.79</b>	<b>4.27</b>	<b>4.00</b>	<b>2.83</b>	<b>3.47</b>
Standard Deviation ( $\sigma$ )	1.64	1.59	1.50	1.28	1.50	1.84	1.65

Analysis of Table 4.1 reveals varying ratings across stores. Three of Home Sweet Sushi's stores — Corroios, Laranjeiras, and Porto — contribute significantly to decreasing the average score, while Miraflores, Odivelas, and Massamá perform above the average score. Upon closer evaluation of each individual store, Porto and Corroios share similar characteristics, with a mix of high and low ratings, suggesting service inconsistency. In turn, Miraflores and Odivelas present high proportions of 5-star ratings, indicating strong customer satisfaction. The *HSS* column reveals a predominant 5-star rating overall, but a notable proportion of 1-star ratings (23.33%) resulting from the stores with the lowest overall ratings. Additionally, stores with higher standard deviations in ratings imply more variability in customer experiences, while lower deviations suggest more consistent customer experiences.

Besides the star-rating evaluations, Google's platform allows individuals to share detailed written reviews about their personal experiences. To analyse the qualitative information available, a similar process to the one conducted for Instagram comments was applied to Google reviews. Out of the 180 evaluations, 98 included written comments (see Appendix J), which were selected for content analysis.

Appendix K features a table illustrating the categories analysed in each comment, along with explanations of the meaning attributed to each variable.

Among these reviews, almost an equal number were written by males (48.50%) and females (49.50%) (see Appendix L). More than half of them exhibited a negative approach towards the brand, indicating a significant level of dissatisfaction among consumers: while 43 comments (44.33%) revealed a positive approach and expressed direct compliments to the brand and/or product, 54 individuals (55.67%) directly criticized it (see Appendix M).

Overall, the analysis of the reviews highlights a predominant negative sentiment among consumers, indicating potential areas of concern and improvement within the brand's offerings or customer experience. Nonetheless, besides the predominant negative sentiment, there is a significant portion of positive interactions, with individuals offering compliments and positive feedback about the brand and its product. Figure 4.6 categorizes both positive and negative approaches based on the four most frequently mentioned themes in the reviews.

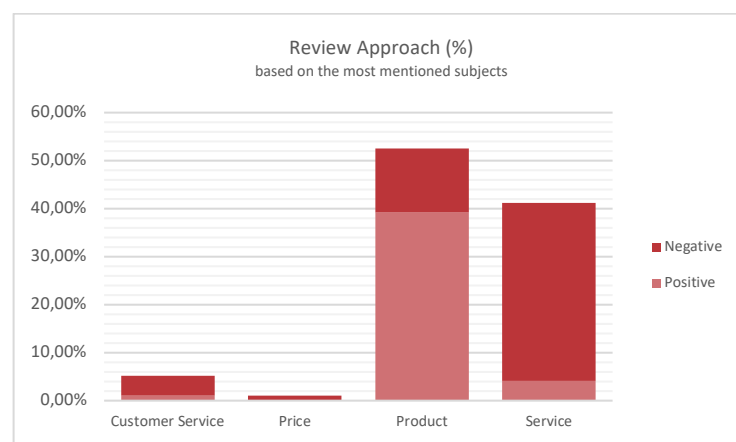


Figure 4.6 – Review Approach (%) based on the four most mentioned subjects

Analysing Figure 4.6 reveals that the most discussed topics were “product” and “service” quality, accounting for 92.86% of the total number of reviews. There were antagonistic sentiments towards each other: while satisfaction with the product was predominant (74.51% of product comments) dissatisfaction with Home Sweet Sushi's service was notable, with 90% expressing discontent among the 40 consumers who addressed service-related aspects. Discussions on customer service and product pricing, while less prominent, still tended to result in negative outcomes, highlighting potential areas for improvement. Additionally, this analysis explored customers' likelihood of recommending the brand and/or product, as detailed in Appendix N. While some comments suggest a willingness to recommend the brand or product, over half express negative experiences and reluctance to return or endorse the service to others.

#### 4.2.3 Competitors' Analysis

In a highly competitive landscape with low barriers and external instability, distinguishing itself from competitors is vital. As a food-delivery service, Home Sweet Sushi encounters diverse competitors, making it essential to delineate between direct and indirect competitors for accurate research results. Direct competitors for Home Sweet Sushi primarily encompass businesses exclusively operating within the sushi delivery segment. These competitors offer similar services tailored specifically to sushi consumers, thereby directly competing for the same customer base. Conversely, indirect competitors, such as food delivery platforms or aggregating apps, offer a broader selection of cuisines beyond sushi, attracting customers seeking diverse meal options. Therefore, while these platforms indirectly compete for customers' attention in the broader food delivery market, they are not direct competitors to Home Sweet Sushi's specialized sushi delivery service. Thus, this section aims to analyse direct competitors within the sushi delivery niche to better understand Home Sweet Sushi's position.

To identify Home Sweet Sushi's direct competitors there were considered four variables: location, business model, product type, and pricing. The locations selected to gather the major competitors were based on the location of Home Sweet Sushi's stores — Lisboa, Almada and Porto. Among the restaurants operating in these areas those with a similar market approach to Home Sweet Sushi were selected, i.e. offering a similar service to the same target population. This included food delivery providers — encompassing not only establishments specializing in sushi but also different types of cuisines.

Then, to include only direct competitors, the decision was made to limit these food delivery providers to those offering only sushi deliver. This resulted in the identification of five direct competitors: *Aruki*, *Gunkan*, *Just Sushi*, *Sushi at Home*, and *Sushi em Tua Casa* — whose main characteristics, strengths and weaknesses are described in Appendix O. A detailed exploration of these competitors revealed an initial lack of major differentiating elements between them. All the direct competitors identified have at least one store in Great Lisbon, sharing identical opening hours, menu offers, and price range.

Despite specialized in sushi, all competitors offer at least one alternative dish, though only two have a vegetarian menu. All provide two-person and family-size menus, unlike Home Sweet Sushi, which offers only individual menus. While all competitors offer delivery and takeaway services, *Gunkan* is the only one lacking catering services. Similar to Home Sweet Sushi, *Sushi Em Tua Casa* goes beyond traditional services and catering, by also offering a “sushiman at home” option. Packaging methods are also similar, with all competitors using paper boxes except for *Sushi em Tua Casa*, which opts for plastic packaging.

During this analysis, a common strong social media presence among the competitors was observed. Each of the five counts with over 10,000 followers on Instagram. Furthermore, *Sushi at*

*Home and Sushi em Tua Casa* explored a digitalised path and developed their own mobile apps. When it comes to promotional campaigns, only two of the competitors regularly engage in them: *Just Sushi* and *Sushi at Home*.

## **5 Internal Environment: Situational Analysis**

### **5.1 Company Background: Home Sweet Sushi's Evolution**

Home Sweet Sushi was founded in 2014 with the primary goal of delivering sushi directly to consumers, wherever they were, making it one of the first Portuguese companies to enter the sushi delivery market. After the successful opening of its first store in Lisbon, Home Sweet Sushi expanded rapidly, opening a second store in Almada just a few months later. As the business continued to grow, the company expanded its delivery radius beyond Lisbon and Almada. Over the past 10 years, Home Sweet Sushi has expanded its network of stores, establishing locations in Corroios, Laranjeiras, Massamá, Miraflores, Odivelas, and Porto. Although Home Sweet Sushi no longer operates its stores in Areeiro and Cascais, the company continues to seek a growth trajectory and is looking forward to expanding its store network to new regions.

### **5.2 Organisational Structure**

Home Sweet Sushi's organisational structure reflects its evolution from a start-up founded by three friends to an established small enterprise with four managing partners (see Appendix P). These managing partners play a crucial role in overall decision-making, contributing to personnel and team management philosophies, shaping business strategies, setting financial and performance goals, and overseeing day-to-day management. Leading Home Sweet Sushi's organisational hierarchy is the CEO, supported by an administrative counterpart, who ensures the company's profitability and adherence to organisational processes. Responsibilities include managing employee compensation, handling financial transactions with suppliers, negotiating favourable pricing agreements, and ensuring compliance with legal standards. Besides the CEO, Home Sweet Sushi's COO oversees store operations and customer support, working towards optimizing operational efficiency, maintaining effective customer communication, and enhancing overall service quality.

At the operational level, each store is supported by six managers, six assistant managers, and ten operatives who execute day-to-day tasks. Two supervisors oversee managers, ensuring compliance with company directives and promptly addressing operational issues. Their focus on HACCP compliance and human resources management contributes to maintaining operational excellence and smooth store operations. Managers are responsible for adhering to company processes set by supervisors, minimizing waste, ensuring low fish cost, verifying end-of-day accounts, and ensuring efficient delivery operations, being essential to the core operations of the stores. The kitchen team

comprises 44 sushimen divided across Home Sweet Sushi's stores, working in rotating shifts for lunch and dinner services. Additionally, HSS employs 38 couriers to facilitate timely delivery services. Lastly, there is a Customer Support Team, consisting of eight employees, which ensures seamless communication with customers, further enhancing the overall experience at Home Sweet Sushi.

### **5.3 Business Model**

Home Sweet Sushi was initially founded with a primary focus on sushi delivery and takeaway services, aiming to address a gap in the food delivery market. Although sushi delivery continues to be the most popular option, Home Sweet Sushi has diversified its offers to provide four types of services: home delivery, takeaway, catering, and Home Sweet Sushman.

Home delivery and takeaway services are available directly through Home Sweet Sushi's distribution channel, including telephone, website, and in-person ordering, as well as through a third-party delivery platform, Uber Eats. Nowadays, the majority (45%) of orders are placed online through the website, followed by Uber Eats orders (42%) and phone calls (13%). Throughout the years, Home Sweet Sushi partnered with diverse third-party delivery providers, but in 2023, it signed an exclusive partnership agreement with Uber Eats.

Over the years, and as the company grew, it expanded its presence beyond the delivery market, seasonally participating in special events such as concerts, festivals, and fairs. This participation helped to increase the brand's visibility and attract new customers. Additionally, Home Sweet Sushi's catering service is tailored for customers who wish to place large sushi orders for parties and special events. Furthermore, the Home Sweet Sushman service offers a premium option where customers can enjoy the unique experience of having a specialized sushman prepare sushi live and on-site.

The core of Home Sweet Sushi's business model lies in providing sushi and related products to customers, delivering convenience and quality to those seeking Japanese cuisine within their own homes. The company places a strong emphasis on convenience and aims to ensure a smooth and enjoyable experience for its customers.

### **5.4 Key Resources and Capabilities**

As stated in Section 2.1.4, according to the RBV theory, all companies possess physical resources, human resources, and organisational resources. This section aims to explore and evaluate the resources and capabilities of Home Sweet Sushi, followed by the application of the VRIO framework to further analyse them.

#### **a) Physical Resources**

*Ownership of purchased stores*



Home Sweet Sushi currently operates six stores, two of which are owned outright. The ownership of these two locations provides the company with invaluable stability and operational control. Unlike renting, owning these spaces offers greater flexibility in managing operations and provides a solid foundation for future investments.

#### *Technology, Information Systems and Logistics Systems*

A significant part of Home Sweet Sushi's operations relies on technological equipment. Each store is equipped with two to three computers and two POS machines. Additionally, each kitchen features a television screen for order presentation and a smaller table. Moreover, a television in the store front displays the menu for customers. While the use of such technological equipment is becoming increasingly common in the industry, it is invaluable for Home Sweet Sushi as it streamlines store operations, aiding in order processing, inventory management, and enhancing the customer experience through digital menus.

Home Sweet Sushi also features a meticulously designed website with diverse functionalities to meet various customer needs. Its primary objective is to provide a user-friendly platform for customers to seamlessly browse the menu and special offers, place orders online and conveniently track them. Furthermore, the website serves as a comprehensive information hub for the business, offering details such as store addresses, operating hours, contact information, and links to social media platforms. Additionally, the website features a dedicated section encouraging customers to share feedback about the service, fostering a participative customer experience. Internally, the company operates with a custom-designed IT system that consolidates all orders placed, thereby facilitating order and stock management according to each store's capacity and enhancing operational processes.

#### *b) Human Resources and Capabilities*

##### *Internal Delivery and Customer Support Team*

Home Sweet Sushi's internal delivery and customer support teams provide a strategic advantage for the company. By having its own team of couriers and customer support staff, Home Sweet Sushi maintains full control over the quality and efficiency of deliveries, ensuring a consistent experience for customers. Moreover, the internal customer support team delivers personalized and responsive service, fostering customer loyalty and enhancing the company's reputation. They offer support across all communication channels and social media platforms, serving as the primary point of contact for all customer inquiries and concerns. This team significantly contributes to building and maintaining positive customer relationships by effectively resolving issues, providing information, and ensuring a high level of customer satisfaction.

### *Management's Industry Expertise*

In addition to the internal delivery and customer support team, Home Sweet Sushi also benefits from the industry expertise of its top management, which serves as a valuable asset for the company. The management team has several years of experience in the food delivery sector, not only through Home Sweet Sushi but also other businesses, possessing in-depth knowledge of industry trends, customer preferences, and operational challenges. This expertise enables them to make informed strategic decisions, adapt to market dynamics, and capitalize on emerging opportunities effectively.

#### *c) Organisational Resources and Capabilities*

##### *Product and Service Diversity*

As previously described, Home Sweet Sushi offers a wide variety of products and services. This diversity represents a key organisational resource for the company, enabling it to effectively address diverse customer preferences and occasions. By offering a broad range of sushi dishes and related services, Home Sweet Sushi can meet the evolving demands of its customer base. This organisational capability showcases the company's agility and customer-centric approach.

##### *Suppliers Network*

An essential component of Home Sweet Sushi's operations is its robust suppliers' network. Currently, Home Sweet Sushi collaborates with 17 suppliers: two packaging suppliers, one paper bags supplier, two fish suppliers, two shrimp suppliers, two hygiene and cleaning product suppliers, three Asian goods suppliers, two fruit and vegetable suppliers, two beverage suppliers, and one ice cream supplier.

Due to Home Sweet Sushi's strong brand presence and substantial order volumes, the company holds a favourable position in negotiations with its main suppliers. By establishing long-standing relationships, Home Sweet Sushi accesses competitive pricing and favourable terms. This trust and collaboration enable the company to maintain consistent quality standards while managing costs effectively.

##### *Marketing Communication*

Home Sweet Sushi primarily uses social media as its main customer communication channel, maintaining a strong online presence. While a marketing agency handles most of the marketing communication, the company and the marketing team engage in careful planning to ensure the right content reaches the appropriate audience. Moreover, the customer support team answers every question across social media platforms and conducts weekly online surveys to access customers' perception of the brand and product quality. Overall, the company demonstrates a deep

understanding of the market, as well as an ability to align marketing activities with its strategic and business goals.

#### *Brand Reputation*

As one of the pioneering sushi delivery brands in Portugal, Home Sweet Sushi has established a strong positive reputation among consumers. The brand's unique identity not only retains existing customers but also attracts new ones, due to its recognizable image. Home Sweet Sushi maintains a consistent brand message and visual identity, which is prominently featured across all packaging materials and communication channels. This cohesive branding strategy enhances brand recognition and fosters trust among consumers, solidifying Home Sweet Sushi's position in the market.

#### *Uber Eats Partnership*

Home Sweet Sushi's exclusivity agreement with Uber Eats represents a strategic organisational resource that amplifies the company's distribution capabilities. This was a significant strategic decision for the company, as platform orders have been increasing in recent years. By exclusively partnering with Uber Eats, Home Sweet Sushi not only gains access to a growing customer base but also benefits from lower commissions and additional services. This includes the advantage of using Uber Eats' platform with their own delivery staff, further reducing costs and increasing operational efficiency.

#### **5.4.1 VRIO Framework**

After defining and briefly analysing the key resources and capabilities derived from Home Sweet Sushi, this section presents a VRIO framework to understand Home Sweet Sushi's competitive capacity. Figure 5.1 presents the constructed framework, assessing whether the identified resources and capabilities result in competitive disadvantage, parity, or have the potential to confer temporary competitive advantage, unused competitive advantage, or sustainable competitive advantage, as outlined in the theoretical framework.

	VALUABLE	RARE	INIMITABLE	ORGANIZED	
OWNERSHIP OF PURCHASED STORES	YES	YES	YES	YES	SUSTAINED COMPETITIVE ADVANTAGE
TECHNOLOGY AND INFORMATION SYSTEMS	YES	NO	-	-	COMPETITIVE PARITY
SUPPLIERS NETWORK	YES	YES	YES	YES	SUSTAINED COMPETITIVE ADVANTAGE
PRODUCT AND SERVICE DIVERSITY	YES	YES	NO	-	TEMPORARY COMPETITIVE ADVANTAGE
INTERNAL DELIVERY AND CUSTOMER SUPPORT TEAMS	YES	NO	-	-	COMPETITIVE PARITY
MARKETING COMMUNICATION	YES	NO	-	-	COMPETITIVE PARITY
BRAND REPUTATION	YES	YES	YES	YES	SUSTAINED COMPETITIVE ADVANTAGE
MANAGEMENT'S INDUSTRY EXPERTISE	YES	YES	YES	YES	SUSTAINED COMPETITIVE ADVANTAGE
UBER EATS EXCLUSIVITY	YES	YES	NO	-	TEMPORARY COMPETITIVE ADVANTAGE

Figure 5.1 – VRIO analysis of Home Sweet Sushi's resources and capabilities

Through the VRIO analysis, it can be ascertained that Home Sweet sushi possesses several valuable resources and capabilities that contribute to its competitive advantage in the sector. Among these, four represent sustained competitive advantages for the company, namely the ownership of two stores. Additionally, Home Sweet Sushi benefits from strong supplier relationships, leveraging its favourable negotiating position to secure preferential terms. Furthermore, the brand's strong reputation and the deep industry expertise of its management team further fortify its competitive position.

As for temporary competitive advantages, Home Sweet Sushi's product and service diversity, along with its exclusive partnership with Uber Eats, are noteworthy. However, it is important to note that while these advantages are significant and relatively rare, they are not inimitable, as some competitors may easily diversify into similar services and form similar partnerships.

On the other hand, the company holds competitive parity with its competitors in certain aspects of its resources and capabilities. For instance, Home Sweet Sushi relies on technology and information systems to streamline operations, supported by internal delivery and customer support teams ensuring efficient communication and issue resolution. Additionally, its effective marketing communication contributes to its competitiveness. Thus, although valuable, some competitors also offer similar resources and capabilities.

In this way, it is crucial that, regardless of the path the company takes in the future, these advantages remain with Home Sweet Sushi to achieve sustainable growth, particularly those that provide sustained competitive advantages.

## 6 SWOT Analysis

In this chapter, a comprehensive SWOT analysis for Home Sweet Sushi is conducted. The analysis is based on the conclusions and key points derived from the situational studies, including the PESTEL analysis, observation of the company's competitors, and analysis of the internal company situation. Thus, a SWOT matrix was constructed with the aim of identifying the opportunities and threats from the external environment, as well as the company's internal strengths and weaknesses, as presented in Figure 6.1 below.

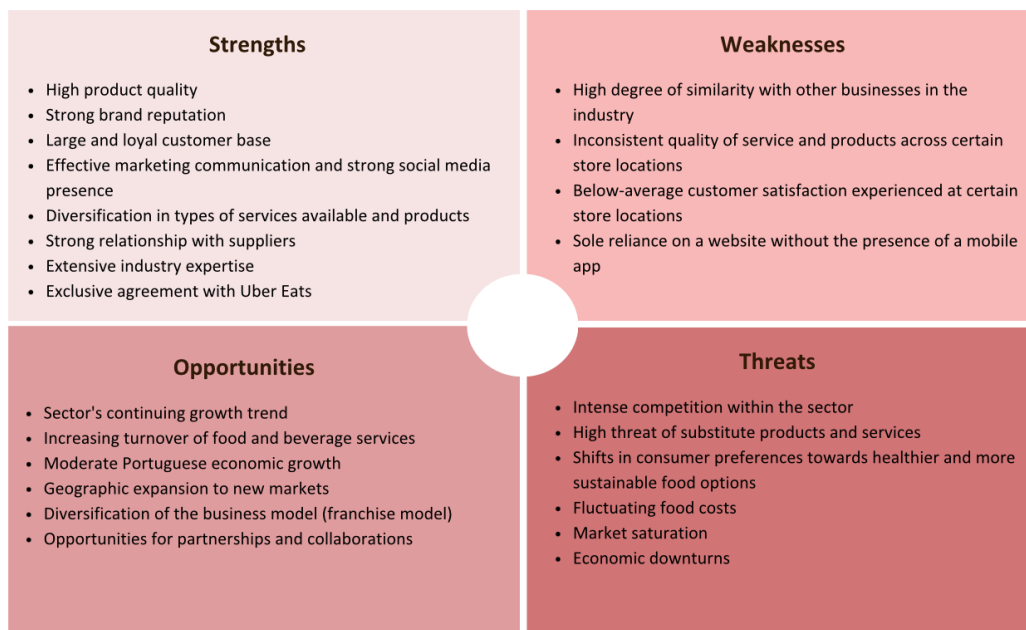


Figure 6.1 – Home Sweet Sushi's SWOT Analysis

The SWOT analysis highlights Home Sweet Sushi's strong foundation built on high product quality, a strong brand reputation, a loyal customer base, and industry expertise. To achieve sustainable growth, Home Sweet Sushi must strategically leverage these strengths while addressing its weaknesses, such as inconsistent service quality. The opportunities identified, including geographic expansion, business model diversification, and forming new partnerships, present significant potential for growth.

Nonetheless, the company must remain vigilant against threats such as intense competition, changing consumer preferences, and economic fluctuations. Addressing these threats and capitalizing on available opportunities will be essential for sustainable growth. The subsequent chapter will provide a more detailed and in-depth analysis of the results from this SWOT, as well as the strategic plans and decisions adopted to navigate these challenges and leverage the identified opportunities.



## 7 Mission, Vision and Strategic Objectives

As previously stated in Chapter 2.1, goals and vision are key factors in fostering organisational growth. Thus, to define the strategic path that Home Sweet Sushi should follow, it is essential to understand the company's vision and future objectives, as they are crucial for guiding decisions and actions. In this chapter, Home Sweet Sushi's mission and vision, as well as its strategic objectives, are explored to gain a deeper understanding of the direction the company wants to take and how it can achieve its goals.

Home Sweet Sushi's mission is to deliver a quality product to customer's doorstep at a competitive price. Its vision involves continuous expansion and a commitment to enhancing their Portuguese identity by increasing the use of domestically produced ingredients. Furthermore, Home Sweet Sushi aims to establish a leading network of sushi delivery services nationally.

From the interviews conducted with Home Sweet Sushi's CEO and COO, it became clear that the company has various objectives for the future. Primarily, the company is committed to shifting its strategic focus towards differentiation, aiming to enhance the customer experience by optimizing its operational processes. Regarding overall business strategy, expansion remains the most important objective. Home Sweet Sushi aims to broaden its presence in the food delivery market, and considers two possible paths: Primarily, and the most desirable one, the company aims to open three to four new stores within the next five years, expanding its network across the country into new markets. Secondly, Home Sweet Sushi also considers franchising its brand and products as a further potential avenue for growth, although not a priority.

## 8 Strategy Formulation

After considering the company's vision, goals, and the market's potential, two conceivable paths for business growth have been outlined: (i) market expansion into new geographical areas, and (ii) diversification of business model through franchising.

To follow the first path, the company would focus on a *market development* strategy, aiming to explore potential new locations for opening additional Home Sweet Sushi stores. This strategy involves entering new geographical markets to stimulate growth and increase the company's customer base. By identifying and assessing these prospective locations, the company aims to expand its presence into markets where it is not yet established.

The second path involves following a growth strategy of *diversification*. By offering franchising opportunities, the company can expand its operations without directly opening and managing new stores. Instead, it allows third-party entrepreneurs to invest in and operate under the established brand and business model of Home Sweet Sushi. This approach diversifies the company's sources of revenue by generating income from franchise fees and royalties, while also spreading the operational

risks. Additionally, franchising enables Home Sweet Sushi to penetrate new markets and regions, thereby achieving geographical diversification.

By considering either of these strategies, Home Sweet Sushi seeks to capitalize on new growth opportunities and strengthen its market presence. For each of the alternatives, the initial investments required have been estimated to assist in decision-making. These estimates are provided in the subsections below.

## 8.1 Market Expansion

To assess the viability of a market expansion strategy, it was first necessary to define the locations where Home Sweet Sushi could be interested in expanding, considering several factors. Initially, the priority was to target areas near Home Sweet Sushi's existing operational centres, Lisbon and Porto, as this would facilitate accessibility and cost optimization. Subsequently, specific geographic, demographic, and economic factors were assessed, including population density, purchasing power per capita (IpC), and local competition. It was crucial to operate near specific target markets with high consumer potential, such as densely populated residential areas, due to the positive correlation between urbanization levels and daily purchasing power within territorial units (INE, 2023).

This research led to the consideration of four districts: Aveiro, Braga, Coimbra, and Leiria. To narrow down the available options, and since a single store could not serve a whole district, the capitals of these districts were considered rather than the entire district. Thus, for each city, the data collected pertains to the district capital and it is presented in Table 8.1.

Table 8.1 – Geographic, Demographic, and Economic Factors of Potential Expansion Locations for Home Sweet Sushi

Geographic, Demographic, and Economic factors				
Location	Population Density (inhabitants/km <sup>2</sup> ) (2021) <sup>1</sup>	IpC <sup>2</sup>	Local Competition	Accessibility
Aveiro	409.7	119.68	2 sushi delivery businesses	73km from Porto
Braga	1,054.1	105.39	2 sushi delivery businesses	55km from Porto
Coimbra	440.9	119.76	2 sushi delivery businesses	122km from Porto
Leiria	227.6	105.73	None (1 sushi delivery business closed doors in 2023)	145km from Lisbon
Portugal (Mainland)	112.13	100.06	-	-

<sup>1</sup> Data sourced from Census 2021 (PORDATA, 2022)

<sup>2</sup> Data sourced from INE (2023)



Lisbon Metropolitan Area	956.4	121.37	-	-
Porto Metropolitan Area	844	103.27	-	-

Regarding population density, Braga stands out as the most populated city among the four options, even surpassing the population density of the two largest metropolitan areas. Aveiro and Coimbra exhibit similar population densities, while Leiria presents the lowest density of inhabitants per square meter.

During the city selection process, the IpC was analysed, which indicates the average daily purchasing power per individual in different regions compared to the national average. In 2021, the mainland Portuguese territory had an IpC value of 100.06. Data from INE (2023) indicates that among the 25 Portuguese sub-regions, only the Lisbon Metropolitan Area and the Porto Metropolitan Area recorded IpC values above the national average, with figures of 121.37 and 103.27, respectively. However, 31 municipalities demonstrated IpC values exceeding the national average (see Annex G). In the North region, Braga was highlighted, while in the Central region, the focus was on the three district capitals of Coimbra, Aveiro, and Leiria (INE, 2023).

In terms of potential local competition, all four cities have competing sushi businesses or food delivery companies. However, only three of them have two direct competitors within their geographical areas. On the other hand, no potential direct competition was found in Leiria.

Given the proximity of Lisbon and Porto, where Home Sweet Sushi already has established stores, providing a solid operational infrastructure for the company, there were considered distances from each potential new location to these cities. Shorter distances facilitate supply chain logistics, enable efficient supply management, and reduce transportation costs. Furthermore, this proximity contributes to better inventory management and responsiveness to fluctuating demand, resulting in cost savings and enhanced customer service. Braga emerges as the closest city to Porto, followed by Aveiro. While Coimbra remains closer to Porto, potential barriers may arise due to its greater distance. On the other hand, Leiria, while closer to Lisbon, still stands out as being the furthest located from the nearest centre.

Lastly, given that the target audience for Home Sweet Sushi consists of individuals aged 25 to 34 and 35 to 44, the percentage of individuals within these age ranges was analysed for each potential location. Figure 8.1 presents the percentage distribution of the target age groups across the four cities. The data for this analysis is based on the Census 2021 findings from INE (2022).

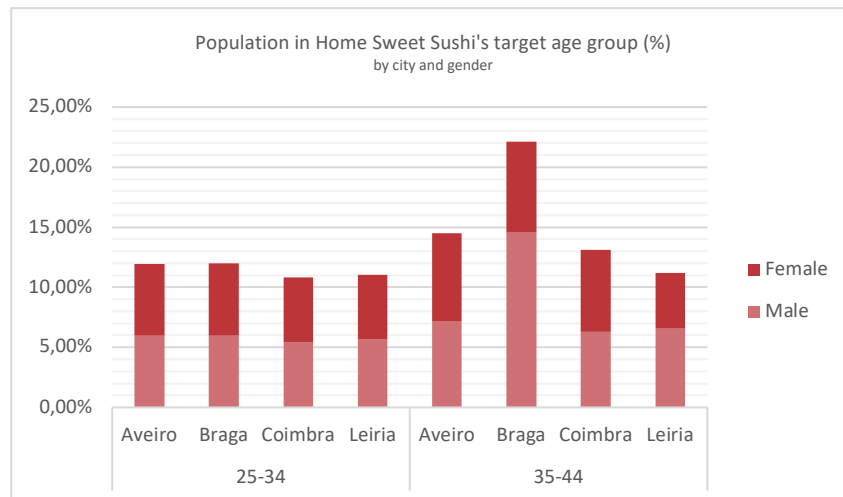


Figure 8.1 – Distribution of the population in Home Sweet Sushi's target age group (%) by city and gender

Although the higher percentage of male individuals does not entirely align with the desired target customer profile, Figure 8.1 analysis reveals that Braga and Aveiro generally exhibit higher percentages of individuals within the target age groups. This demographic advantage makes these cities more promising locations for the expansion, given the higher concentration of the target audience. Coimbra and Leiria, present slightly lower percentages of these age groups, which could imply a smaller immediate market within the desired demographics.

### 8.1.1 Estimated Costs

After defining potential locations and providing a brief overview of their advantages and disadvantages, the initial investment required for opening a new store was estimated. The company's initial investment will be allocated across five main categories: 1) space costs (store rental, security deposit, utilities, and potential infrastructural work); 2) basic equipment and tools (pertaining to permanent assets acquired for company operations, encompassing all necessary equipment for operations such as technological equipment, kitchen equipment, and others); 3) marketing and advertisement initiatives; 4) initial food stocks; and 5) employee training. The forecasted costs for each category are detailed below.

#### 1) Space

The current sizes of Home Sweet Sushi stores sizes range from 100 sqm to 200 sqm. To estimate space costs, an average store size of 150 sqm was considered for potential rental locations. For each location, the price per square meter of commercial space was assessed, along with the corresponding monthly rent. As part of the initial investment, it was taken into account that landlords often require a security deposit, with a provision of 3 months' rent for this purpose. Utilities expenses were estimated based on data collected from operating Home Sweet Sushi stores with similar dimensions.

Additionally, potential expenses for store restructuring and design were considered to ensure compliance with specific regulations and Home Sweet Sushi's brand identity.

All the estimated space costs are detailed in Table 8.2.

Table 8.2 – Estimated Space Costs

<b>Store Rental</b>			
<i>Location</i>	<i>Price/sqm</i>	<i>Price/month</i>	<i>Security Deposit (3 months)</i>
Aveiro	9.31 €/sqm	1,396.50 €	4,189.50 €
Braga	12.21 €/sqm	1,831.50 €	5,494.50 €
Coimbra	8.87 €/sqm	1,330.50 €	3,991.50 €
Leiria	6.92 €/sqm	1,038.00 €	3,114.00 €
<b>Utilities</b>			
Energy + Gas			481.61 €
Water			155.67 €
<b>Total Utilities Expenses</b>			<b>637.28 €</b>
<b>Infrastructural Work</b>			
Space restructuring works			10,000 €
Design			5,000 €
<b>Total Infrastructural Work</b>			<b>15,000 €</b>
<b>Total Space Costs</b>			
Aveiro			<b>19,826.78 €</b>
Braga			<b>21,131.78 €</b>
Coimbra			<b>19,628.78 €</b>
Leiria			<b>18,751.28 €</b>

## 2) Basic Equipment and Tools

The basic equipment and tools required for Home Sweet Sushi's operations were carefully considered to ensure the smooth functioning of its activities. After assessing the equipment used in existing stores, the necessary items and quantities for a new store were determined (see Table 8.3).

Given the nature of its operations, Home Sweet Sushi daily relies on various technological equipment for different purposes. Therefore, the acquisition of two POS systems, two television screens, two laptops, and one tablet would be essential for the start of its operations. As a food-delivery business specializing in sushi, the kitchen must be equipped with specific utensils, including knives for cutting fish, cutting boards, containers, and sushi rollers. There are estimated at a maximum value of €4,000. Additionally, refrigerators, freezers, and a dishwasher are essential for the initial kitchen setup, along with two rice cookers, and pone deep fryer, all industrial size. Furthermore, thermal delivery backpacks for each delivery employee are necessary, with a unit price of €60 each.

Table 8.3 – Estimated Equipment Costs

Technological Equipment		
POS System (2)	1,500 €/unit	3,000 €
Television Screen (2)	500 €/unit	1,000 €
Laptop (2)	600 €/unit	1,200 €
Tablet (1)	200 €/unit	200 €
<b>Total Technological Equipment</b>		<b>5,400 €</b>
Kitchen Equipment		
Rice Cooker (2)	250 €/unit	500 €
Deep Fryer (1)	185 €/unit	185 €
Fridge (2)	1,300 €/unit	2,600 €
Freezer (2)	2,000 €/unit	4,000 €
Kitchen Utensils	-	4,000 €
Dishwashing Machine (1)	900 €/unit	900 €
<b>Total Kitchen Equipment</b>		<b>12,185 €</b>
Other Equipment		
Insulated Food-delivery backpacks (3)	60 €/unit	180 €
<b>Total Other Equipment</b>		<b>180 €</b>
<b>Total Equipment Costs</b>		<b>17,765 €</b>

### 3) Marketing and Advertising

Regarding marketing and advertising, significant expenses are not anticipated, as Home Sweet Sushi outsources marketing communication services to an external communication agency responsible for brand promotion. Consequently, the opening of an additional store would not result in an increase in costs related to online promotional initiatives. However, as shown in Table 8.4, offline marketing would involve similar expenses as those incurred during the opening of previous Home Sweet Sushi establishments, encompassing printing costs associated with flyer distribution.

Table 8.4 – Estimated Marketing and Advertising Costs

Marketing and Advertising		
In-Store + Order Inserts Flyers	250 flyers pack	35.66 €
Distribution Flyers	1000 flyers pack	43.65 €
<b>Total Marketing Costs</b>		<b>79.31 €</b>

### 4) Initial Product Stock

As part of the initial investment, the quantity of essential product stock needed to start store operations was also considered (see Table 8.5). Product quantities and values were determined based on monthly expenses associated with current HSS stores as a reference. For this purpose, a projection of 900 orders and a sales revenue of €25,000 within the first month was made. This estimation aligns with the monthly consumption patterns of a Home Sweet Sushi store generating €50,000 per month.

Table 8.5 – Estimated Initial Product Stock Costs

Initial Product Stock			
Packaging	-	2,400 units	278.00 €
Paper Bags	0.12 €/unit	1,800 units	216.00 €
Chopsticks	0.04 €/unit	3,000 units	120.00 €
Salmon <sup>3</sup>	-	400kg	4,772.00 €
Tuna	16 €/kg	30kg	480.00 €
Shrimp	7.99 €/kg	30kg	239.70 €
Hygiene + Cleaning	-	-	200.00 €
Asian Goods	-	-	2,000.00 €
Fruit and Vegetables	-	-	300.00 €
Beverages	-	-	100.00 €
Ice Creams	1.50 €/unit	20 units	30.00 €
Rice	1.50 €/kg	100kg	150.00 €
<b>Total Initial Product Stock Costs</b>			<b>8,885.70 €</b>

### 5) Employee Training

As it is necessary to train new employees, the forecasted initial investment includes training expenses, as detailed in Table 8.6. For this purpose, three current Home Sweet Sushi employees — one supervisor, one manager, and one sushiman — would be temporarily relocated to the new store for one month to conduct the training.

Since these employees would be relocated for a month, salary compensation for each of them was considered. The compensation was calculated based on the latest salary tables published in the 2024 bulletin by the Portuguese Association of Distribution Companies (APED) and the average values found on the Indeed platform for their respective positions.

Regarding allowances such as *per diem* and accommodation, private sector companies often follow Portuguese Decree-Law no. 106/98 of April 24, which governs subsistence allowances in the public sector. For this purpose, these values were followed, considering employees whose salaries are set between levels 18 and 9, being reimbursed €51.05 per day when traveling domestically. The maximum reimbursement limit of €50 per day spent on accommodation was considered, as set in Article 9 of the same decree-law.

Table 8.6 – Estimated Employee Training Costs

Employee Training			
<b>Salary Compensation</b>	Supervisor (1)	15% salary <sup>4</sup>	190.95 €

<sup>3</sup> The price of salmon varies weekly. This estimation was made using the price from the week of April 22 to 28, 2024, which was €11.93 for caliber 7-8.

<sup>4</sup> Considering a base salary of €1,273.00, according to APED and Indeed.

	Manager (1)	12.5% salary <sup>5</sup>	145.13 €
	Sushiman (1)	12.5% salary <sup>6</sup>	115.13 €
<b>Per Diem</b>	28 days	51.05 €/day/employee	4,173.33 €
<b>Accommodation</b>	27 days	50 €/day/employee	4,050.00 €
<b>Total Personnel Expenses</b>			<b>8,674.54 €</b>

#### *Total Investment*

Following the breakdown of estimated costs for each component, it is then possible to ascertain the total cost required to open a store in each of the locations defined in Chapter 8.1. Table 8.7 summarizes all the projections and detailed costs previously outlined, providing a final value for the initial investment required in each location.

Table 8.7 – Estimated Total Initial Investment by Location

Initial Investment				
	Aveiro	Braga	Coimbra	Leiria
Space	19,826.78 €	21,131.78 €	19,628.78 €	18,751.28 €
Equipment	17,765 €	17,765 €	17,765 €	17,765 €
Marketing & Advertising	79.31 €	79.31 €	79.31 €	79.31 €
Product Stock	8,885.70 €	8,885.70 €	8,885.70 €	8,885.70 €
Employee Training	8,674.54 €	8,674.54 €	8,674.54 €	8,674.54 €
<b>Total Initial Investment</b>	<b>55,231.33 €</b>	<b>56,536.33 €</b>	<b>55,033.33 €</b>	<b>54,155.83 €</b>

Notably, the variation observed in the initial investment is predominantly attributed to space costs, likely influenced by factors such as rental rates, commercial availability, and regional demand. On the other hand, the remaining categories of spending are constant regardless of the location.

When assessing the common forecasted expenses, the greatest investment would be for essential operational equipment, amounting to approximately €17,765. Initial stock expenses, covering the initial inventory procurement for food products, hygiene products, and others, would cost approximately €8,885. Additionally, costs associated with employee training and compensation for temporary relocation entail a cost of €8,674.54. Marketing and advertising expenses are the lowest, estimated at approximately €79, consistent with Home Sweet Sushi's centralised marketing approach.

Overall, the total initial investment required for establishing a new Home Sweet Sushi store is relatively consistent across all four locations, ranging from €54,155.83 to €56,536.33. For instance, opening a store in Braga would require the highest initial investment (€56,536.33) due to its location

<sup>5</sup> Considering a base salary of €1,161.00, according to APED and Indeed.

<sup>6</sup> Considering a base salary of €921.00, according to APED and Indeed.

in an area characterized by higher rental prices and probably greater commercial demand. Aveiro would require €1305 less investment than Braga. On the other hand, Leiria would require the lowest initial investment (€54,155.83) as it is situated in an area with more favourable rental rates and potentially lower commercial competition, with Coimbra being only €877.50 more expensive. This evaluation and breakdown underscore the importance of location factors in shaping financial considerations associated with establishing a new store.

## 8.2 Franchising

To explore the path of diversification through franchising, it is essential to acknowledge that while there are fewer costs involved compared to expansion through market development, the franchisor still holds certain responsibilities toward the franchisee. The allocation of funds across infrastructural work, human resources training, equipment acquisition, and marketing and advertising exemplifies the support provided by the franchisor to ensure the successful launch and operation of the franchise. The breakdown of these costs is outlined in Table 8.8.

Table 8.8 – Estimated Initial Investment for Franchising

Infrastructural Work			
Kitchen and Store Design			5,000 €
<b>Total Infrastructural Work</b>			<b>15,000 €</b>
Other Equipment			
Insulated Food-delivery backpacks		60€/unit	180 €
<b>Total Other Equipment</b>			<b>180 €</b>
Marketing and Advertising			
In-Store + Order Inserts Flyers		250-flyer pack	35.66 €
Flyers to distribute		1000-flyer pack	43.65 €
<b>Total Marketing and Advertising</b>			<b>79.31 €</b>
Employee Training			
Salary Compensation	Supervisor (1)	7.5% salary	95.48 €
	Manager (1)	6.25% salary	72.56 €
	Sushman (1)	6.25% salary	57.56 €
<i>Per Diem</i>	14 days	51.05 €/day/employee	2,029.23 €
Accommodation	13 days	50 €/day/employee	1,950.00 €
<b>Total Employee Training</b>			<b>4,204.83 €</b>
<b>Total Initial Investment</b>			<b>19,464.14 €</b>

### Total Investment

When analysing Table 8.8, it is evident that the most significant cost difference, compared to market development, lies in the absence of expenses related to space, utilities, equipment, and initial

stock. In this scenario, the franchisor would support the franchisee during the store's design process according to Home Sweet Sushi's brand identity, which would require an investment of €5,000. This constitutes a significant portion of the investment; however, it is essential to maintain consistency in brand identity across the franchise, thereby enhancing brand recognition and customer loyalty.

Additionally, Home Sweet Sushi would provide the same insulated food-delivery backpacks, costing the company €180, as part of its support for the franchisee. Marketing and advertising expenses are also anticipated to be similar to those for a new store opening. As with Home Sweet Sushi stores, the company would oversee the marketing and advertising costs for the new franchise unit making these expenses consistent with those outlined in Section 8.1.1, point 3.

Lastly, employee training is crucial to ensure that the franchisee's staff are adequately equipped with the necessary skills and knowledge to deliver quality service consistent with Home Sweet Sushi standards. For this purpose, the same conditions described in Section 8.1.1, point 5, and the corresponding tabulated values were considered. However, it was assumed that training would be required for a shorter period of just 14 days. Accommodation and *per diem* expenses were included, although the franchisee's location was not a criterion. Thus, if these expenses are later considered unnecessary due to the proximity of the franchise location to the store where the employees are regularly assigned, they should be disregarded.

Based on the forecasted expenses, it was estimated that an investment of €19,464.14 would be necessary for Home Sweet Sushi to initiate the franchising of its brand.



## 9 Strategic Choice

Strategic decision-making between potential growth strategies is crucial for an organisation embarking on its growth journey. In this particular case, the choice between expanding through market development or diversification requires a detailed assessment of costs and required investments, resources and capabilities, and Home Sweet Sushi's goals.

Comparing the associated costs between the two alternatives reveals distinctive disparities. The total investment required for franchising amounts to €19,464.14, while opening a new store would cost around €36,000 more. Although both options share some similar costs (namely training costs, marketing and advertising), franchising allows Home Sweet Sushi to avoid specific expenses, including space costs, technological and kitchen equipment, and the initial stock of products. Thus, expanding to a new geography with a new store involves a greater investment than diversifying through franchising. By solely considering the initial investment, franchising emerges as the more financially prudent option due to its substantially lower upfront investment.

However, diversification through franchising is the riskiest strategy. While it offers a cost-effective entry point into new markets, it entails renouncing a degree of operational control. On the contrary, establishing a new store entails higher initial investment but offers Home Sweet Sushi greater autonomy and control over operations, entailing lower risk compared to diversification.

Home Sweet Sushi possesses diverse resources and capabilities that confer sustained competitive advantages, including its supplier network, brand reputation, and management expertise in the industry. These resources are also crucial strengths and should be fully leveraged in the growth process. To ensure the exploitation of these resources in strategic growth, the company would be better positioned to do so through the opening of a new store. In the franchising model, the full potential of these resources may not be realized. For example, the franchisee has the right to opt to select its own suppliers, potentially underutilizing the established supplier network of Home Sweet Sushi. Moreover, while the management's industry experience would undoubtedly influence the franchising operation, its complete utilization may be constrained as the business would be daily operated by a third party. Additionally, its already established brand reputation, while contributing to the success of franchising, ultimately serves as a significant asset in the establishment of a new store in a new geographic location.

Considering all the aforementioned factors, the ultimate strategic decision must align with the company's strategic objectives defined in Chapter 7. The primary strategic objective delineated for Home Sweet Sushi was to expand its store base by three to four stores within the next five years. Although the possibility of franchising was contemplated by the company, it had not yet been prioritized as highly as opening new stores.

While both options offer distinct advantages and challenges, market development emerges as a favourable choice in the current context. Expanding through market development aligns closely with Home Sweet Sushi's immediate goals and available resources and capabilities. By opening new stores in new markets, Home Sweet Sushi can leverage its established brand presence and customer base to drive growth. Moreover, focusing on expanding its store base through market development allows Home Sweet Sushi to capitalize on its strengths, reduce potential risks, and foster sustainable growth in the market.

### **9.1 Optimal Market Expansion Location**

Having concluded that expanding the stores network is the best option, it is now important to determine where to expand. When analysing the various options within market development and based on the conclusions drawn in Chapter 8.1, each location presents its unique advantages and challenges. While Leiria may offer certain advantages such as lower operating costs, its geographical remoteness and limited market reach present significant challenges that could impact the success and profitability of a new store opening, making it not the most advantageous location for opening a new store at the moment. Additionally, while the absence of direct competition in Leiria may seem beneficial, it could also signify a lack of existing demand for sushi delivery services in the area. Without competitors to validate the market demand, there is a higher risk of uncertainty regarding the potential success and profitability of a new store in Leiria.

Aveiro and Braga offer high population density, strong purchasing power, and moderate competition, with Braga having the advantage of closer proximity to Porto. While Coimbra presents favourable demographic and economic indicators, such as its relatively high population density and above-average IpC, its distance from Porto may pose more logistical challenges when compared to Aveiro and Braga. Considering these factors, it becomes apparent that Aveiro and Braga, with their higher population densities and stronger purchasing power may offer more promising opportunities for market expansion. Despite entailing slightly higher costs, these cities have the highest population densities, and both cities present the highest percentage of population within Home Sweet Sushi's target group (see Figure 8.1), indicating potential for a larger customer base. Additionally, their closer proximity to Porto, facilitate operational management, further bolstering their attractiveness as locations for market expansion.

In conclusion, Braga emerges as the optimal choice, followed by Aveiro in second position, and Coimbra in last. Leiria is not considered a viable option due to the factors outlined above.

## 9.2 Strategic Growth Recommendation

Understanding market conditions, encompassing customer perspective, competitive landscape, and market trends, was crucial for assessing the feasibility and potential success of a proposed growth strategies. Furthermore, the strategic analysis conducted provided valuable insights into the mission, vision, and strategic objectives of Home Sweet Sushi, preparing the foundation for informed decision-making regarding its growth trajectory.

In the context of the outlined market dynamics, Home Sweet Sushi faces competition from both direct and indirect competitors. Nonetheless, the food delivery market remains attractive, particularly for well-established players like Home Sweet Sushi. Over the past few years, this market has shown consistent expansion and is projected to continue growing, indicating room for further development. Therefore, as Home Sweet Sushi wishes to maintain its market presence, understanding customer perceptions of the brand was crucial. Customer analysis revealed that Home Sweet Sushi is predominantly associated with product quality, despite opportunities for improvement in service quality. This strength in product quality should be central to the company's growth strategy and aligns with its mission and vision, which emphasize delivering quality products at competitive prices while aiming to grow a nationwide network of stores.

Following comprehensive research, market analysis, and interviews, it became apparent that Home Sweet Sushi would be mostly interested in two growth paths: (i) market development, by the establishment of a new store in a new geographical location, and (ii) business model *diversification*, via franchising its brand and product.

Considering these insights, the strategic choice between opening a new store and franchising was meticulously evaluated, factoring in investment requirements, operational control, and the company's resources, capabilities, and aspirations. While franchising offers a lower upfront investment, it involves renouncing some operational control and not fully leverage the company's resources. On the other hand, although requiring a large investment, market expansion allows greater autonomy and control over operations, thus minimizing risks and maximizing resources utilization. Following a thorough exploration of these two options and their respective constraints, the findings concluded that market development emerges as the most suitable strategy.

After defining the strategic choice, identifying the ideal location to open a new store was crucial for implementing the growth strategy. This evaluation considered factors such as population density, demographics, purchasing power, local competition, and proximity to operational centres. Aveiro and Braga emerged as top candidates due to their high population density, strong purchasing power, and moderate competition. Braga was identified as the optimal location due to its proximity to Porto and favourable demographics, with Aveiro as the second choice.

In conclusion, based on the comprehensive strategic analysis conducted throughout this project, the recommended growth strategy for Home Sweet Sushi is to pursue market development by opening a new store, specifically targeting Braga and Aveiro as optimal expansion locations. This choice aligns with the company's strategic objectives to expand its store base within the next five years, leveraging its established brand reputation and operational strengths.

## 10 Conclusion

After a decade in the food delivery market, and following a period of exponential growth, Home Sweet Sushi currently finds itself in the maturity phase. Drawing from the stage descriptions of Churchill and Lewis (1983), it can be inferred that Home Sweet Sushi is positioned in the *take-off* stage, characterized by a substantial emphasis on rapid expansion. As the company endeavours to maintain its market presence and pursue further growth, this moment presents an opportunity for reinvention and continuous evolution, demanding strategic decisions to secure its market position. The primary challenge addressed in this project was to identify and evaluate growth strategies that could effectively guide Home Sweet Sushi through this phase, leveraging its strengths and addressing its challenges.

This project successfully developed a growth strategy for Home Sweet Sushi. By thoroughly evaluating market development and diversification strategies, the study concluded that opening a new store in a targeted location such as Braga and Aveiro would be the most effective approach for sustainable growth. This strategic direction aligns with Home Sweet Sushi's goals of leveraging its brand strength and operational capabilities while maintaining control over quality and customer experience.

The findings confirm that there are significant growth opportunities within the food delivery market. While tailored specifically for a sushi-specialized company, it is believed that the challenges and opportunities identified for Home Sweet Sushi may be similar to those encountered by other companies within the broader food delivery market. Additionally, Home Sweet Sushi finds itself in a favourable market position to leverage its resources and capabilities for ongoing brand expansion. Although the primary recommendations drawn from this project suggest that the company should pursue market development at this phase, it is believed that Home Sweet Sushi also holds promising potential for future pursuit of a riskier differentiation strategy through franchising.

This project offers a significant contribution to a relatively underexplored market, particularly in Portugal. The conclusions drawn extend beyond the scope of this study, providing insights that can be extrapolated and serve as a basis for other companies operating within the food delivery sector. By proposing actionable recommendations to enhance a real-world scenario, this project not only enriches existing theoretical knowledge but also provides a valuable practical application of that knowledge in a real business context, adding value to Home Sweet Sushi.

In reaching the conclusion of this project, it is important to highlight the significant findings derived from the application of theoretical-practical research, effectively leveraging the knowledge acquired during the Master's Degree in Business Administration. This knowledge not only facilitated the exploration of well-founded solutions in a real-world business context but also holds the potential to shape the future trajectory of Home Sweet Sushi.

## **Limitations to the project**

Although this project's purpose has always been as rigorous and thorough as possible, there have been a few constraints encountered along the way. Thus, this section presents and explains not only some limitations to the study but also some assumptions made.

One of the project's limitations was the accessibility to specific data in the food delivery sector, which constrained some analyses, particularly during market analysis. This encompassed the PESTEL analysis, where it was decided to assess some dimensions within the broader context of the food service sector. Similarly, when assessing competitors forces within Porter's Five Forces' model, specific data on geographical distribution of food delivery restaurants could not be found. However, given that most third-party delivery services operate in large cities and the concentration of restaurants in Portugal's urban centres is well-documented, it was inferred that these delivery services were also concentrated in similar locations. This option for a more ample sector was due to the impossibility of accessing data with greater specificity in the food delivery sector, but it is crucial to note that this broader context of food service significantly influences the food delivery market itself.

Regarding customer analysis, defining the target customer proved challenging due to the unavailability of specific internal data. Therefore, an extrapolation was made using data from social media platforms, particularly Instagram. However, it is important to note that such data may not fully represent potential consumers, as Instagram followers may not necessarily translate to actual customers. Specifically, insufficient data were available to ascertain the residential areas of the population, limiting the analysis to gender and age groups. This limitation could have potentially influenced decision-making regarding location selection if sufficient demographic data were available to prefer one location over another.

Another limitation arises from the application of the VRIO framework to assess Home Sweet Sushi's resources and capabilities. While these resources and capabilities were identified through participant observation, it proved challenging to ascertain the type of competitive advantage they provided. This difficulty arises from the ambiguity in determining whether certain resources or capabilities are truly rare or inimitable by competitors. Despite efforts to make informed decisions based on the collected and processed information, there remains a degree of subjectivity inherent in the analysis. Different individuals applying the framework may arrive at varying conclusions, depending on one's level of market knowledge and understanding, potentially leading to different interpretations of Home Sweet Sushi's competitive advantages.

During this work, it is believed that most limitations are present in Chapter 8, where the calculation of estimates for each of the potential strategic growth choices is included. As emphasized, these are estimates calculated based on market prices as of the date (April 2024), as well as information obtained

directly from Home Sweet Sushi management. Additionally, base expenses can easily be adjusted depending on several factors:

- Space costs, both the cost per square meter and utilities expenses, are variable and may not remain the same at the time of implementing the recommendations drawn from this project. Furthermore, infrastructure and design expenses will always depend on the condition of the space, potentially requiring increased capital or reduced investment.
- Equipment costs were based on research into similar equipment to those found in the Home Sweet Sushi store in Miraflores. Therefore, these costs may also vary, depending on the preferences and choices of the decision-makers.
- To assess the initial stock required, it was assumed that a new store would sell half of what a mature Home Sweet Sushi store sells, with costs calculated accordingly.
- Training expenses were calculated for a period of 14 days to a month (depending on the strategic choice). *Per diem* and accommodation costs were considered according to the regulations applied to the public sector, although it is uncertain whether Home Sweet Sushi follows this model. Moreover, achieving the desired skill level may require more or fewer days than planned, influencing final costs. Finally, compensation may also vary according to the level of expertise and seniority within the company.

### **Insights for the future**

After the conclusion of this project, there are some recommendations for future works, which were impossible to consummate due to some constraints. This project followed specific guidelines and resources, which made it not possible to address every obstacle and essential topic that a real-world business would require. As such, the following recommendations are thought to bring added value to a new study on how to grow in the food delivery sector.

Firstly, conducting a more thorough market analysis would provide a deeper understanding of opportunities within the food delivery sector across various regions and localities. This approach would facilitate the identification of the most promising market segments for food delivery services.

Secondly, conducting a more in-depth consumer preference research would provide valuable feedback to tailor offerings to meet customer needs effectively. By undertaking a comprehensive market study, companies can gain invaluable insights to inform strategic decisions and drive successful expansion initiatives in the business.

Lastly, an economic feasibility analysis, encompassing demand estimates, sales forecasts, operating costs, and profit margins, would help determine the viability of each expansion alternative.





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## 12 Appendix A – Interview script with Home Sweet Sushi's CEO

The script was constructed based on these 4 perspectives of Ansoff's Matrix. The interview script presented is semi-structured. Depending on the development of the interview and the interviewee's testimony, the script may be flexible.

1. Quais são a visão, missão e valores do Home Sweet Sushi?
2. Qual é a estrutura organizacional da empresa?
3. Das seis lojas que existem do Home Sweet Sushi, quantas são compradas e quantas são alugadas?
4. Para fazer a entrega do sushi, são utilizados veículos da empresa ou os estafetas têm veículos próprios?
5. Com quantos fornecedores é que a empresa conta atualmente e para que produtos?
6. Como é que descreveria a relação do Home Sweet Sushi com os seus fornecedores?
7. Atualmente, qual é a sua opinião relativamente ao mercado do *food delivery*?
8. Como olha para o Home Sweet Sushi nos próximos 5 anos? Quais são os maiores objetivos e metas a alcançar?
9. O Home Sweet Sushi vê oportunidades para expandir o negócio dentro do mercado atual onde opera?
10. Considera que existe oportunidade para expandir para novas regiões geográficas? Se sim, que fatores influenciariam essa decisão?
11. Considera a possibilidade de expandir para novos mercados ou explorar diferentes segmentos de mercado?
12. Têm interesse em desenvolver o vosso produto para atender a novas necessidades dos clientes ou explorar novos segmentos de mercado?
13. E além do sushi, têm interesse em introduzir novos produtos, diversificar e expandir a carta?
14. Além do principal negócio do Home Sweet Sushi, consideram diversificar para outras áreas de atuação?

## 13 Appendix B – Interview transcript with Home Sweet Sushi's CEO

The interview transcribed below was conducted in person on March 21, 2024, with Home Sweet Sushi's CEO, Pedro Ribeiro.

**Interview Introduction:** Boa tarde, Pedro. Como sabe, esta entrevista é uma etapa fundamental para a conclusão do projeto que estou a realizar com o Home Sweet Sushi, que pretende compreender

de que maneira é possível crescer no mercado do *food delivery*. Assim, gostaria de agradecer desde já a sua participação e contribuição voluntárias para o desenvolvimento desta investigação. De maneira a garantir maior precisão na informação recolhida e posteriormente tratamento de dados, peço autorização para que esta conversa seja gravada. Todos os dados registados e recolhidos durante este momento serão utilizados exclusivamente para fins académicos e no âmbito do presente projeto.

**1. CR: Quais são a visão, missão e valores do Home Sweet Sushi?**

P: A nossa missão é conseguir fazer chegar a casa do cliente um produto de qualidade a um preço competitivo. A nossa visão é continuarmos a expandir e também tornarmos uma empresa ainda mais portuguesa, ou seja, com mais produtos criados cá em Portugal. E acreditamos que a longo prazo conseguiremos ter mais de 250 pessoas a trabalhar connosco porque temos a ambição de criar... pode dizer-se um império de *delivery* do sushi.

**2. CR: Qual é a estrutura organizacional da empresa?**

P: Hierarquicamente... temos os sócios... 4 sócios. Há 1 diretor geral, 1 diretor de operações 2 supervisores e 1 administrativa. Depois, 6 responsáveis de loja e 6 sub-responsáveis de loja. Também 10 operacionais de loja, ou seja, pessoas que ajudam durante o serviço. Depois... sushimen e estafetas — não sei o número certo neste momento, mas depois posso dizer-te. E uma equipa de *call centre*, neste momento com 8 pessoas.

**3. CR: Sei que o Home Sweet Sushi opera com 6 lojas, atualmente. Destas seis, alguma foi adquirida pelo Home Sweet Sushi ou apenas alugam?**

P: Das 6 lojas, 2 foram compradas e 4 arrendamos.

**4. CR: Para fazer a entrega do sushi, são utilizados veículos da empresa ou os estafetas têm veículos próprios?**

P: Nós temos 4 carros e 12 motos, mas atualmente nenhum é utilizado para as entregas. As motos até vão ser vendidas e os carros não são utilizados para isso. Os estafetas usam veículos próprios... podem entregar com carro ou mota, mas a maior parte utiliza mota.

**5. CR: Pelo que pude observar em loja, recebem várias entregas de fornecedores. Com quantos fornecedores é que contam e para que produtos?**

P: Embalagens temos 2, sacos temos 1... Produtos de limpeza temos 2, frutas temos 2; peixe temos 2 e uma terceira opção... Camarão congelado temos 2, produtos asiáticos... *hm*... temos 3 e... acho que é isso. Bebidas temos 1... aliás, temos 2! E gelados temos 1.

**6. CR: Como é que descreveria a relação do Home Sweet Sushi com os fornecedores? Trocam frequentemente ou mantém-se com os mesmos?**

P: Mantemo-nos com os mesmos, mas negociamos os preços.

**7. CR: Qual é a capacidade da empresa para o fazer?**

P: Somos uma marca forte e estamos muito bem posicionados no mercado para negociar com os fornecedores.

**8. CR: Qual é a sua opinião acerca do mercado do *home delivery* atualmente? Acredita que ainda há espaço para crescimento ou considera que o mercado pode estar saturado?**

P: Neste momento o *delivery* está um bocado sobrecarregado no aspeto em que qualquer restaurante pode fazer *delivery*. Eu acho que há sempre margem para progredir, mas claro que ficou muito mais difícil e muito mais desafiante. Mas, sim, o Home Sweet Sushi tem muito espaço ainda no *delivery*, uma vez que também já estamos nisto há 10 anos. Somos uma marca já conhecida a nível nacional.

**9. CR: Como olha para o HSS nos próximos 5 anos? Quais são os maiores objetivos e metas a alcançar?**

P: Daqui a cinco anos, a nossa ideia é termos ainda mais lojas, conseguirmos otimizar melhor os nossos processos. E conseguir, como disse ao início, ter mais produtos comercializados cá em Portugal. Que mais metade dos nossos já o são neste momento. Desta maneira, nós queremos oferecer um serviço mais eficaz e eficiente. No sentido em que um cliente faça uma encomenda e passado 20 ou 25 minutos consiga receber ou ir buscar a loja. Queremos também melhorar ter um acompanhamento do *tracking* em tempo real do pedido. E melhorar os sistemas de TI, de forma a garantir um melhor serviço. E contamos também em criar uma aplicação onde as pessoas possam fazer as encomendas. Juntando também uma aplicação interna nossa de estafetas, em que o estafeta deixou o pedido no cliente. Carrega no botãozinho e a loja recebe a informação em que o pedido foi entregue.

**10. CR: O Home Sweet Sushi vê oportunidades para expandir o negócio dentro do mercado atual onde já opera, seja através da abertura de mais lojas ou da exploração de novas localidades geográficas?**

P: Sim. O HSS vai-se expandir. Queremos expandir pelo menos em 3 ou 4 lojas ainda.

**11. CR: E vê oportunidades para expandir para novas regiões geográficas, tanto a nível nacional como internacional? Se sim, que fatores influenciariam essa decisão de expansão?**

P: Acho que há oportunidade de expansão, mas a nível nacional. Internacional não creio. Aliás, creio que haja oportunidade, também, mas não é o nosso foco neste momento. A escolha dos sítios onde vamos tem muito a ver com o estudo que fazemos, que é fazermos um estudo de mercado, vemos também a densidade populacional e a faixa etária dessa zona. E também tentamos perceber como é que está o *delivery* nesses sítios.

**12. CR: Consideram a possibilidade de expandir para novos mercados ou explorar diferentes segmentos de mercado?**

P: Sim, acreditamos que poderemos expandir para outros segmentos de mercado. Já o fizemos antes da pandemia, com o “Burger Guy”, que era hambúrguer, e num futuro próximo iremos também expandir nesse sentido.

**13. CR: Têm interesse em desenvolver o vosso produto para atender a novas necessidades dos clientes ou explorar novos segmentos de mercado?**

P: Sim, muitas vezes nós alteramos... Muitas vezes alteramos a carta de acordo com aquilo que o cliente procura. E o que o cliente procura está muito anexado às vendas. Ou seja, há muitos produtos que nós temos na carta que temos uma venda muito reduzida e que acabamos por tirar da carta. Ou seja, andamos sempre à procura daquilo que o cliente mais gosta. Temos um exemplo que tirámos muito atum da carta porque a maior parte dos nossos clientes pediam-nos para tirar o atum quando faziam uma encomenda do menu. Então nós adaptamos.... Adaptamos muito as nossas escolhas dos produtos ao que o cliente procura.

**14. CR: E além do sushi, têm interesse em introduzir novos produtos, diversificar e expandir a carta?**

P: Sim, temos interesse. Já o fazemos. Temos a ceviche que não é o sushi tradicional, temos *pokes* (*bowls*) de frango, temos *baos* que também é uma comida asiática, mas não é sushi. Temos vários produtos e acreditamos que vamos continuar a expandir um bocado nesse sentido. Já tivemos também *wraps*, mas não teve saída. Mas vamos procurar sempre inovar para além do sushi.

**15. CR: Além do principal negócio do Home Sweet Sushi, consideram diversificar para outras áreas de atuação?**

P: O HSS irá sempre focar-se no *delivery* e no *takeaway*. Não temos ideia de abrir restaurante, nem pouco mais ou menos, nos próximos anos. Será apenas *delivery* que é a nossa área mais forte, mas também achamos interessante e pensamos em *franchising*, embora não seja uma prioridade.



## 14 Appendix C – Interview script with Home Sweet Sushi's COO

The interview script presented is semi-structured. Depending on the development of the interview and the interviewee's testimony, the script may be flexible.

1. Quais são os canais de vendas do Home Sweet Sushi?
2. Em termos de totalidade das vendas, tem ideia por que canais é que vendem mais e menos?
3. Como descreveria a relação do Home Sweet Sushi com os seus clientes?
4. Como é que descreveria a relação do HSS com os seus clientes, nomeadamente em termos de comunicação? Próxima? Base de clientes sólida?
5. Como é que a marca estabelece e desenvolve a sua comunicação de marketing?
6. Como é que descreveria a atual base de clientes do Home Sweet Sushi, em termos sociodemográficos?
7. Atualmente é facilmente possível avaliar qualquer serviço, nomeadamente através das redes sociais. Como é que recebem e gerem esse feedback?
8. Na sua perspetiva, qual acha que é o nível de satisfação e insatisfação do cliente do Home Sweet Sushi?

## 15 Appendix D – Interview transcript with Eduardo Canilho, Home Sweet Sushi's COO

The interview transcribed below was conducted online via video conference on February 20, 2024, with Home Sweet Sushi's COO, Eduardo Canilho.

**Interview Introduction:** Boa tarde, Eduardo. Como sabe, esta entrevista é uma etapa fundamental para a conclusão do projeto que estou a realizar com o Home Sweet Sushi, que pretende compreender de que maneira é possível crescer no mercado do *food delivery*. Assim, gostaria de agradecer desde já a sua participação e contribuição voluntárias para o desenvolvimento desta investigação. De maneira a garantir maior precisão na informação recolhida e posteriormente tratamento de dados, peço autorização para que esta conversa seja gravada. Todos os dados registados e recolhidos durante este momento serão utilizados exclusivamente para fins académicos e no âmbito do presente projeto.

### 1. CR: Quais é que são os canais de vendas do Home Sweet Sushi?

E: Neste momento temos pelo *website*, telefone e Uber Eats.

**2. CR: Sendo que mencionou “neste momento”, quer dizer que já tiveram outros anteriormente?**

E: Já tivemos outros canais. Tivemos outras plataformas, o Takeaway.com, Glovo e Bolt.

**3. CR: E porque é que agora só têm parceria com a plataforma da Uber Eats?**

E: De momento temos com a Uber Eats porque nos fizeram um bom contrato de exclusividade. Baixou-nos a comissão que tinham connosco e dão-nos uma nova modalidade também, que é usarmos a plataforma deles de entrega, mas com estafetas nossos a entregar. O que ainda baixa mais a comissão.

**4. CR: E em termos de percentagens de vendas, tem ideia por que canais é que vendem mais e menos?**

E: A Uber Eats tem vindo a ganhar muita expressão nas nossas vendas. Diria que deve rondar os 50/50, o canal de vendas direto vs. o indireto. Mas deixa-me ver aqui, por exemplo, dados da semana passada... (...) Tenho aqui 13% de encomendas feitas pelo *call centre*, 45% *Website* e 42% Uber Eats... lá está, acho que cada vez nos aproximamos mais desses 50/50.

**5. CR: Sei que o Eduardo para além de Diretor de Operações, é também responsável pela equipa de apoio ao cliente há vários anos. Como descreveria a relação do Home Sweet Sushi com os seus clientes?**

E: Temos clientes que estão connosco desde há muitos anos... desde o início mesmo. É normal que haja sempre muitos clientes novos...todas as semanas... Mas sim, posso dizer que são poucos os clientes que estão desde o início connosco, mas estão mesmo desde o início! E [esses clientes] encomendam com bastante regularidade. Estamos a falar de clientes que, se for preciso, pedem [sushi] uma vez por semana. E depois há casos excecionais que pedem todos os dias e etc... Mas pronto... Temos um bom núcleo de clientes antigos.

**6. CR: Como é que a marca estabelece e desenvolve a sua comunicação de marketing?**

E: Neste momento temos uma agência de marketing responsável por essa comunicação. Nós decidimos internamente quais são os produtos novos que queremos comunicar, damos algumas sugestões de quais deveriam ser as prioridades e é a empresa de marketing que desenvolve tudo. Desde a sessão fotográfica ao design, tanto nas redes sociais como no website. A nível de promoções, etc. A nível da comunicação, a questão é que muito recentemente tem vindo a mudar. De momento temos vindo a dirigir-nos a um público mais jovem como podes ver pelo tipo de *posts* que andamos a fazer. A nossa comunicação hoje em dia não tem nada a ver com a do ano passado.

**7. CR: Porque é que mudaram para um público-alvo mais jovem?**

E: A equipa de marketing foi renovada internamente e esta foi a proposta deles, que foi aceite. Equipa nova, vamos fazer uma nova estratégia. A questão dos *rebrandings*, de tempos a tempos, vai acontecendo. E neste momento é dirigido a um público mais jovem.

**8. CR: Visto que falou agora de um público-alvo mais jovem, como é que descreveria a atual base de clientes do Home Sweet Sushi, em termos sociodemográficos?**

E: *Hm...* não tenho acessos a esses dados da nossa base. Mas posso tentar ver pelas redes sociais... (...) Tanto pelas estatísticas do Facebook como do Instagram são maioritariamente mulheres. De idades... A maior parte está ali entre os 25 e os 34 e os 35 e 44 [anos].

**9. CR: E tem ideia quais é que são as zonas com maior número de clientes ou afluência de pedidos?**

E: As zonas com maior afluência são sempre as cidades. Centro de Lisboa e Porto. E estes dados do Facebook confirmam isso. Mas depois posso-te enviar isto.

**10. CR: Agradecia! Atualmente é facilmente o possível para o consumidor avaliar qualquer serviço, nomeadamente através das redes sociais. Como é que recebem e gerem esse feedback?**

E: Como temos vários canais de venda, temos várias maneiras de receber o feedback dos clientes. Seja pela Uber [Eats], que é bastante fácil porque tem aquele sistema de estrelas e as pessoas avaliam não só a nível de serviço, mas também do produto... podem também deixar outras sugestões, se o *packaging* é sustentável... têm ali alguns *bullet(s)* [points] que os clientes podem escolher e é bastante simples. Na Uber, em todas as nossas lojas, temos uma classificação superior a 4.7[em 5], e temos mesmo muitas avaliações. Ou seja, o nosso cliente da Uber — não é que façamos uma grande distinção entre eles [e os clientes do canal de vendas direto] — por norma é um cliente bastante satisfeito.

No canal de vendas direto do Home Sweet Sushi, o cliente está satisfeito com o nosso serviço, não só com o atendimento, seja presencial ou por telefone. Mas, é normal, que nem sempre as coisas corram da melhor maneira e, normalmente e como em qualquer outro serviço de *delivery*, a maior dificuldade vai ser sempre a entrega. Porque atualmente as pessoas querem o pedido com melhor qualidade possível, o mais rápido possível. E fazer esta gestão em 6 lojas, com muitos estafetas, muitos *sushimen*, etc... Esse é sempre o maior desafio... Que é conseguir fazer um tempo de entrega baixo com uma qualidade boa. Mas, lá está, esse é sempre o maior desafio. Às vezes há alguns atrasos. E na ótica do cliente, [este] quer sempre [receber a entrega] o mais rápido possível.

**11. CR: E internamente, o Home Sweet Sushi tem alguma forma de controlar ou monitorizar esse feedback dos clientes?**

E: Sim, nós sempre que acontece alguma coisa e o cliente nos comunique, seja pelas avaliações da Uber Eats, seja por e-mail, redes sociais ou por telefone, sempre que houver algum feedback nós registamos. Nós temos um formulário que é preenchido pelo operador, que regista e... como é que hei de dizer... caracteriza o tipo de feedback. Se é um atraso, se é um feedback de produto, se é uma troca de produto, etc. E então, isso fica registado, não só para criarmos um perfil do cliente para saber se as coisas estão a correr bem ou não, mas também para depois sabermos quais é que são as áreas que temos de melhorar para que isso não volte a acontecer.

**12. CR: E nas vossas redes sociais, costumam receber muito feedback?**

E: Atualmente, muito menos. Inicialmente, nas redes sociais, recebíamos mesmo muito *feedback* tanto nos *posts* como por mensagens privadas, etc. Hoje em dia, não tanto. Pronto, redes sociais estamos a falar de Facebook e Instagram, mas depois também há outras plataformas, que é Zomato, TripAdvisor, Google My Business... Nesses recebemos algumas, mas não com tanta frequência como antigamente.

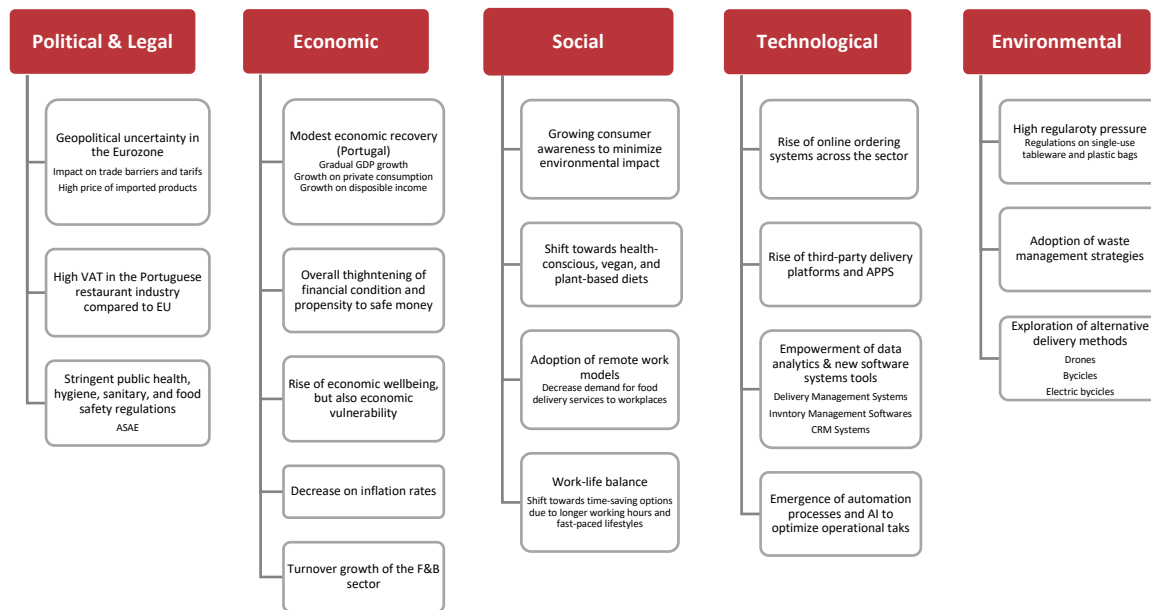
**13. CR: Já mencionou que acha que o cliente do Home Sweet Sushi é, no geral, um cliente satisfeito. O que acha que o público mais gosta na marca e/ou serviço?**

E: A nível do produto... o produto realmente é muito bom. Em termos de qualidade/preço para o que atualmente é praticado no mercado, acho que é um bom *trade-off*. Acho que é um produto com muita qualidade. Não é dos mais baratos, mas há muito mais caros e com menos qualidade. Portanto, acho que o motivo principal de satisfação [dos clientes] é mesmo o produto e o facto dos clientes conseguirem criar aqui alguma empatia com os operadores do *call centre*, com os gerentes da loja, estafetas... Porque, de facto, mesmo sabendo que nem sempre as coisas correm na perfeição, o cliente nunca sai prejudicado. E, por isso, cria-se aqui uma relação de confiança que as pessoas gostam e que hoje em dia, nomeadamente com a entrada da Uber Eats [no mercado do *delivery*] e com a Uber Eats a ficar com tanta parte do mercado de tantos restaurantes e etc., algo em que eles costumam pecar muito é na parte pessoal. É tudo resolvido através de *feedbacks* e por mensagens e etc., e é tudo muito robotizado. Ao contrário de nós. Nós vamos evoluindo tecnologicamente, mas estamos cá para ouvir os clientes e os *feedbacks* dos clientes e só melhoramos o nosso serviço por aí. Criando empatia com o cliente.

**14. CR: E, por outro lado, o que é que acha que pode diminuir a satisfação do cliente?**

E: Acredito que a maior insatisfação possa vir do tempo de entrega..., trocas ou esquecimentos de produto. Muitas vezes, infelizmente, ainda acontece faltar alguma coisa no saco. Eles fazem centenas de sacos e é normal que às vezes possa faltar alguma coisa.

## 16 Appendix E – Synthetized PESTEL Analysis of the Food Delivery Market



## 17 Appendix F – Variables of the content analysis of Home Sweet Sushi's Instagram comments

Category	Values	Explanation
Comment Number	(continuous)	Number assigned to the comment under analysis.
Length	1. 0 words	-
	2. 1-10 words	-
	3. 11-20 words	-
	4. > 20 words	-
Type	1. Text	The comment is mainly text-written.
	2. Emoji	The comment is only composed by emojis.
Approach	1. Positive	The individual takes a positive stance towards the post, brand, or product.
	2. Negative	The individual takes a negative stance towards the post, brand, or product.
	3. Neutral	There is no predominance of positivity or negativity.
Attitude towards the brand	1. Compliments	A direct compliment is made towards the brand and/or product.
	2. Criticizes	A direct criticism is made towards the brand and/or product.
	3. Neutral	The comment neither compliments nor criticizes the brand and/or product.
	4. Unclassifiable	Option created for emoji-only comments.
Subject	1. Service	The comment refers to the overall service quality.
	2. Product	The comment addresses the quality or characteristics of the product.
	3. Post Engagement	The comment merely engages with the post content. Generally corresponds to engagement with "memes" posts.

	4. Other	The comment cannot be categorized into any specific subject. Generally correspond to emojis-only comments.
Suggests Purchase?	1. Yes	The comment references the brand and/or product, with a direct intent to purchase.
	2. No	The comment does not reference the brand and/or product; Does not show a direct intent to purchase.

## 18 Appendix G – Gender distribution of individuals commenting on Home Sweet Sushi's Instagram posts

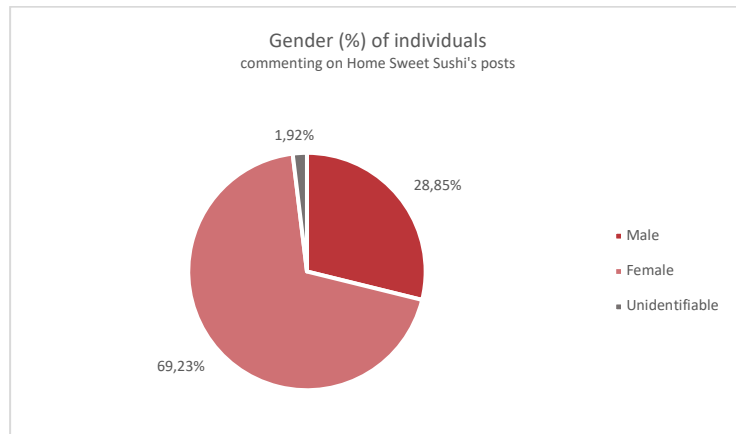


Figure G.1 – Gender Distribution (%) of individuals commenting on Home Sweet Sushi's Instagram posts

## 19 Appendix H – Type and length of comments on Home Sweet Sushi's Instagram posts

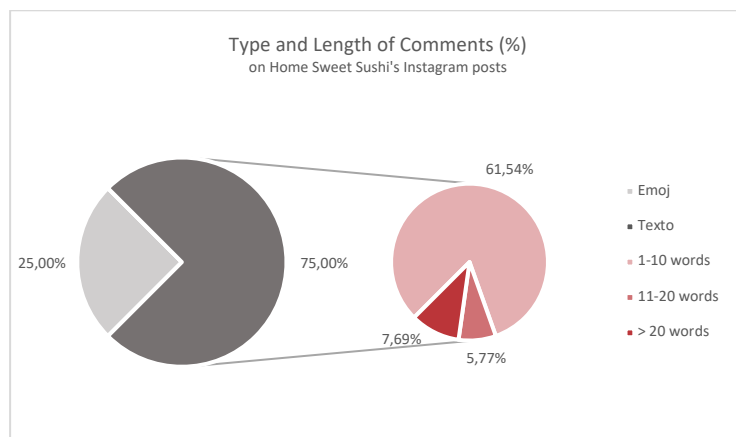


Figure H.1 – Type and Length of Comments (%) on Home Sweet Sushi's Instagram posts





## 20 Appendix I – Purchase intention perceived from individuals who commented on Home Sweet Sushi's posts

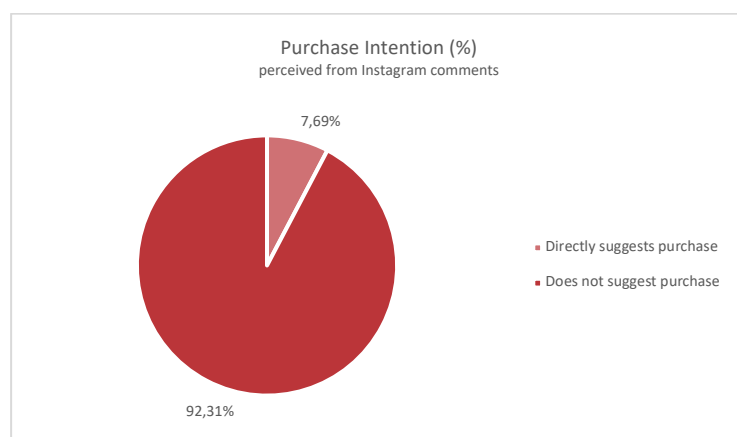


Figure I.1 – Purchase Intention (%) perceived from Instagram comments

## 21 Appendix J – Type and length of reviews on Home Sweet Sushi's Google pages

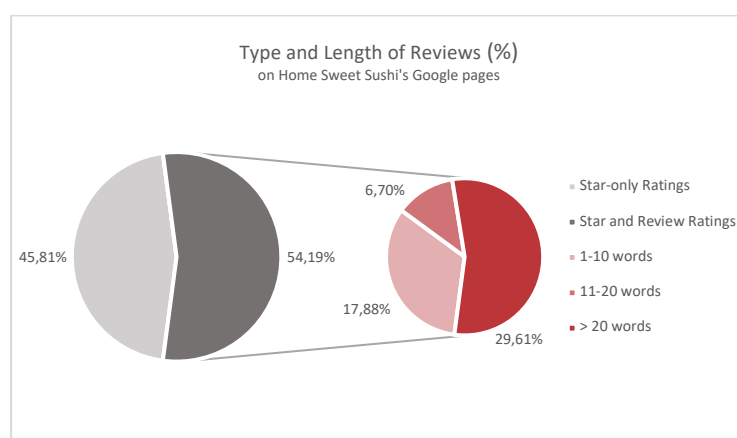


Figure J.1 – Type and Length of Reviews (%) on Home Sweet Sushi's Google pages

## 22 Appendix K – Variables of the content analysis of Home Sweet Sushi's Google reviews

Category	Values	Explanation
Review Number	(continuous)	Number assigned to the review under analysis.
Length	1. 0 words	-
	2. 1-10 words	-
	3. 11-20 words	-
	4. > 20 words	-
Approach	1. Positive	The individual takes a positive stance towards the product and/or brand.

	2. Negative	The individual takes a negative stance towards the product and/or brand.
Attitude towards the brand	1. Compliments	A direct compliment is made towards the brand and/or product.
	2. Criticizes	A direct criticism is made towards the brand and/or product.
Subject	1. Customer Service	The review specifically addresses the quality of customer service provided by the brand.
	2. Price	The review primarily focus on the pricing of the product/service.
	3. Product	The review addresses the quality or characteristics of the product.
	4. Service	The review predominantly refers to the overall service quality.
Suggests Recommendation?	1. Yes	The review clearly indicates a willingness to recommend the brand and/or product to others.
	2. No	The review indicates a reluctance to recommend the brand and/or product to others.
	3. N/a	The review lacks sufficient information to draw any conclusion.

## 23 Appendix L – Gender distribution of individuals who reviewed Home Sweet Sushi's Google pages

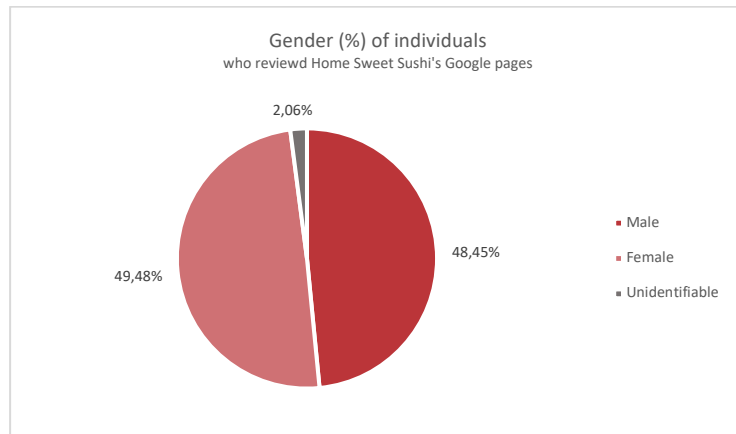


Figure L.1 – Gender Distribution (%) of individuals who reviewed Home Sweet Sushi's Google pages

## 24 Appendix M – Customer attitudes towards the brand based on Google reviews

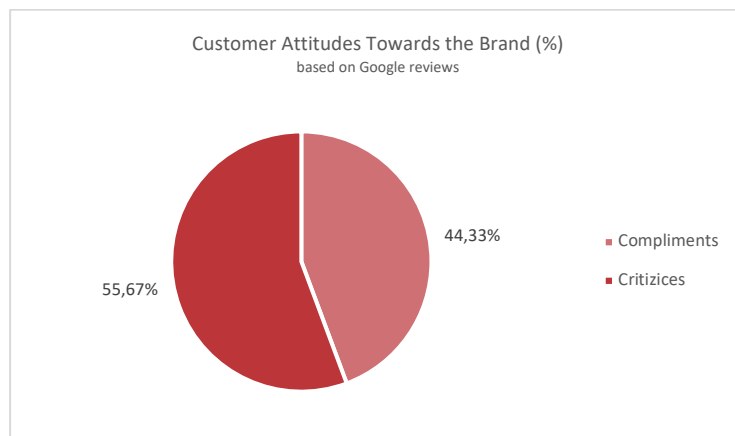


Figure M.1 – Customer Attitudes Towards the Brand (%) based on Google reviews



## 25 Appendix N – Customer’s likelihood of recommending Home Sweet Sushi

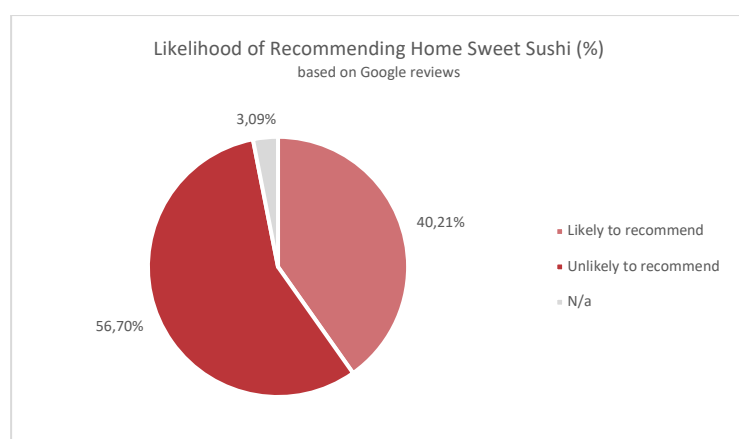


Figure N.1 – Customer’s likelihood of recommending Home Sweet Sushi (%) based on Google reviews

## 26 Appendix O – Analysis of Home Sweet Sushi's Direct Competitors

	<i>Aruki</i>	<i>Gunkan</i>	<i>Just Sushi</i>	<i>Sushi at Home</i>	<i>Sushi em Tua Casa</i>	<i>Home Sweet Sushi</i>
Opening Year	2017	2018	2017	2015	2009	2014
Stores and Operational Area	3 Stores Greater Lisbon	1 Store Greater Lisbon	13 Stores 5 Greater Lisbon 1 Évora 1 Almada 1 Porto 1 Viseu 1 Tomar 1 Viana do Castelo 1 Coimbra 1 Braga	7 Stores 6 Greater Lisbon 1 Porto	7 Stores 1 Greater Lisbon 1 Almada 1 Funchal 1 Braga 1 Coimbra 1 Guimarães 1 Porto	6 stores 4 Greater Lisbon 1 Almada 1 Porto
Opening Hours	12:30 - 15:30 19:00 - 23:00	12:00 - 15:30 19:00 - 22:30	12:00 - 15:00 19:00 - 22:30	12:00 - 16:00 19:00 - 23:00	12:00 - 14:00 19:00 - 22:30	12:00 - 15:00 19:00 - 22:30
Price-Range (Single Menu)	€16.90 - €19.90	€14.00 - €22.50	€13.00 - €19.00	€17.50 - €22.50	€16.50 - €22.00	€16.00 - €19.00
Main social media no. of followers <sup>7</sup>	Instagram 16k	Instagram 11.4k	Instagram 20.4k	Instagram 52.2k	Instagram 30.1k	Instagram 34.3k

<sup>7</sup> Data collected on the 25th of November 2023, on companies’ official Instagram Pages

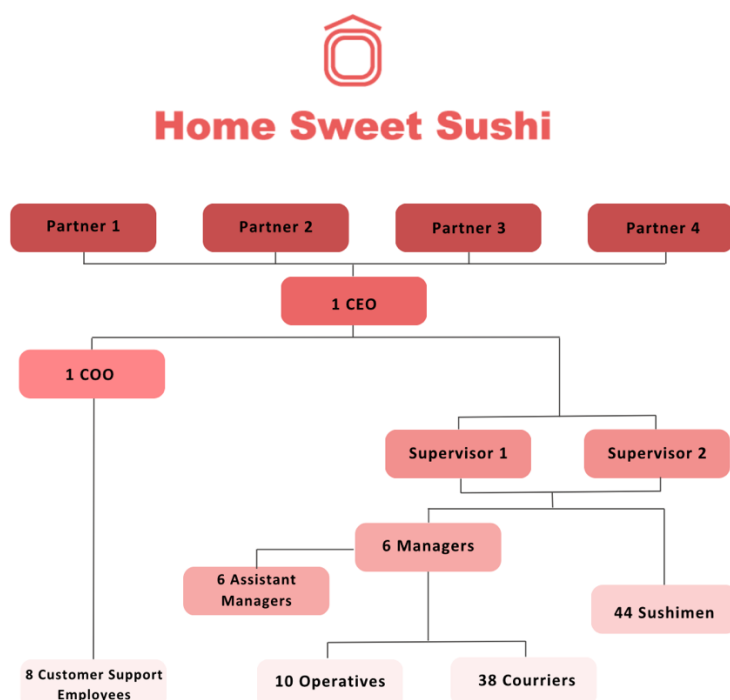
<b>Average Google score (1-5)<sup>8</sup></b>	3.4 / 330 reviews	4.3 / 147 reviews	4.1 / 846 reviews	4.3 / 1368 reviews	4.5 / 891 reviews	4.0 / 951 reviews
<b>Services Provided</b>	Delivery Takeaway Catering	Delivery Takeaway Catering	Delivery Takeaway Catering	Delivery Takeaway Catering	Delivery Takeaway Catering Sushiman at home	Delivery Takeaway Catering Sushiman at home
<b>Strengths &amp; Weaknesses<sup>9</sup></b>	<p>Concept developed alongside <i>Confraria</i> (high-quality and prestigious sushi restaurant)</p> <p>Multiple combo options (menu + beverage; two-person menu)</p> <p>Few vegan/vegetarian options</p> <p>Low Google score</p> <p>Limited geographic coverage</p>	<p>Multiple combo options (menu + beverage; two-person menu; family menu)</p> <p>Few vegan/vegetarian options</p> <p>Limited geographic coverage</p>	<p>Lowest-priced individual menu offering</p> <p>Multiple combo options (vegan menu; family menu)</p> <p>Variety of promotional offerings (takeaway, Thursdays, volume-based)</p> <p>Highest national geographic coverage among competitors</p>	<p>Few vegan/vegetarian options</p> <p>Individual and two-person menu options</p> <p>Strongest social media presence among competitors</p> <p>Largest number of Google reviews among competitors</p> <p>Exclusive mobile App</p>	<p>Pioneer in the sushi delivery segment</p> <p>Multiple combo size options (up to 96 pieces)</p> <p>Diversity of services (private sushiman at home service)</p> <p>High national geographic coverage</p> <p>Only one operating outside Mainland Portugal</p> <p>Highest Google score among competitors</p> <p>Exclusive mobile App</p> <p>Only one still using plastic packaging</p>	<p>Menu Variety (Sushi, poke bowls, and baos)</p> <p>Only one providing a low-carb menu option</p> <p>Variety of promotional offerings (takeaway, and volume-based)</p> <p>Diversity of services (private sushiman at home service)</p> <p>Strong social media presence</p> <p>Only one having a customer-loyalty card</p>

<sup>8</sup> Data collected on November 25 2023, on companies' official Google Pages

<sup>9</sup> Data collected from secondary data research on companies' social media webpages (Instagram, Facebook, Google, TripAdvisor) through feedback left by customers, and official websites.



## 27 Appendix P – Home Sweet Sushi's Organisational Chart



## 28 Annex A – Detailed VAT rates in Europe, 2024

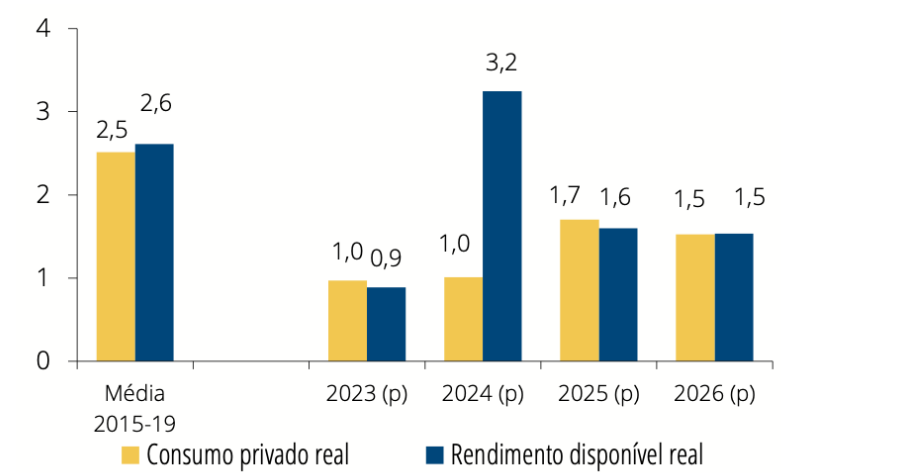
Country	Super-reduced Rate (%)	Reduced Rate (%)	Parking Rate (%)	Standard Rate (%)
Austria (AT)	-	10 / 13	13	20
Belgium (BE)	-	6 / 12	12	21
Bulgaria (BG)	-	9	-	20
Croatia (HR)	-	5 / 13	-	25
Cyprus (CY)	-	5 / 9	-	19
Czech Republic (CZ)	-	12	-	21
Denmark (DK)	-	-	-	25
Estonia (EE)	-	9	-	22
Finland (FI)	-	10 / 14	-	24
France (FR)	2.1	5.5 / 10	-	20
Germany (DE)	-	7	-	19
Greece (GR)	-	6 / 13	-	24
Hungary (HU)	-	5 / 18	-	27
Iceland (IS)	-	11	-	24
Ireland (IE)	4.8	9 / 13.5	13.5	23
Italy (IT)	4	5 / 10	-	22
Latvia (LV)	-	5 / 12	-	21
Lithuania (LT)	-	5 / 9	-	21
Luxembourg (LU)	3	8	14	17
Malta (MT)	-	5 / 7	-	18
Netherlands (NL)	-	9	-	21
Norway (NO)	-	12 / 15	-	25
Poland (PL)	-	5 / 8	-	23
Portugal (PT)	-	6 / 13	13	23
Romania (RO)	-	5 / 9	-	19
Slovakia (SK)	5	10	-	20
Slovenia (SI)	-	5 / 9.5	-	22
Spain (ES)	4	10	-	21
Sweden (SE)	-	6 / 12	-	25
Switzerland (CH)	-	2.6 / 3.8	-	8.1
Turkey (TR)	1	10	-	20
United Kingdom (GB)	-	5	-	20

Source: Mengden (2024)





29 Annex B – Annual projected variation (%) of Private Consumption and Disposable Income in Portugal (2023-2026)



Source: BdP (2024)

30 Annex C – Economic well-being and economic vulnerability in Portugal (2019-2022)

Years	Material living conditions Index	
	Economic wellbeing	Economic vulnerability
2019	29.9	62.8
2020	24.8	58.6
2021	28.4	63.7
2022	Pre 29.1	Pre 66.0

**Well-being Index**  
Data Sources: INE - Well-Being Index  
Source: PORDATA  
Last updated: 2023-11-14  
**Data reviewed by the relevant body.**  
**(14/11/2023)**

Source: PORDATA (2023)



### 31 Annex D – Restaurants' Distribution in Portugal (No.), by geographic location and time period (2018-2022)

Geographic localization (NUTS - 2013) (1)	Enterprises (No.) by Geographic localization (NUTS - 2013) and Economic activity (Subclass - CAE Rev. 3); Annual (3)					
	Data reference period					
	2022	2021	2020	2019	2018	
	Economic activity (Subclass - CAE Rev. 3) (2)					
	Restaurants (include mobile food service activities)					
	No.	No.	No.	No.	No.	
Continente	31 704	30 536	30 555	30 671	29 769	
Área Metropolitana do Porto	4 312	4 111	4 132	4 142	3 980	
Área Metropolitana de Lisboa	10 540	10 200	10 056	9 938	9 562	
Algarve	4 182	4 040	4 083	4 186	4 073	

Enterprises (No.) by Geographic localization (NUTS - 2013) and Economic activity (Subclass - CAE Rev. 3); Annual - Statistics Portugal, Integrated business accounts system

Note(s):

(1) From January 1st, 2015 came into force a new version of NUTS (NUTS 2013). At NUTS II level was just a name change in "Lisboa" which became known as "Área Metropolitana de Lisboa".

(2) The scope of economic activity includes all enterprises from sections A to S of NACE-Rev.2, with the exception of Financial and Insurance Activities (Section K) and Public Administration and Defense; Compulsory Social Security (section O).

(3) Still in the scope of the implementation of ESA 2010 in National Accounts, and the need to distinguish Holdings from Head-offices we proceeded to an update of business statistics. These changes had an immediate impact on the delimitation of the business sector, thus in order to increase consistency with National Accounts, it was conducted a revision of business statistics for the period 2008-2015, only in the business sector where these enterprises are classified, i.e. in Section M of NACE Rev.2 - Professional, Scientific and Technical Activities. The 2008 and 2009 data are made available by the first time, according to ESA 2010. The 2014 data was also revised in Section L of NACE Rev.2 - Real estate activities, following the updating of the information of a large company.

Data for 2019 has been rectified.

A company from Section G - Wholesale and retail trade; repair of motor vehicles and motorcycles was reclassified for Section C - Manufacturing industries, in the Área Metropolitana de Lisboa region and "Large" dimension.

*This data last updated: december 15, 2023*

Source: INE (2023)

### 32 Annex E – Examples of Instagram comments in the category “Post Engagement”

## Comments



home\_sweet\_sushi 11w

\*O meu cérebro sempre que me dizem isto.\*

See Translation



9w

Pra mim uma já é demais até 😂

Reply See Translation



10w

Zero é o suficiente

Reply See Translation



10w

Ron Swanson parece a personagem errada para essa frase lol

Reply See Translation

Source: Home Sweet Sushi's Official Instagram Page, assessed on March 20, 2024.

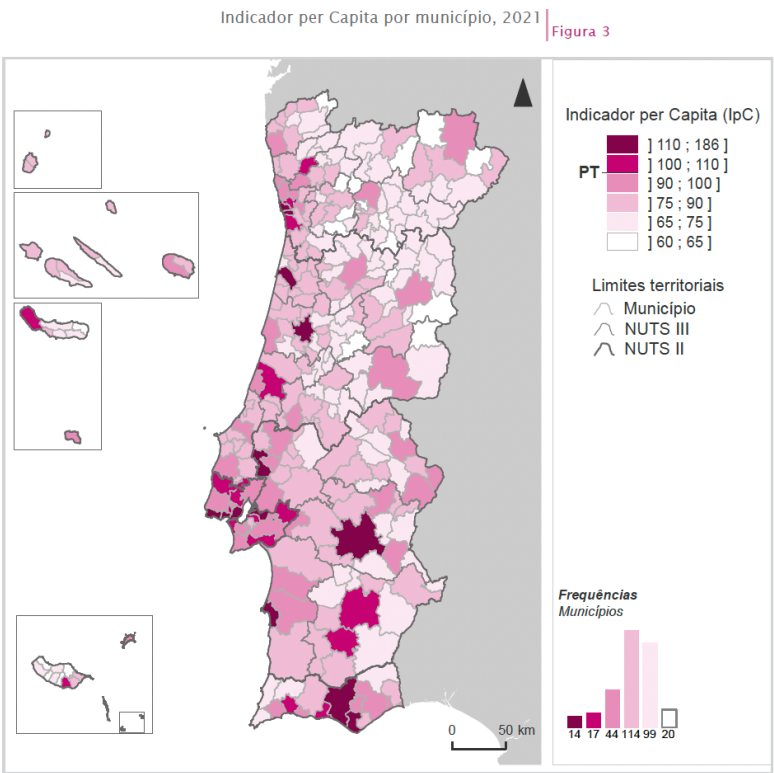


33 Annex F – Examples of Instagram comments in the category “Other”



Source: Home Sweet Sushi's Official Instagram Page, assessed on March 20, 2024.

34 Annex G – Purchasing Power per Capita Indicator, by municipality (2021)



Source: INE (2023)