



UNIVERSITAT  
JAUME·I

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# *Business plan*

## *Hortus*

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Bibliographic review in this regard.

Final work presented to opt for the degree in Business Administration from the University Jaime I by Ungureanu Silviu in 2015/2016 academic year. This work has been done with the guidance of Professor Maria Ripollés Meliá.

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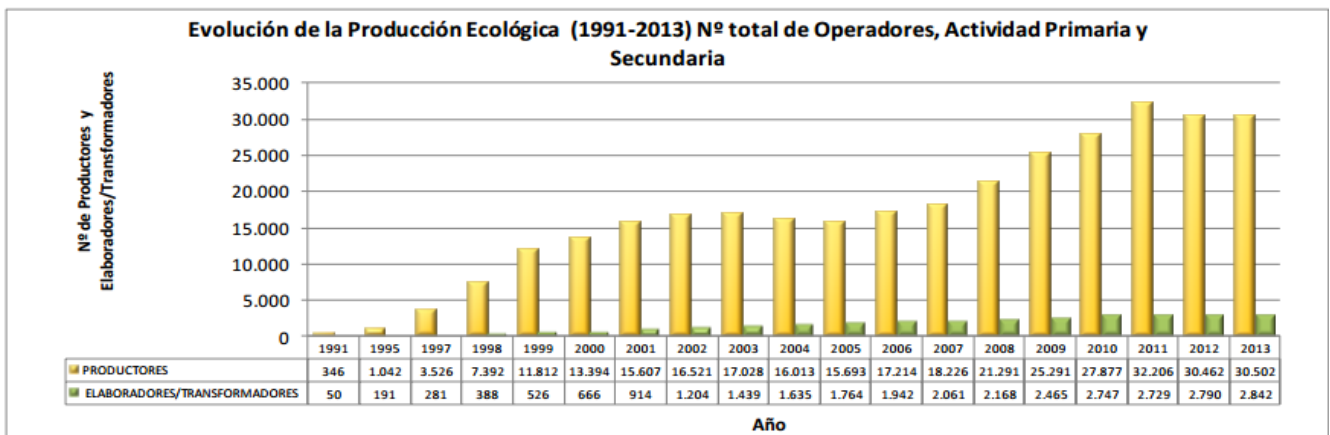
## 1. Introduction

The awareness of the organic product is increasing in the society and these products are taking day by day a bigger part of the market. My plan of business is to implement an enterprise specialized in organic food and all kind of eco-products.

Spain is a leader in the ecological production in Europe, it has 1.610.129 hectares of surface intended to the Ecological Agriculture. The increment of 3% of the people working in the segment and the increment of 5% in the establishment in the ecological production has maintained Spain as leader in the European Union (<http://publicacionesoficiales.boe.es/>, 2014).

**Figure 1**

The evolution of the ecological production (1994-2013), N° total of Operators, Primary Activity, Secondary Activity



Source: <http://publicacionesoficiales.boe.es>

The ecological production has grown in the last 22 years, arriving at his top in 2011 and decreasing the production in the next two years. However, the ecological production has decreased, Spain is on the top on the European Union nowadays (Figure 1).

Nevertheless, the enterprise is going to have a competitive advantage, low prices and good quality (hybrid), that makes the enterprise different from the competitors. The implementation of a franchise is going to provide the chance to compete in prices, maintaining the same quality provided for the competitors.

## 2. Executive Summary

### 2.1.1 Utility for potential customers

The needs that our store will satisfy are the necessity of eating natural products that provide benefits for the health and the increasing preoccupation of taking care of the environment buying ecological products with any negative effect on the health.

### 2.1.2 Product commercialize

The enterprise will be one store with a large variety of ecological products. The products offered for the enterprise will increase more and more with the time of activity.

### 2.1.3 Market Segment

The target audience is going to be a person between 25-80 years old, with a stable economic situation, interested in the care of the health and with knowledge about what is eating. The majority of the company's consumers are women but the percentage of men will be growing with the time.

The segment of the market is going to focus the enterprise is Madrid and at long term the enterprise is going to try to reach all the national market of ecological products.

## 2.2 Definition of the strategic purpose or long-term goals

The strategic purpose of the enterprise is to be a successful enterprise on the ecological market of Spain. At long term, the enterprise is going to implement a franchise system all around Spain, using the success as individual store to convince the potential franchisees.

The enterprise is going to have an evolution from one small store in Madrid to a medium enterprise with a franchise system at long term.

## 2.3 Determination of the main competitive advantage

The enterprise is going to pride a good relationship between the quality of the product and the cost of it. This strategy requires a double effort for the enterprise to catch and satisfy the needs of the customers and at the same time maintaining a structure of costs relatively low.

The competitive advantage is going to be hybrid between quality and lower price on the Bowman's Strategy Clock.

**Figure 2**

**Bowman's Strategy Clock**



Source: <https://www.mindtools.com>

#### 2.4 Main aspects of the distribution process and technology if they are crucial to the competitiveness of the company

The distribution of the enterprise has to be precise and reliable for the success of the enterprise. The time it last to arrive the purchase to the customer and the experience of the enterprise the company is going to subcontract is key in order to satisfy the needs of the customer.

The technology is going to be so important, because the enterprise is going to send automatically the information of the purchase made for the customer and send it to the company. Accordingly, the communication of the companies is going to be vital for the growing of the online sales.

## 2.5 Main characteristics of the marketing strategy

The marketing strategies are going to be the appearance in the ecological fair of Madrid, using pamphlets to attract the local customers, creation of blogs, use promotional products during the seasonal event all long the year and the emailing.

The objective of these strategies is to increase the sales month by month, increasing the loyalty of the usual customers, because they are the main source of income for the enterprise.

## 2.6 Principal key aspects for performance (6-month breakeven point)

The principal keys of the development are the correct implementation of the marketing strategies to achieve on the month 6<sup>th</sup> month to obtain benefits and recover the initial investment.

In conclusion, the financial plan stands on the marketing strategies to gain usual customers, vital for the enterprise and its success.

## 2.7 The Franchise System

The enterprise is going to implement a franchise system once the company has reached a level of success, to demonstrate that the methodology is useful to use in other franchises and be successful.

The franchises are going to be assisted for the accountability, marketing and support departments in order to implement correctly the franchises and to check the evolution of them. Moreover, the company in charge of the transport is going to be subcontracted and is going to take the product from the main warehouse on Madrid and distribute the products to all the franchises. If the costs of taking the products directly to the franchise from the supplier are lower, without taking it to the warehouse, the transport company is going to put in practice the less expensive transport.

The expenses of the enterprise are going to decrease and the prices are going to be more competitive in the market providing the competitive advantage to the enterprise.

## 2.8 Risks and problems

The risks are to miscalculate some data obtained or to not achieve the objectives as it is expected for the first year of activity. Nevertheless, the system of control will implement

the enterprise is going to check every 3 months the evolution of the enterprises objectives. On every control made for the enterprise, the information is going to be checked and analyzed, taking decisions on the marketing strategies or other parts of the enterprise. Also, if the success of the enterprise is not that evident may not convince the franchisees to invest on the franchise system that the enterprise will put in place at long term.

To conclude, the responsibility of the debts of the enterprise is on the hand of the freelance and it may be risky if the enterprise does not achieve the proposed objectives.

### 2.9 Entrepreneur and / or functional equipment.

The enterprise, at the begging of the company's activity, will not needed any investment because the costs are not high, but at long term the enterprise will need more investment to implement correctly the franchise system.

### 2.10 Overall assessment of the project

The project is viable because creating an enterprise of small size and obtain profit on the 6<sup>th</sup> month is hard to achieve. The steps followed to obtain the information provides more viability to the project because is based on a qualitative study conducted to ecological customer.

### 2.11 Personal opinion

In my personal opinion the project is viable because all the procedure I used obtaining the data, making the qualitative study and applying the knowledge earned in the degree helped me create an enterprise in a growing ecological market in Spain. The company will learn step by step how to evolve in the market and reach the success with the time, acquiring knowledge continuously.

The financial plan is made trying to concrete all the costs of the enterprise. Considering that the majority of the SMEs has no benefits of the first year of activity, our enterprise is capable to lose 12537€ more than is already taking in consideration and still capable reach benefit cero.

To conclude, I think that the company should make another market study of the franchise systems in Spain, before implementing the franchise system. Also change the structure of the enterprise, the marketing and financial objective.



### 3. Business strategy

#### 3.1 Definition and analysis of the demand and the potential market

The demand of ecological products has been growing in Spain since the 2000s and this type of alimentation will be growing in the next years as is shown in the next figures.

In the figure 3, we can see a growth of 340% in the superficies, a growth of 118% in the operators and a growth of 600% in the value of type of products. Consequently, the ecological market and demand will be growing in the next years in Spain. This information gives some clarity about the evolution of the market and the consumers of this type of products.

**Figure 3**

Evolution of the superficies, the ecological production and nº total of operators (2000-2010)

	Año 2000	Año 2010	Δ en 10 Años
<b>Superficie (miles has)</b>	380,92	1.674,12	+340%
<b>Número total de operadores</b>	14.060	30.624	+118%
<b>Valor de la producción comercializada en origen (Millones de euros) -Valor origen-</b>	100	700 (*)	+600%

Source: <http://www.magrama.gob.es/>

The figure 4, describe the evolution of the market in millions of euros in Spain between the years 2000s and 2020s. In is expected to experience a growth of seven hundred thousand euros in next 4 years in Spain.

**Figure 4**

Growth of the ecological market in Spain (millions €)



Source: <http://www.magrama.gob.es/>

Characteristic of the potential market (Salcedo, 2014):

- Almost half production of the ecological products goes to exportation.
- The ecological market has not developed at the same rate than the production in Spain.
- The consumption of this type of products is 21 euros per habitant each year.
- Spain is the fifth country by ecological superficies in the world and the first in the UE.
- This production is composed of: 83% vegetable origin an 17% of animal origin.

This characteristic provides information for the company with great value, because it shows that a part of the potential market it is not satisfied because of the range of prices of this type of products. The competitive advantage is going to provide a bigger part of the market for the enterprise, due to the business will compete with products with high quality and lower prices than the competence.

### 3.2 Definition of customer segment

The target audience for our enterprise is a person interested in taking care of his/her body, concerned with the evolution of the planet and the way is produced what is eating in the day by day.

“The Ministry of Agriculture, Food and Environment has made a study that shows that the consumers that buys and had bought ecologic products is increasing, representing almost  $\frac{1}{3}$  of the Spanish population” (www.magrama.gob.es, 2013).

According to the study, there are 4 typologies of consumers depending of their attitude:

- “Selfless”, they acquire the products for fashion, they are younger than the rest of the target audience and the importance in purchase represents less than in 2011.
- “The ecologist”, they are concern about the environment in their day by day and they have grown respect the previous study and also the number of men in this category.
- “The convinced”, they defend the ecologic nutrition and the ways of living taking care of the environment. The majority of them are women and they consume ecologic products at long term.

- “Aware for the health”, this sector take decisions based in the healthiness and the number of men has grown since 2011.

“The profile of the eco-consumers reflects that the average age is 44 and the majority of them are women” (www.magrama.gob.es, 2013).

### **The characteristic and consumption habits**

The consumer is well informed, read all the labels of the products that buys, know easily how to identify the ecological products and he/she has interest in taking care of his health and the nutrition. Therefore, the consumer shares all the information with other people interested in this kind of products (Eurostat, 2016).

The consumption of the product is more than twice a week and only 25% of the consumers eat ecological products almost every day. Besides the 25% consume ecological products for an average of 8 years, therefore this is a sign of loyalty to this kind of products. Therefore, our target audience has more knowledge of the benefits of taking care of the heath and the way is produced all the products nowadays. Additionally, the eco-products are more flavorful than the cheap ones.

In conclusion, the target audience will be disposed to achieve our products at a higher price than the transgenic products they usually buy.

### **3.3 Target audiences**

The target audience is going to be a person between 25-80 years old, with a stable economic situation and is interested in the care of the health, with knowledge about what is eating. The majority of the target consumers are women but the percentage of men will be growing with the time.

The target audience is affected by the changes in the prices and is going to be more interested in products with the same quality but lower prices.



### 3.4 Objective Market

The enterprise needed more information about the customer and their preferences, developed an empathy analysis based on qualitative research trying to find out the most important factors for the customers of the ecological products. Using open questions, the enterprise has the capability to obtain information because its gets freedom to answer the questions for the customer.

By this way, the information obtain is wide and vital to know which aspects they give more importance and how many of them the competitors develop. The study is composed of two parts, the first one is composed of open questions and the second one are quantitative questions. The first part, is going to provide information about the factors that has to take in consideration the enterprise in order to analyze the competitors. The second part is going to provide information about the importance is giving the customer to those factors.

The first part of the inquiry has 7 free questions, where the customer can answer about the customer services, including home delivery, online shopping and about the sensibility of the customer to the changes in the prices (Figure 5).

The factors that consider important the customer for the enterprise when they go to purchase ecological products are the prices, the customer service, the online shopping, the quality of the product and the brand image of the company. Consequently, the enterprise is going to analyze the competitive market using this useful information.

**Figure 5**

Empathy analysis based on qualitative research

Edad:

Fecha:

**Empathy analysis based on qualitative research**

Número	Pregunta
1	¿Qué es lo que usted considera más importante sobre la atención al cliente?
2	¿ En cuanto al servicio de venta online , que considera importante al realizar una compra online?
3	¿ Que productos compra usted habitualmente ? ¿Va variandolos?
4	¿ Que busca usted a la hora de realizar la compra de productos ecológicos?
5	¿Cuándo usted realiza la compra en que se fija para comprar los productos?
6	¿ Que es lo que más aprecia del trato del dependiente/a cuando realiza la compra?
7	¿ Caules son las variables a las que más presta atención a la hora de relizar la compra?

Source: Self-Mad

**Figure 6**

Quantitative question of the research

**Quantitative Research**

Número	Pregunta
1	Puntue del 1 al 5 la importancia de la atención al cliente para usted
2	Puntue del 1 al 5 la importancia de un negocio con compra online
3	Puntue la importancia de una amplia oferta de productos ecológicos del 1 al 5
4	Valore la importancia de la calidad de los productos del 1 al 5
5	Valore del 1 al 5 la importancia que tiene para usted que un producto tenga la etiqueta de producto ecológico certificado por la uji
6	Estaría usted dispuesto a cambiar de proveedor si la atención al cliente es muy mala? ¿Estaría usted dispuesto a cambiar de proveedor ante una subida en los precios del 25%?
7	¿Estaría usted dispuesto a cambiar de proveedor ante una disminución en el precio del producto ecológico?
8	¿De que valor es la compra que realiza semanalmente?

Source: Self-Made

The second part of the study revealed how important is for the customer each factor discovered in the first part of the study and provides information about the weekly spends on ecological products, useful to discover how is going to work our enterprise with his finances (Figure 6).

. Consequently, the inquiry reveal useful information needed:

- The older customers do not value as much as the younger ones the online shopping, because they prefer to buy in the store. The older customers have less faith in the online shopping and all the methods of online payment.
- All of the customers consider important the variety in the store, the results on the study is an average of 4 of 5 points possible.
- All the participants in this inquiry consider that the quality of the products is important and if the quality is not as good as they expect they will not buy in the future.
- The consumers do not value as much that the products have been registered as ecological products for the UE. Nevertheless, they value more the quality of the products than the label of the product.
- Another fact discovered in the study is that the 100% of the customers will be disposed to change the supplier of ecological products if the customer support is horrendous. Also the 60% of the customers are disposed to change the supplier if the price is lower and the quality is almost the same.

To obtain more detail from the inquiry and the complete inquiry it is requested to check the Apex.1 at the end of the final degree project. As a qualitative study the information obtained is very wide and on the top of the point are only the conclusions of the qualitative customer study.

#### 3.4.1 Analyzing the size of the market

The size of the ecological market represents 1% of the domestic spending in alimentation and drinks in Spain in 2010, but is still increasing year by year. However, the size of this market has not developed its best because the consumers have to spend a huge amount of money to acquire this types of alimentation (Salcedo, 2014).

This sensitivity of the Spaniards to the price is explained in part of the crisis is suffering the country and the decrement of the income for the families due to that economic situation.

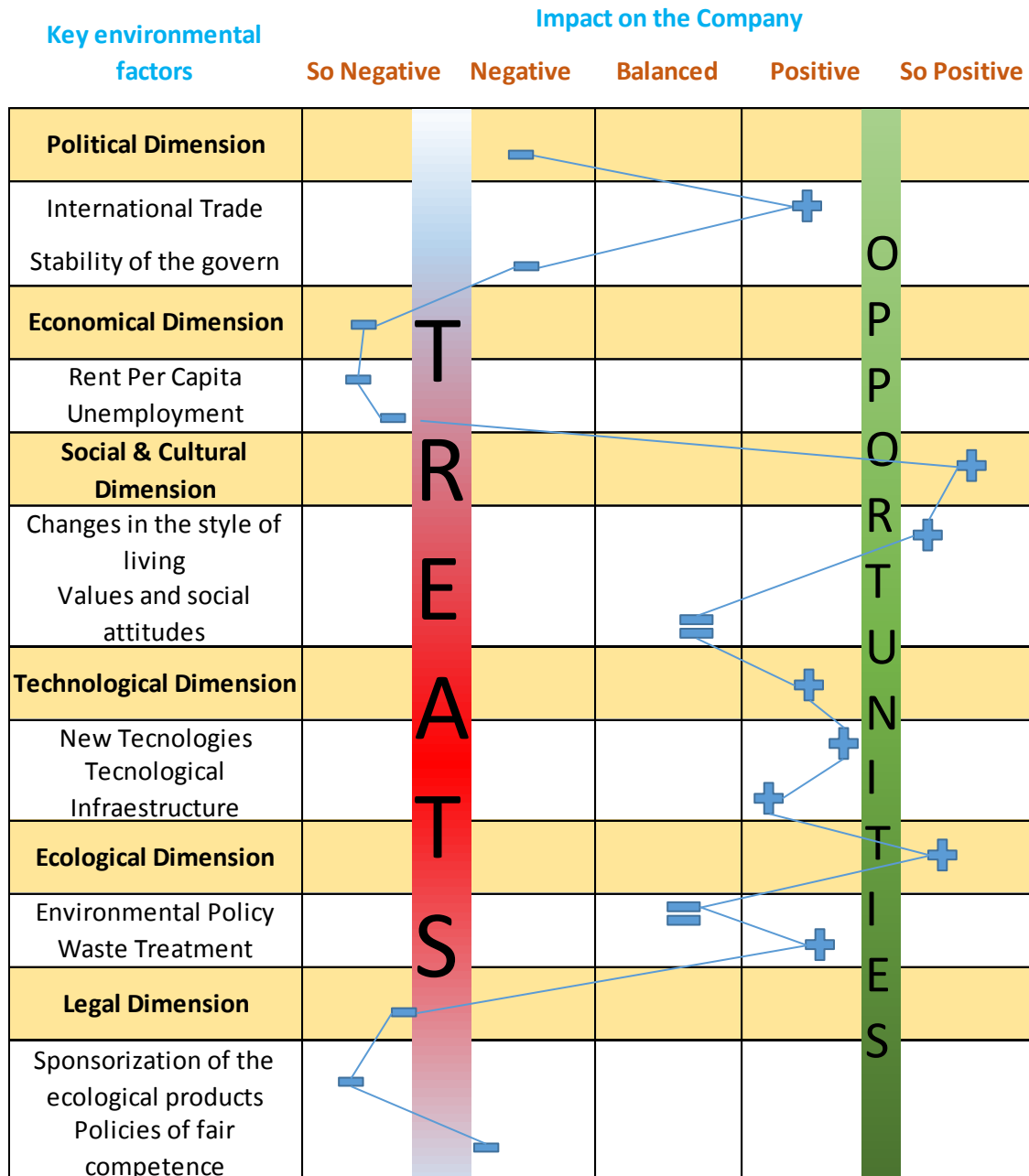
It is unquestionable, the need to upgrade the domestic market of this kind of products. Accordingly, is needed an improvement of the structures of commercialization of the ecologic products.

One of the segments less developed is the specialized retail channel and is one that needs more attention, thus the chance to develop a retail channel and later on implement in Spain a franchise system becoming a possible successful business.

### 3.4.2 Analysis PESTEL

**Figure 5**

Analysis PESTEL and the impact of all the dimension in our enterprise



Source: Self-Made

In the figure 5, the graph analyzes the effects that have all the dimensions of Spain in the implementation of the company and the development of a successful enterprise. The political dimension has a negative effect in our business, because of the instability of the govern and the fact that Spain does not have one president since the last elections

because nobody has enough votes to be president, influencing negatively the economy. Then, the chances of investing in a market that has not developed completely in Spain is a risk that only some companies want to take.

The international trade has a positive effect on the business and the ecological products, because at least half of the production goes outside of Spain. This interesting fact may bring one chance to develop a strategy to internationalize.

Talking about the economical dimension, it that has a negative effect on the company is going to implement. First of all, the rent per capital is lower than the times before the crisis and if the people do not have more money, they will spend less money.

The last negative effect is the unemployment is having Spain nowadays. The unemployment of people under 25 is more than double than the average (+24.9%), and the unemployment people with more than 25 years old is a 2.7% less than the average (Figure 6). The company's objective audience have more than 25 years old, but the unemployment still has a negative effect in the success of the enterprise.

**Figure 6**

The unemployment in Spain on February 2016

Paro España Febrero 2016			
	Total	Hombres	Mujeres
Paro [+]	20,4%	18,9%	22,1%
Paro menores de 25 [+]	45,3%	44,1%	46,7%
Paro de 25 años o más [+]	18,7%	17,2%	20,4%
< Paro 2016-01			

Source: <http://www.datosmacro.com/paro/espana>

The social dimension, has a positive impact on the enterprise, because of the change in the minds of some Spaniards that wants to be more ecological and take care of their health eating better.

The attitudes and the values of the Spaniards have a balanced effect. On one hand, they want to eat healthy and maintain the traditions of the Mediterranean culture. On the other hand, they want to spend less money in the alimentation and the rest of the consumption because the economic crisis.

The technological dimension has two positive impacts in the implementation of the company. The first, are the new technologies that are going to let the company promote,



sell and transport in a more effective way and the improvement will make the enterprise capable to compete in costs.

The second one, is the infrastructure of Spain that will let the company provide the products to all the stores of the country, if will have one main warehouse in Madrid and later transport it to the rest of Spain from there. Also the infrastructure will also allow timely arrival of organic products that are more perishable.

The ecological dimension in Spain has two effects on the company and one of them has changed because of the crisis. The environmental policy, it was a bigger concern in the minds of the politics of this country, but is not taken that serious because of the other economic policies they have to apply to compensate the effects of the crisis.

The waste treatment has a positive effect on the company, because is raising awareness in the minds of the Spaniards of the effects on the planet caused by mass production. The carefulness of the planet implies consuming products that have positive effects on the earth and the health.

To sum up, the legal dimension of Spain has two negative effects on the enterprise. The first one, is the little sponsorship the ecological products that have Spain, making even more difficult to create a small business, because the entrepreneur has to make front to all cost its imply.

The policies of fear competence, the oligopolies that are in Spain, are not following this kind of policies. Consequently, being a small business in Spain is harder and the big corporation are taking advantage of this situation.

### 3.4.3 Analysis of the competitors

The company is going to be placed in Madrid, then is going to analyze the competitors it has near the area of Madrid. Analyzing the competitors one by one the company will be capable to determine which is the best strategy to deal with them taking in consideration the competitive advantage.

To understand one by one the competitors, in this part is going be analyzed prices, customer services, quality of the products, brand image and online shopping based in the inquiry performed in the Navarro Herbarium.

The first competitor is *Biotiful Natura* and it is located in Madrid. The business has the same structure the enterprise wants to implement in the near future and it is nearly the same type of business but with a higher price. The strategy of this competitor is to offer high variety of products at a medium-high price, trying to catch the local customers in Madrid.



Source: <http://www.biotifulnatura.com/>

**Figure 7**

Analysis of the competitor Biotiful Natura

**Biotiful Natura**

Development of the competitors	So Negative	Negative	Balanced	Positive	So Positive
Prices			●		
Customer Services				●	
Online Shopping				●	
Quality of the Products				●	
Variety of the products offered					●
Brand Image ( based in the customer opinion)				●	

Source: Self-Made

Biotiful Natura have their prices in a medium-high range because they are a small business and although they buy directly some products, they are not capable to offer low-medium prices (figure 7).

The customer services are good, offering different ways of payment and the service in the store is nice. Also, the home delivery is good on the area of Madrid and they do it between Monday and Fridays from 11h to 19h.

Talking about the quality of the products is good, because is certified of the UE. The variety of the products is high, the enterprise has more than 3000 products of alimentation, herbalist and cosmetics.

Despite, there are not votes for the customers in internet, it is expected that the image of the brand is between good-average and this information is on the fact that business keeps growing.

The next competitor is *La Tienda de la Abuela* and has almost the same structure that the first competitor. The strategy of this competitor is to keep growing little by little and take a share of the local market in Madrid.



Source: <http://www.latiendadelaabuela.com/>

**Figure 8**

Analysis of the competitor *La tienda de la Abuela*

**La Tienda de la Abuela**

Development of the competitors	So Negative	Negative	Balanced	Positive	So Positive
Prices		●			
Customer Services			●		
Online Shopping					●
Quality of the Products				●	
Variety of the products offered					●
Brand Image ( based in the customer opinion)				●	

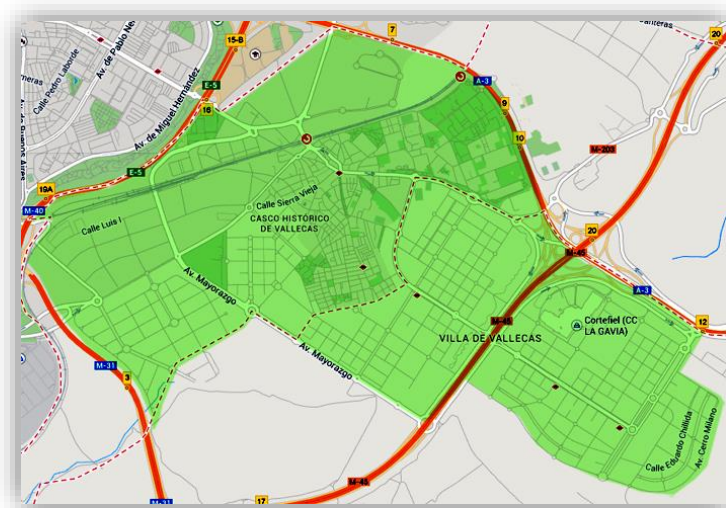
Source: Self-Made

This competitor develops a better home delivery and the variety of products is a lot higher, he also takes advices for the customer when they want some products that are not available in his store (Figure 8).

The overall opinion of the customers is 5 stars, they are happy with the products and the treatment from the seller. Nevertheless, the prices are a little bit higher in this store that the others competitors and is even higher if the customer want to have home delivery.

The home delivery is almost the best, because they take the products to all Spain, if it is not needed to be refrigerated. The delivery is for free if the purchase is higher than 40€ and they have to pay 6€ if the order is between 20€-39.99€ in the area of *Vallecas* (Madrid) and 10€ the rest of Spain. The delivery is not possible if the purchase is below 20€.

#### Delivery in the neighborhood of *Vallecas* (Madrid)



Source: <http://www.latiendadelaabuela.com>

The next competitor is *Corte Ingles*, this enterprise has some qualities that make him less direct competitor between all the competence. The strategy of this enterprise is to have ecological products for his usual customers and take a part of the market share using him well-known brand image. His strengths are basically the image of quality that offer his brand image and the size of the enterprise that has physical stores all over Spain (Figure 9).

Nevertheless, his disadvantages are that the prices are too high in comparison to his competitors, the home delivery is not cheap and the procedure of home delivery is too

complex to even be a possibility. The list you have to read and the steps you have to follow make that something not desirable.

**Figure 9**

Analysis of the competitor *El Corte Ingles*

Development of the competitors	So Negative	Negative	Balanced	Positive	So Positive
Prices		●			
Customer Services		●			
Online Shopping		●			
Quality of the Products				●	
Variety of the products offered		●			
Brand Image ( based in the customer opinion)					●

Source: Self-Made

The variety of products is half of the variety of one specialized store, and has around 1500 products. Nevertheless, the prices in this establishment are higher and the quality is the same as the others competitors. The brand of the enterprise is nicely seen for the customers and this brand is known for the majority of Spaniards because is established all over Spain.

The home delivery, is a little bit strict and you do not have home delivery but rather you choose another establishment for the brand and pay depending on the products and the quantity you bought (El Corte Ingles, 2016).



Source: <https://ecosectores.com>

The last competitor analyzed in the area of Madrid is *Enterbio*, one store specialized in home delivery and with competitive prices that makes him one of company's direct competitor. Accordingly, the strategy of the enterprise is to be one of the best providers of ecological products online and the objective of this enterprise is to get as much possible market share.

The strengths of this competitors are the prices and the variety of products offered in his online page. Despite this, his weaknesses are that they do not have a physical store to let the consumers see all the products and that may make the customers doubt of the products if they cannot see them or do not like to buy online (Figure 10).

The quality of the products is good, and the home delivery is almost the best it gets. (Enterbio, 2016).

**Figure 10**

Analysis of our competitor *Enterbio*

Development of the competitors	So Negative	Negative	Balanced	Positive	So Positive
Prices				●	
Customer Services		●			
Online Shopping					●
Quality of the Products				●	
Variety of the products offered					●
Brand Image ( based in the customer opinion)			●		

Source: Self-Made

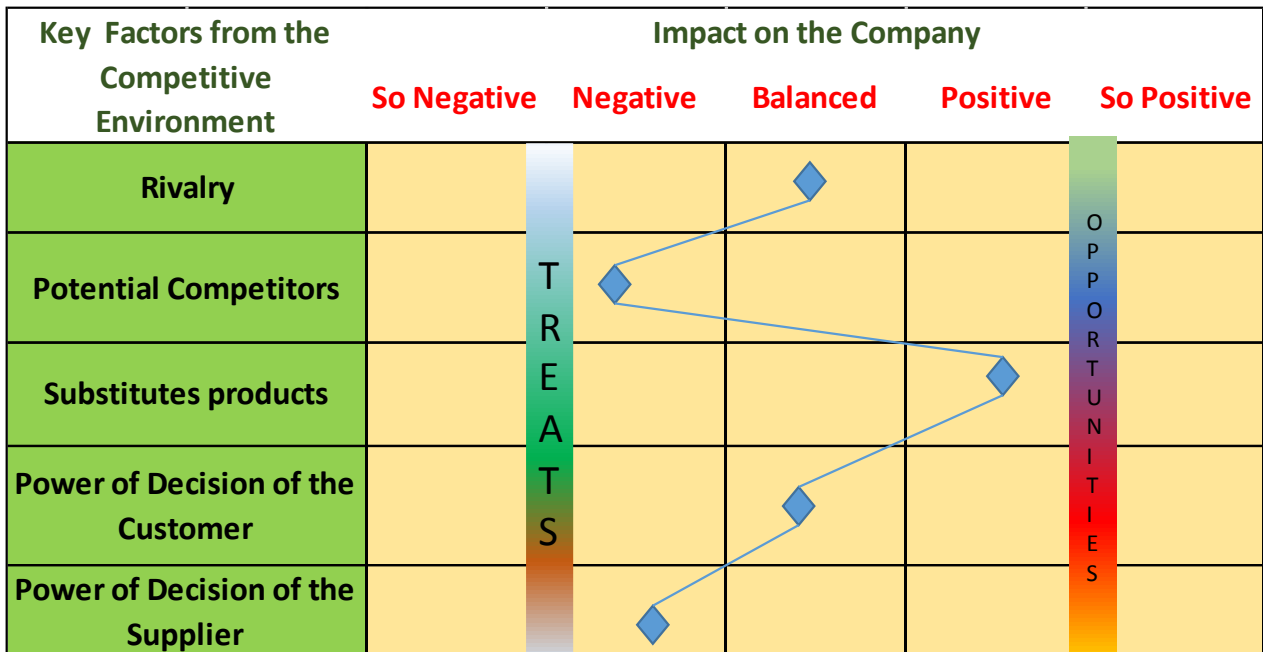
The customer service is balanced, because has some positive services and others negative. Also, the variety of products is higher than the other types of stores because their way of working makes them have only the products the clients are demanding and by this way the cost is lower.

### Strategic profile of the competitive environment

On the next figure, it is explained the situation of the competitive market and its characteristics to make understandable the opportunities and treats *Hortus* is going to find in the market (Figure 11).

**Figure 11**

Strategic profile of the competitive environment



Source: Self-Made

Rivalry is medium-low, because is one market not developed at its 100% and the rent is spent in this kind of products is around 21€ per habitant each year. Despite this there are many opportunities to be exploited in the market (figure 11). This market is still growing and developing, thus the total sells will increase and the competitors do not compete harshly.

Potential competitors are a treat for the enterprise because the mobility, input and output barriers are low and that's allow the entrance for another competitor. The differentiation of the product is medium-high, but the competitors do not need to invest huge quantities to provide products with good quality.

The customer is so sensible to the prices that the costs of change are low and also the access to the distribution channels is accessible to the new competitors. Consequently, the potential competitors are negative for the implementation of the enterprise in Spain. The substitutes products are the less important risk in the competitive market, because the ecological products have heterogeneous characteristics and it is difficult to find substitutes products of them and the demand of this types of products is not that high.

The power of decision of the customer is average, because they are some little in comparison to the buyers of the non-ecological products. It is needed to take in consideration the decisions of the customers because the demand of this products is little. Accordingly, the of the company strategy will be to offer products with almost the same quality but lower prices to attract them.

The power is average, there are some facts that affects the power of decision of the customer, decreasing of increasing the power of the customer: (López, 2015)

- The customers are not concentrated (decreases power).
- They do not buy in big quantities (decreases power).
- Products are heterogeneous (decreases power).
- The costs of changing the provider of ecological products is low (increases power).
- The possibility of integration backward (increases power).
- There are not so many substitute products in the market (decreases power).
- The product is storable but some of them last less than the transgenic products (decrease power).

To conclude, the power of the ecological supplier's medium because their production satisfied a little part of the rent spending in alimentation. Nevertheless, they have some power of decision because there are not so many that produce ecological products certified for the UE. This fact may affect the prices but it will be compensated if the company makes agreements to buy more quantity at the same time, when the company will implement the franchise system.

The analysis of the factors that affect the power of the supplier positively and negatively: (López, 2015)

- The suppliers of ecological products are more concentrated than the customers (increases power).
- They sell in huge quantities or try it because the products last less and the buyers of this kind of products are not many (decreases power).
- The products are differentiable (increases power).
- The integration forward of the suppliers is possible in a growing market (increases power).
- There are no substitute products (increases power).
- Some ecological products like the vegetables are not storable (increases power).
- The product is important for the customer because affects its health (increases power).



- The supplier almost has total information (increase power)

Analyzing the competitive market, it is evident that the potential competitors and the power of the suppliers are the higher treat for the creation of the enterprise.

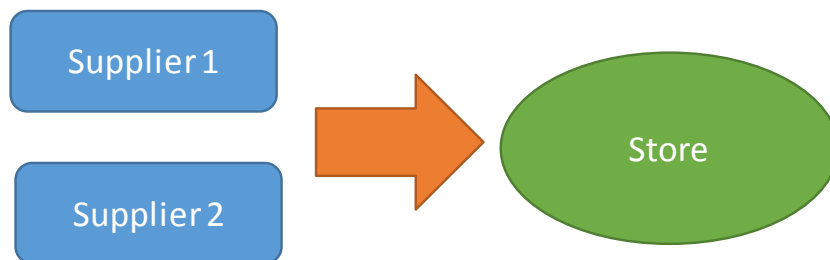
### 3.4.4 Distribution channels

The sourcing of the future store will be simple. The supplier will send directly the products to the store trying to avoid the intermediaries. Consequently, this system will reduce the costs and It will help to accomplish the competitive advantage (figure 12).

This is the first step of the distribution channel and it is going to work until is done the implementation of the franchise system. The franchise system is a long term project that will let the enterprise grow in the market. Despite, the implementation of the second step depends enormously in the success of the enterprise in its own.

**Figure 12**

The distribution channel of the enterprise first step



Source: Self-Made

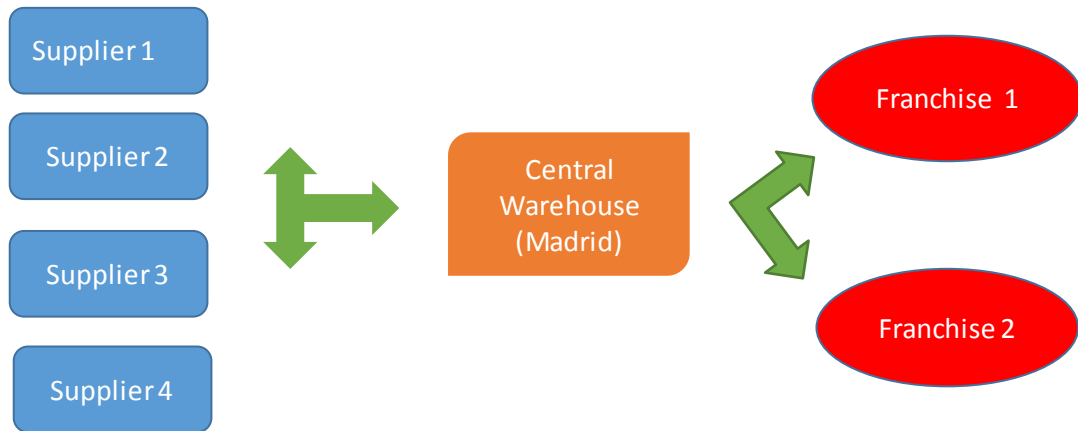
In the future, the suppliers will be more than 2 because the company pretend to have new products each week to maintain the interest of the customers in the store. This variety of products may be vital to have one constant source of new customers in the store. The main livelihood are the regular customers not the sporadic ones.

### 3.4.5 Analysis of the future distribution channel (franchise implemented)

The plan of expansion will to implement a franchise system to reduce costs and be able to compete in the national market. The distribution system will have the warehouse in Madrid and the products will arrive all over Spain from that point.

**Figure 13**

Distribution Channel Step 2, Franchise System



Source: Self-Made

The implementation of this system will have some consequences for the enterprise. First of all, the implementation of the system and the distribution of the products will have extra costs of coordination (Figure 13).

Secondly, the franchise system will make the company more competitive in the national market because the enterprise will be able to reduce cost by purchasing more quantity to the main suppliers of ecological products. All in all, it is expected to be able to offer ecological products with at least 5% less than the competition.

### 3.4.6 Determine the competitive advantage

The competitive advantage has to accomplish some requirements to be considered (López, 2015):

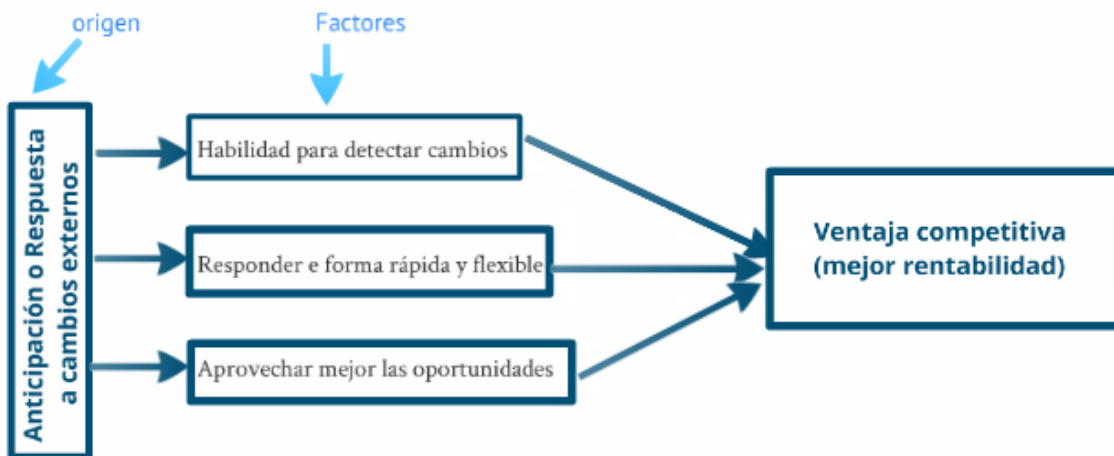
- It needs to be associated with a factor of success in the market.
- The competitive advantage must be substantial to make a difference.
- It is needed to be sustainable in front of the changes in the market and the actions of the competitors at long term.

Also the enterprise has to accomplish some factors to create a competitive advantage. The enterprise will follow up the evolution of the competitors and its strategies to be able to react to the changes of the customer requests satisfying them (Figure 14).

The obtainment of continuous information will let the enterprise profit more of the opportunities the market is offering and take advantage of any chance of growth.

**Figure 14**

The external factors to create the competitive advantage



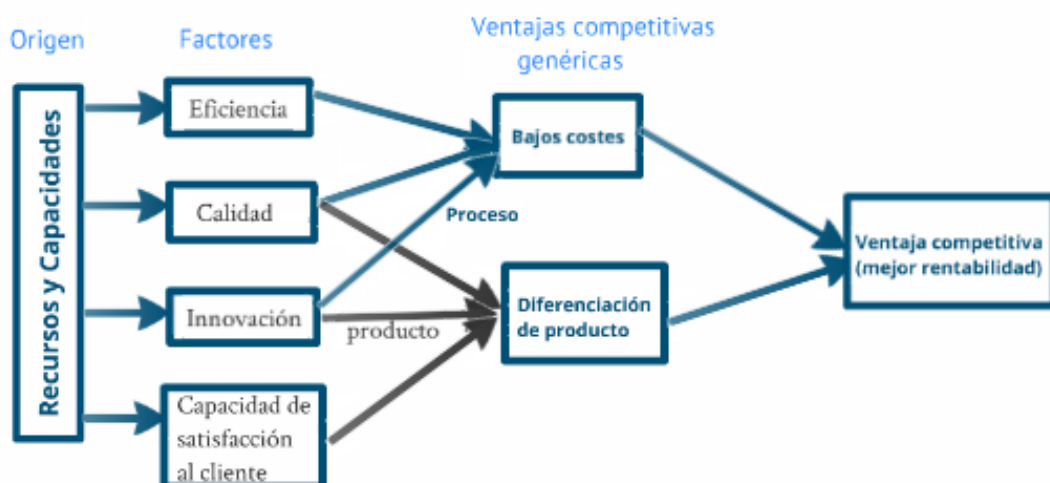
Source: (López, 2015)

Focusing now in the internal factors, the enterprise need to have a competitive advantage and it is going to focus more in offering products with good quality and the best customer service to make a difference in the market.

As a service business, the enterprise is not going to focus on the innovation because is not a production enterprise and its effort will be on the quality and the customer service. Due to the strategy is using the enterprise, hybrid between differentiation and cost leadership, the customer service will make the enterprise highlight or be another enterprise in the market (Figure 15).

**Figure 15**

The internal factors to create the competitive advantage



Source: (López, 2015)

The competitive advantage of the enterprise is hybridizing between quality and price. The number 8 is going to be placed the competitive advantage if the enterprise has some special characteristics (Figure 16).

The enterprise is going to pride a good relationship between the quality of the product and the cost of it. This strategy requires a double effort for the enterprise to catch and satisfy the needs of the customers and at the same time maintaining a structure of costs relatively low.

“This strategy is useful if the enterprise can sell more quantity than the competitors, maintaining an attractive profit resulting from the reduction of prices” (López, 2015).

This possibility is not going to be applicate in the enterprise in the first month of implementation of the store, because it does not have the usual customers needed to success. Consequently, the finance plan will provide the same conclusion and the enterprise is going to be profitable only after its 6<sup>th</sup> month of operation.

One option at long term is that the enterprise does not offer the cheapest product or the product with the most quality, but the value added is higher than the price demanded for the customer. Thus, the relationship between the quality offered on the product and the price to pay is positive.

**Figure 16**

Bowman's Strategy Clock



Source: <https://www.mindtools.com>

On the long term, is the enterprise will be near the center of the Bowman's Strategy Clock and offers the products in half the price range and in half the value added given to the customer (Figure 16). Good examples of companies that pursue this strategy are discount department stores. The quality and value is good and the consumer is assured of reasonable prices. This combination builds customer loyalty. Hybrids are interesting companies. They offer products at a low cost, but offer products with a higher perceived value than other low cost competitors. Volume is an issue here but these companies build a reputation of offering fair prices for reasonable goods. (Mind Tools Ltd., 2016).

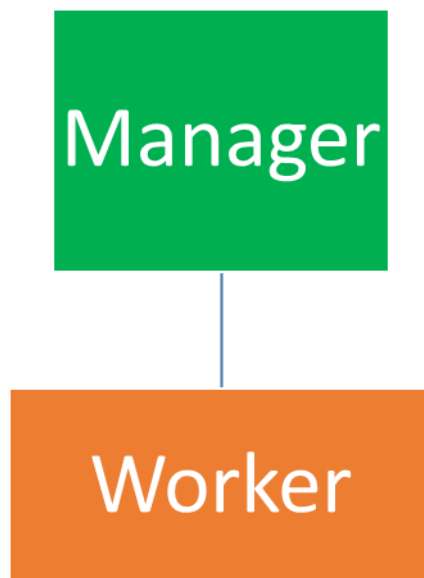
#### 4. Organizational structure

The organizational structure will be simple because the enterprise will be small in the beginning and will be growing with the time. Accordingly, I will occupy the charge of manager performing activities like accountability, marketing, home delivery and other type of responsibilities (Figure 17).

On the second level of the organizational structure is going to be a worker, myself and I will be in the store of Madrid and she will be doing all the activities needed on the enterprise. If is needed the enterprise will have one worker in the store to work as a salesman and other activities.

**Figure 17**

The organizational structure step one (before franchise)



Source: Self-Made

Taking in consideration the future expansion of the enterprise it is needed to change the organizational structure to another more complex and contract workers for the different departments of the new structure (figure 18).

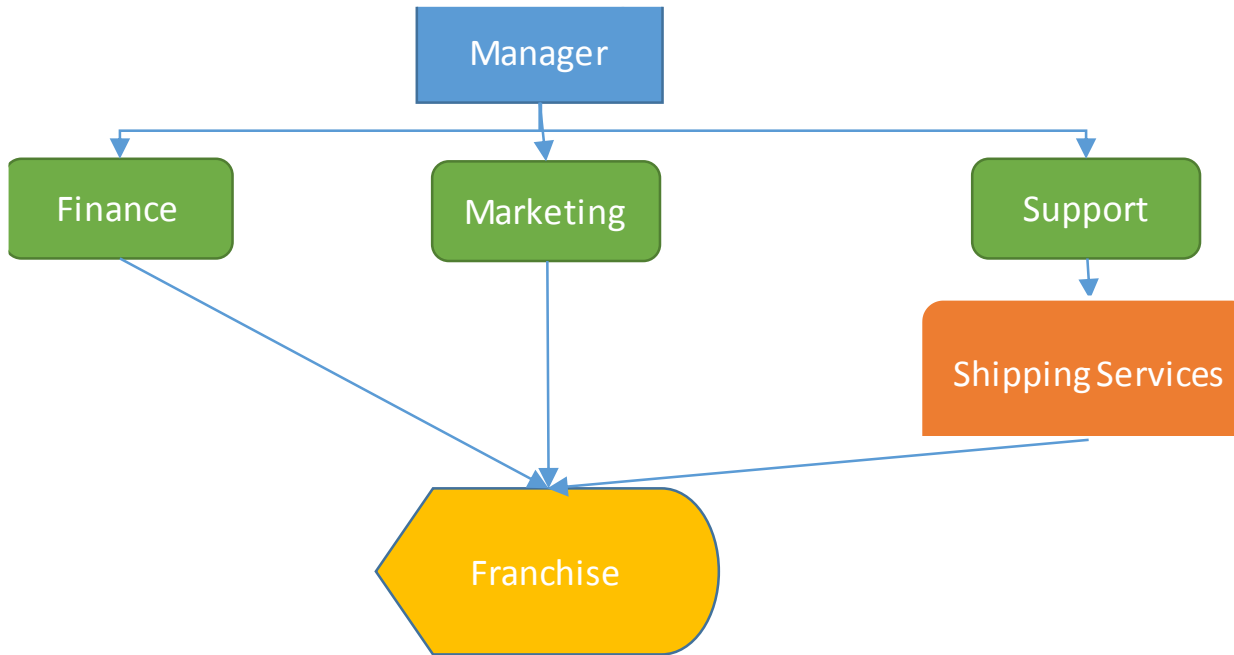
The enterprise will need one person on the department of finance, marketing and support. The department of support is going to implement the distribution of the products hiring an enterprise to do the shipping services from the central warehouse to the franchises all around Spain.

All the department are going to check the evolution of the franchise and help the franchise to implement the strategies trying to focus on evolve together into a successful

business. Thankfully, to the franchise system the enterprise will be able to offer a lower range of prices because the purchasing products on larger quantities and accomplish the competitive advantage by this methodology.

**Figure 18**

The organizational structure step 2 (franchise implemented)



Source: Self-Made

## 5. Service delivery process

The selling of the product is going to take place most of the time in the store (Madrid) without shipping the products to the homes of the customers. Besides, the enterprise is going to deliver the products bought online to the home of the customer or to the store and the customer can take it on the store if goes on the working hours. The conditions of the delivery service are almost the same as one of our competitor because of his efficiency (La Tienda de la Abuela, 2013).

### Cost of the delivery in Spain (Peninsula)

- Purchase between 20€ to 39,99€, the delivery is going to cost 10€.
- Purchase over 40€, the delivery is for free.
- If the purchase of products is above 20€, the enterprise is not going to realize the home delivery.
- The shipment of the products will include only products that do not require refrigeration and the products will be send using one enterprise specialized in delivery in the next 24 hours.
- The terms of the shipment will be ruled by the transport company (does not work on Saturday or Sunday). The cost of the shipment and reshipment are going to be on charge of the customer. In case of breakage of any product in the shipment it will be justified and will recover only the product concerned.

### Salamanca neighborhood shipments (Figure 19)

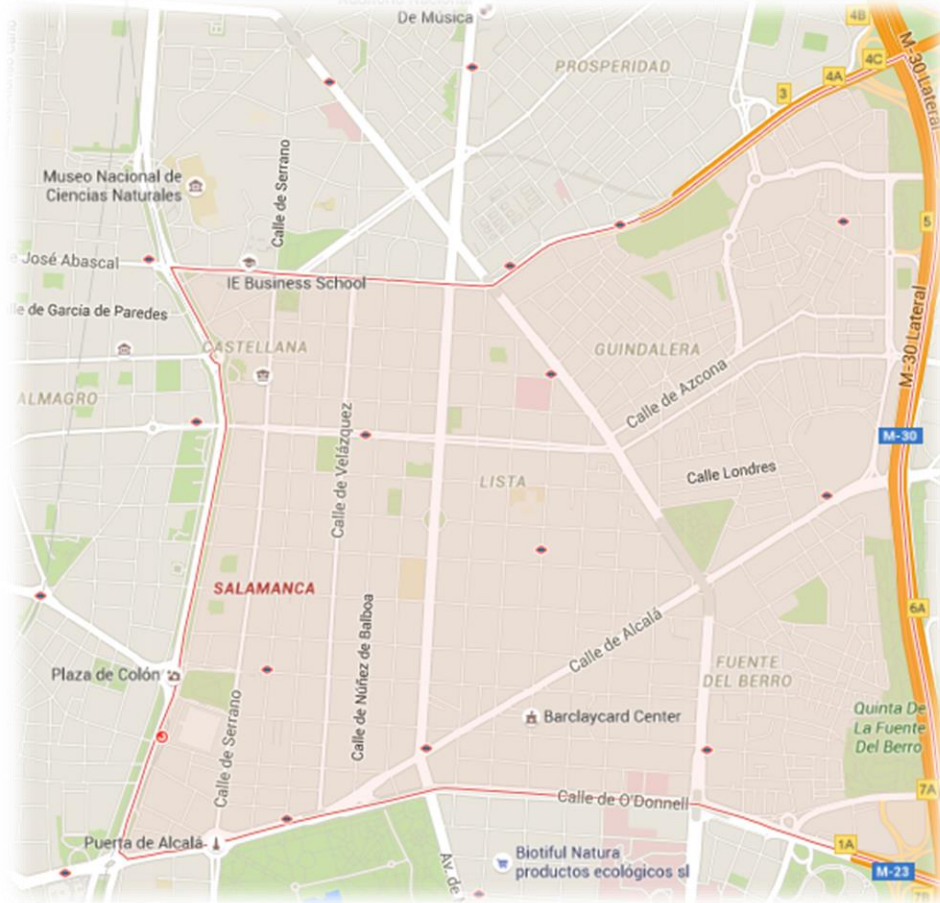
The Enterprise will deliver fresh products in the neighborhood of Salamanca near the location of the main store. The shipments will be done:

- Firstly, the customer will specify the location of the shipment by phone or email.
- Secondly, if the customer is not on the place and the time of the shipment, he will take the shipment on the store or pay 8€ extra, in concept of shipping cost and later on will be taken to the new direction given by the customer.
- The last condition of the shipping is that the delivery will be done only in the neighborhood of Salamanca as it shows the figure 19 dawn below.



**Figure 19**

Neighborhood of Salamanca Madrid



Source: Google Maps

### Repayment Periods

The customer has the right to return the purchase of the products and he has to communicate it to the store in 24 hours if the product is fresh and in 7 working days if the product is not fresh.

In case of return, the enterprise will not give back the shipping costs. Moreover, the cost of the pickup of the products will be pay for the customer (equivalent to the type of the product and the location of the delivery).

To realize successfully the return of the purchase, the products must be in the original packaging. Once the purchase has arrived to the enterprise, and the checking of the proper condition of the products, the enterprise will repay the money using the method of payment of the purchase.

## 6. Marketing Plan

The first chance the enterprise will have to make appearance in the world of ecological products will be on the ecological fair in Madrid between the 10th and the 13th of November in 2016. (Biocultura, 2016)

The participation on the fair will have some benefits for the enterprise. The first one, the enterprise will be unveiled in from the suppliers of ecological products and the possible buyers of this type of products. The second benefit is the information obtained during the fair about the competitor and the evolution of the market.

In conclusion, it is the perfect moment to make the appearance on the ecological market. The enterprise will appear in google maps and a mobile app. The app will be useful only to have more information about what is sold in the store and the prices of the products. The first week, pamphlets will be distributed nearby the location of the store to make the enterprise known for the neighborhood. The use of pamphlets has some advantages that will help to start the enterprise (Marketing Directivo, 2011):

- Flexibility, are adaptable to the needs of the enterprise and them can be used on the store opening and on every other event.
- Easy to handle because of the size and the pamphlets can be saved in the wallet, providing information to the customer.
- Cheap, the cost is vital in the opening of a new store.
- Effectivity, the range of effectivity is high and the results can be obtained in a short time after the distribution of pamphlets.
- Orientated target audience, one of the cheapest way to attract the attention of the target audience in the area of Madrid.

Accordingly, this strategy is going to produce an increment in the sales of the store because the local customers are going to be informed of the new opening and the curiosity of something new in the neighborhood will attract the customers fulfilling the objective of 30 sales on the first week.

The next strategy is going to be the customer loyalty cards that is going to give some advantages to the customer and the business. On one hand, the customer is going to enjoy the discounts offered by the enterprise, the gifts from the enterprise, extra information about the products and personalized customer care. On the other hand, the enterprise will obtain more information about the customers and will be able to satisfy their needs. (Punto Azul, 2016)

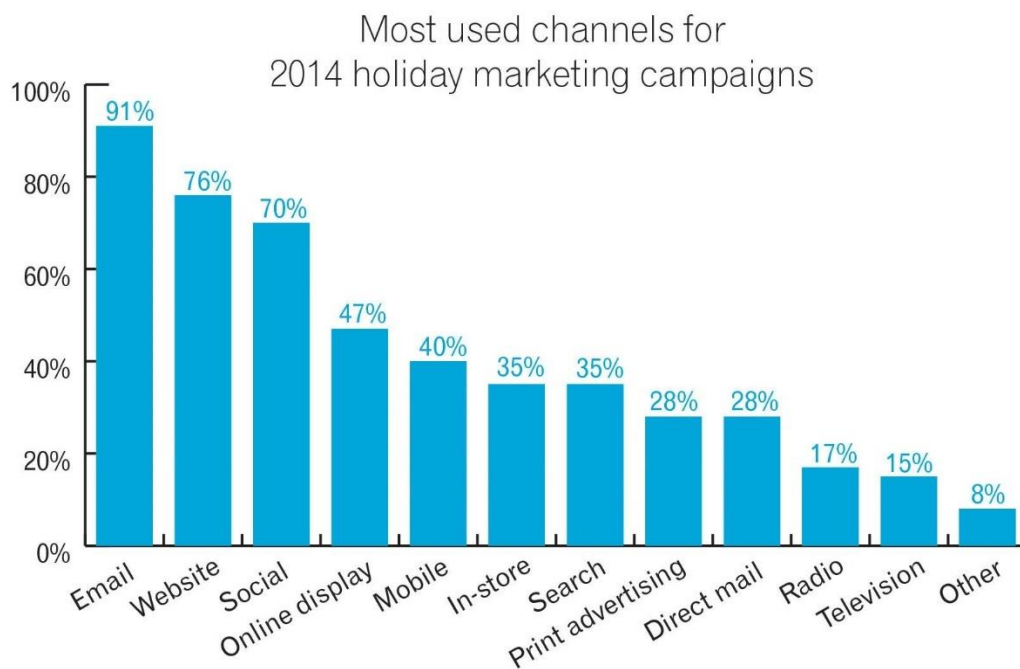
Emailing is going a be one of the marketing strategies used for the enterprise on the events all over the year once the customers have provided their email completing the

qualitative inquiry is going to realize the enterprise or the client have one customer loyalty card. Consequently, the enterprise is going to use the information of the study below made by *Experian Marketing Services* and using the information, send emails to each customer on the correct date to increment the sales.

The 91% of the enterprise analyzed by the company *Experian Marketing Services* used the emailing to advertise their products on holidays. The future enterprise *Hortus*, is going to use it to promote their products because is one of the most effective in relation to cost hauling (Figure 20).

**Figure 20**

Most used channels for the 2014 holiday marketing campaigns



Source: Experian Marketing Services

“Spain showed email volume variability, with a strong start in early October due to Spain’s *Día de la Hispanidad*. Another peak week for emailers in Spain was the week of Nov. 4. The last email volume peak for Spain (the week of Nov. 18) was not only driven by Christmas, but also by *San Nicolás*” (Experian Marketing Services, 2012)

Another strategy the enterprise is going to use is the Blog. The internet is one of the easiest and the cheapest way to connect with people with the same interest and preferences. Consequently, the enterprise is going to create blogs on the webpages talking about the ecological product, healthy way of living, the effect of the non-ecological products on your body...etc.

This strategy of advertising will provide some benefits for the enterprise and its success in the market: (Villalobos, 2016)

- Quick & Easy, for the development and implementation of articles on blogs is not needed high computer literacy. The enterprise, in the beginning of the activity, will have only one worker and the time will be a key factor in order to fulfill all the business responsibilities.
- Cheap, the creation of an article is not expensive and sometimes the creation of blogs is for free.
- Allow the enterprise to understand better the needs of the target audiences. The customers will leave comments on the blog and this will indicate which products they like most, what they give you recommendations for improvement and even what the enterprise has to improve.
- Improves natural positioning (internet positioning) of your website in Google or other search engines. If the enterprise is better positioned means that has more the traffic to the blog, the sales are going to improve offering products that satisfy the needs of the market.
- Makes known or maintain brand awareness or brand of your company. *Hortus* is an unknown enterprise in the ecological market and the blog will help to make known the brand for the consumers of the ecological market.
- Facilitates communication to the market with periodic releases of items, the company can communicate enterprises potential to the customer's market or launching new products and services, product improvement...etc.
- Presents the company as more accessible to the market.
- Offers an image of security of the company. If the company is having a blog means that is sure about the quality of its products and services, it is not afraid of having bad comments is the blog and the company is dispose to improve continuously satisfying the needs of the customer.
- Offers an image of expert company and builds the credibility for the enterprise. Consequently, offering more information about the products that offers the company or are available in the market, the customers buy from the supplier that has more knowledge and quality of the product.

The company will have an online page offering information and the possibility to offer our products online, bringing them to all over Spain. The implementation and maintenance of the webpage is going to provide sales all around Spain, because of the online

shopping and it is expected to increment the sales of the enterprise after its implementation.

The seasonal promotion, are going to be seasonal products dedicated to one festivity like Christmas baskets, Easter products, Valentine's Day, Mother's Day or Father's Day. These strategies are going to increase the sales on those days at least 25% and it expected to buy more than the average of 20€ per customer each week.

#### Christmas day basket



Source: <http://www.seleccionatural.es>

#### Valentine's Day basket



Source: <http://www.seleccionatural.es>

## 7. Economic and financial plan

### 7.1 Determination of the legal form of the company

The enterprise is one corporative business that belongs to one person and it will be a self-employed company. The legal form of the enterprise is easy to start and it's not needed permission for the government.

“The businessman performs the business activity in in his own name, assuming the rights and obligations arising from the activity. His liability to third parties is universal and responds with all its present and future assets of the debts incurred in the activity of the company.” (Secretaría General de Industria y de la Pequeña y Mediana Empresa, 2016)

On one hand, one benefit is that needs little capital investment or no investment and is the easiest organizational structure, hence the way of checking and showing the accountability is simple. The majority of these enterprises do not need to present accountability. (Duvergé, 2004)

On the other hand, the enterprise does not income taxes because the owner includes the benefit of the enterprise in his own statement of income. Considering the owner is not working for one salary, the enterprise is not paying him salary and his salary is the net income or net loss of the company.

Nevertheless, on the stage 2 of the enterprise the form of the enterprise must change because the growth of the enterprise won't be able to handle with this legal form. This form presents a series of inconvenient no compatible with the expansion:

- The owner is personally liable for the debts of the company.
- The enterprise has no facility to accumulate capital.
- The live of the enterprise has a limited live.
- The degree of financial risk that is assuming the owner. If the company is organized as a sole proprietorship company, the balance sheet is less useful for creditors and the process of raising capital is almost impossible nowadays.

## 7.2 Determination of the selling price

The determination of the price is going to depend on the product and the supplier of the product. Therefore, each product will have a percentage of profit margin and it will be key to be competitive in the price.

The obtainment of the information of the direct competitor is vital to be competitive in cost leadership and win little by little the usual customers and they are going to provide stable ratability.

The cost of the products provided by the supplier is going to add the applicable taxes, add the packaging cost and at last apply the percentage of profit margin.

Figure 21

The procedure to obtain the prices of each product

COSTS						
Reference	Product Cost	Taxes	Packging	Shipping costs	Profit Margin 20%-60%	Final Price
Tofu	0,56	21%	0,1	0	35%	0,97 €
Pan ecológico	0,85	0,10%	0	0	60%	1,36 €
Huevos Ecológicos	0,95	0,10%	0,05	0	55%	1,52 €

$$\text{Price} = \text{Cost} / (1 - \% \text{Profit Margin})$$

Source: Self-Made

The formula to calculate the price is obtaining the costs and divide by 1 minus the percentage of profit (Figure 21). However, some products may have another price based in its rarity or in the discount applicable to each customer.

The marketing strategies are going to affect the price. One example is the creation of sample to taste the product with zero cost for the customer or a modest part of the price. Also the seasonal promotion is going to affect the prices like one basket of products for the mother's day and the Christmas day.

The main objective for the enterprise is to calculate the price is going to offer a major part of the market share and be profitable.

### 7.3 Financial plan and investment plan

The location of the enterprise is on the street de *José Ortega y Gasset* (Madrid) near the center of the city. On the center of Madrid, the rent per capita it is expected to be higher because the costs of living in the area are higher. Therefore, the objective customer is near the store and the chances of having more sales are higher.

The enterprise is going through one pre incubation period in the first 3 months. During this period the enterprise is making herself known in the area of Madrid and the customers are going to buy more often to the store till they are usual customers.

The expenses on the first month are going to be higher because of the purchase of furniture and the local conditioning. Therefore, the expenses are lower on the next months because the only expenses are going to be the renting of the store and the supply of water and electricity (Figure 22).

On the 4<sup>th</sup> month, the expenses are going to increase because of the implementation and the maintenance of the webpage. The webpage is necessary for the increment of the sales and the growth of the enterprise.

The income since the 6<sup>th</sup> month to the 12<sup>th</sup> month is going to have one increment less pronounced due to the little increment of the sales on the store. The result on the first 5 months is going to be negative because the enterprise is not able to compensate the negative result of the 1<sup>st</sup> month. Nevertheless, on the 6<sup>th</sup> month the enterprise is going to reach benefit and it is able to compensate the negative results of the firsts 5 months (Figure 22).

**Figure 22**

Business development in the first year of operation

Month	1	2	3	4	5	6
Income	1.080 €	1.440 €	1.800 €	2.160 €	2.520 €	2.880 €
Expenses	3.452,90 €	1.500 €	1.500 €	1.550 €	1.550 €	1.550 €
Result	- 2.372,9 €	- 2.433 €	- 2.133 €	- 1.523 €	- 553 €	777 €

Month	7	8	9	10	11	12
Income	3.060 €	3.240 €	3.420 €	3.600 €	3.780 €	3.960 €
Expenses	1.550 €	1.550 €	1.550 €	1.550 €	1.550 €	1.550 €
Result	1.510 €	1.690 €	1.870 €	2.050 €	2.230 €	2.410 €

Source: Self-Made



The sales are going to increment each month 10 sales per week since the 1<sup>st</sup> month to the 6<sup>th</sup> month and the increment will be less pronounced on the next months with an increment of 5 sales per month (Figure 23)

**Figure 23**

Evolution of the sales on the firsts 12 months

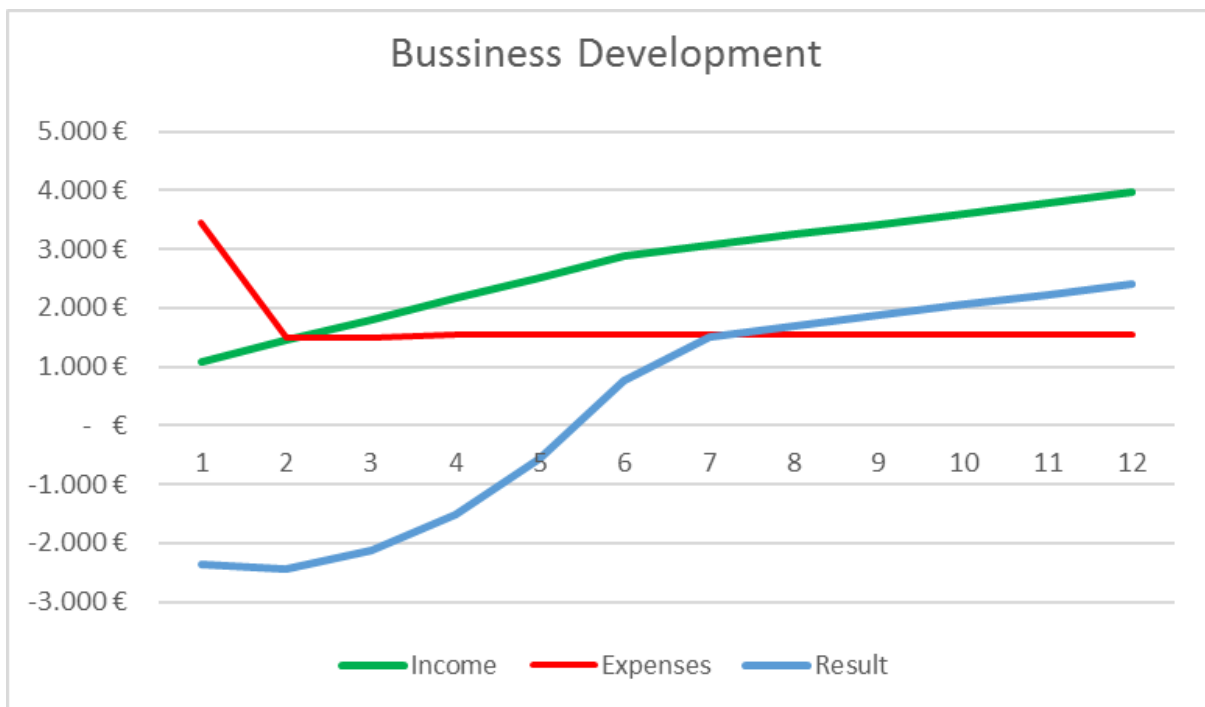
Month	1	2	3	4	5	6	7	8	9	10	11	12
Sales/Week	30	40	50	60	70	80	85	90	95	100	105	110

Source: Self-Made

The first month it is expected to have an average of 30 sales each week. The sales are going to increase at least 10 sales on the weeks of the second month arriving to 40 sales each week (Figure 24).

**Figure 24**

Graphic Business development in the first year of operation



Source: Self-Made

The store will have more usual customer with the time and with those customers the enterprise is going to be successful at long term. Consequently, the third month the enterprise is going to have 50 each week and the creation of the webpage is going to help to increment the sales.

On the 4th it is expected to reach 60 sales per week due to the variety of products is having the enterprise with new suppliers and the products demanded for the usual customers.

On the 6<sup>th</sup> month, it is expected for the enterprise to reach benefits, thankfully to the usual customer that is going help the enterprise reach 80 sales each week (Figure 24). Consequently, the enterprise is going to be rentable or at least have 0 benefit and keep wining little by little with the time (Figure 24).

The information of the financial plan and investment is going to be more complete on the apex 1.

#### 7.4 System charges customers, payments to suppliers

The charges of the customer are going to be in cash, in credit or with others methods like PayPal. The customer is not needed to pay in installments because the purchase will be an average of 20 per customer.

The advantages of the payment on pays are (Consumoteca, 2016):

- The commissions of the payment are lower than working with the banks.
- Free for the customer because PayPal charges the store.
- Quick.
- Commodity.
- Safe.

The payment to the suppliers will be paycheck to 90 days because this method of payment will help the enterprise to raise the capital necessary to pay all the ecological products they supply.

The store is not going to have warehouse on the stage one of the enterprise project. Nevertheless, the enterprise is going to need a central warehouse and the payment are going to be set in the future because is difficult to guess what is going to happen at long term in the market or the future of the enterprise.

## 8. Systems of control

### Qualitative analysis of consumers

One system of control, the enterprise will be the qualitative analysis of consumers to check the evolution and the satisfaction of the customers with the customer service, the webpage, the quality of the products or some suggestion of the customers.

The analysis will be a qualitative inquiry that the clients may complete in the store before realizing the purchase or even after, the inquiry is going to be absolutely voluntary survey. The survey obtains a lot of information of the customers and the level of success is having the enterprise beyond the customers.

The questions may be:

- What do you like the most of our store?
- Are You buying in the store *Hortus* for the first time?
- How much do you spend weekly in this store?
- Which factors of the customer service do you consider the most important?
- The webpage is suitable for the store?
- Suggestions:
- What do you think about the ecological market in Spain?

The customer should complete the inquiry about the customer satisfaction to provide information of the development of the store. Therefore, using this inquiry the store is going to survive at long term in the market because the satisfaction of the usual customer is vital to the survival of the enterprise.

### Analysis of fulfillment of the planned objectives and implementing marketing improvements.

The analysis of the fulfillment of the objective is going to follow the marketing results or the accountability results trying to fix the error on the financial plan or the marketing plan.

The objective of the financial plan is going to be checked every 3 months in order to evaluate the evolution of the enterprise and apply changes on the marketing strategies. The financial evolution of the enterprise is linked directly to the marketing strategies. Therefore, on some seasons the enterprise is going to apply specific strategies like Christmas or Easter to accomplish an increment on the sales and the objective are going

to be analyze separately after the end of the season. On the marketing is going to establish the objective depending on the strategy used and on this analysis is going to check the success and if is not successful apply new strategies.

## 9. Schedule

The schedule reflects the firsts 12 months of the enterprise taking account the most relevant events of the enterprise on the first year of activity.

The enterprise is going to show up in the ecological fair of Madrid on the between the 10<sup>th</sup> of November and the 13<sup>th</sup> of that month. The appearance of the enterprise on the fair will introduce the business in the market of the ecological products and the enterprise may make some clients (Figure 25).

On the 15<sup>th</sup> of November is going to be the opening of the enterprise with the following leafleting on the next week trying to catch the attention of the possible local customers.

The Christmas marketing is going to be implemented before the 25<sup>th</sup> of December trying to increment the sales offering baskets of products and seasonal products. Also between before the 5<sup>th</sup> and 6<sup>th</sup> of January is going to offer products about the wise men.

On the 14<sup>th</sup> of February the enterprise is going to use a similar strategy used of the days of Christmas and the wise men, although with products suitable for the day of the lovers.

The next event of the schedule is going to on the 19<sup>th</sup> of March offering products especially suitable for the men's health and the father's day. Also before the 21<sup>st</sup> of March the store is going to prepare to offer Easter products taking account the religious festivity and offering products only for those special days.

The following event is one of the most important for the store due to its meaning. On the 7<sup>th</sup> of April is the international day of the health and the store is going to be offering products that reduce cholesterol products, products that respect the environment and those that reduce stress, low in salt or fat among many others.

The antepenultimate marketing event is going to be the mother's day, on the 1<sup>st</sup> of May, which it is expected an increment the sales on the store because of the variety the enterprise may have. It is expected to notice a higher increment of the sales on the Mother's day than the Father's day because the gift for the mother are more similar with the products the enterprise is offering and the women tend to take more care about their bodies than the men, talking about average statistics.

Every 3 months on the 15<sup>th</sup> of February, May, August and November the enterprise is going to realize one analysis of the fulfillment of the objectives of the financial plan and

if the objectives are different of the enterprise is expected, it will apply changes on the marketing plan to archive them.

The 21<sup>st</sup> of June is the begging of the summer and the enterprise is going to change some products with some more suitable for the summer and the heat.

To conclude the last event of the first 12 months is going Hispanic Heritage Day, the enterprise is going to offer typical Spanish products using the emailing one week earlier to attract the attention of the customers.

“Emails sent to take advantage of *Día de la Hispanidad* offers were sent during the week before this holiday” (Experian Marketing Services, 2012)

**Figure 25**

Schedule of the enterprise

November	December	January	February	March	April	May
10th-13th Ecological Fair	25th Christmas Day	5th -6th Wise men	14 th Valentin's Day	19 th Father's Day	7 th Day of the Health	1st Mother's Day
15th Opening			15th Fullfilment of the objectives 1º	22 th - 31 th Easter		15th Fullfilment of the objectives 2º
Leafleating 15th-22th						

June	July	August	September	October	November
21 th Begining of the Summer		15th Fullfilment of the objectives 3º		12th Hispanic Heritage Day	15th Fullfilment of the objectives 4º

Source: Self-Made

## 10. Apex

### **Additional information about the qualitative inquiry**

The qualitative inquiry made for the enterprise it was intended to discover the different factors that are important on the perspective of the ecological customers. The participants in this poll are 10 clients with different ranges of age in front of *Herbolario Navarro*.

This enterprise is situated in *Castellón* and it helped me to identify what is important for them and analyze those factors in my objective market, finding out which of them is satisfying the competence and which not. Nevertheless, with a scale that small of participants is difficult to make conclusions, but it will help me to clarify the factors to analyze in the competence.

The empathy study based on qualitative questions must be done in the area of Madrid before the implementation on the business to check if the needs and the characteristics are the same or different from the obtained from the customers of *Castellón*.

The first part of the inquiry has 7 free questions, where the customer can answer about the customer services, including home delivery, online shopping and about the sensibility of the customer to the changes in the prices (Figure 1).

The response to the question belong is a translation from the Spanish because the qualitative study was made in that language for the better understanding of the ecological customers whose participated in the study. The freedom of the customers making the qualitative inquiry provide to the enterprise with a lot of information from the first part, the qualitative study. Due to the questions are free, need to be analyzed:

Question 1: "I consider that the most important is the feedback they give you when you have trouble with something"

The customer considers that the customer service is important and It needs to be efficient in order to maintain happy the customer, as the usual customer are the great part of the company's income.

Question 2: "When I am buying online I like to buy using the ways of payment I use normally, the security, how easy is to buy online and the state of the product I purchase"

The question 2 revealed the importance of having an effective and secure webpage. Also the methods of payment should be more than one because the customer are more intended to buy the product online if their can pay with their usual method of payment.

Question 3:

- “The majority of the time I buy the same, and sometimes I like to purchase new products” → Response from the older customers

The older customers, change less often their usual purchase and only sometimes buy new products from the store. It is expected that they do not value as much the variety as much as the younger customers.

- “I like to try new things and if the store has new products I taste it for curiosity” → Response from the younger customers.

The younger customer is more suitable to change products and try new ones. The variety of the products will be more important for them than the older customers.

Question 4:” I buy products that look good and taste good, a quality product”

The quality of the ecological products is more important than the usual products, because of this characteristic, the reason to buy something more expensive. The non-ecological products do not provide the quality and do not satisfy the customer’s needs, thus they buy ecological products.

Question 5: “On the majority of cases I look on the label to view the content of the product and if I bought before that brand”

The customer’s response revealed that they do not give as much credit to the label from the UE as the quality of the product. Also, when they look to the label is looking for one brand bought before and the content of the product.

Question 6: “Sympathy is an important aspect; no one goes to a place where you do not feel comfortable unless it is forced to do so”

The customer like the most the sympathy of the salesman when they purchase the products and customers want preferential treatment.

Question 7: “To be honest I look for quantity, price and the looks of the product”

To sum up the first part of the study, the customer’s revealed on the last question three factors important for them, quality, price and the look of the product. This factors will be used as factor analyzer on the Analysis of the Competitors Environment.

The second part of the study revealed how important is for the customer each factor discovered in the first part of the study and provides information about the weekly spends



on ecological products, usefully to discover how is going to work the enterprise with his finances (Figure 2).

- The older customers do not value as much as the younger ones the online shopping, because they prefer to buy in the store. The older customers have less faith in the online shopping and all the methods of online payment.
- All of the customers consider important the variety in the store, the results on the study is an average of 4 of 5 points possible.
- All the participants in this inquiry consider that the quality of the products is important and if the quality is not as good as they expect they will not buy in the future.
- The consumers do not value as much that the products have been registered as ecological products for the UE. Nevertheless, they value more the quality of the products than the label of the product.
- Another fact discovered in the study is that the 100% of the customers will be disposed to change the supplier of ecological products if the customer support is horrendous. Also the 60% of the customers are disposed to change the supplier if the price is lower and the quality is almost the same.

**Figure 1**

Empathy analysis based on qualitative research

Edad:

Fecha:

**Empathy analysis based on qualitative research**

Número	Pregunta
1	¿Qué es lo que usted considera más importante sobre la atención al cliente?
2	¿ En cuanto al servicio de venta online , que considera importante al realizar una compra online?
3	¿ Que productos compra usted habitualmente ? ¿Va variandolos?
4	¿ Que busca usted a la hora de realizar la compra de productos ecológicos?
5	¿Cuándo usted realiza la compra en que se fija para comprar los productos?
6	¿ Que es lo que más aprecia del trato del dependiente/a cuando realiza la compra?
7	¿ Cuales son las variables a las que más presta atención a la hora de relizar la compra?

Source: Self-Made

**Figure 2**

Quantitative question of the research

**Quantitative Research**

Número	Pregunta
1	Puntue del 1 al 5 la importancia de la atención al cliente para usted
2	Puntue del 1 al 5 la importancia de un negocio con compra online
3	Puntue la importancia de una amplia oferta de productos ecológicos del 1 al 5
4	Valore la importancia de la calidad de los productos del 1 al 5
5	Valore del 1 al 5 la importancia que tiene para usted que un producto tenga la etiqueta de producto ecológico certificado por la uji
6	Estaría usted dispuesto a cambiar de proveedor si la atención al cliente es muy mala? ¿Estaría usted dispuesto a cambiar de proveedor ante una subida en los precios del 25%?
7	¿Estaría usted dispuesto a cambiar de proveedor ante una disminución en el precio del producto ecológico?
8	¿De que valor es la compra que realiza semanalmente?

Source: Self-Made

**Figure 3**

Results to the quantitative research

Encuestado	Edad	1	2	3	4	5	6	7	8
1	27	3	4	4	5	2	SI	SI	<20€
2	39	4	3	4	5	3	SI	SI	<20€
3	62	5	2	5	5	4	SI	SI	20€-40€
4	58	4	3	5	5	4	SI	SI	20€-40€
5	44	4	3	4	5	3	SI	SI	<20€
6	48	3	4	5	4	2	SI	SI	20€-40€
7	54	4	2	4	5	3	SI	SI	20€-40€
8	34	4	4	4	4	2	SI	SI	20€-40€
9	29	3	4	4	5	2	SI	SI	<20€
10	65	5	2	3	4	4	SI	SI	>50€

<b>Media</b>	4	3	4	5	3	Si= 100%	Si= 100%	Si = 60%	4 = <20€
						No= 0%	No= 0%	No = 40%	5 = 20€-40€
									1 = >50€

Source: Self-Made

**Additional information about the financial plan**

The enterprise will have the majority of the costs in the first month of activity because it needs to purchase all the furniture and the conditioning of the store. Additionally, the enterprise will have the cost of the insurance and the usual costs like renting and the water supply and electricity supply (Figure 3).

On the first week before the implementation and the week after, the enterprise will have to make front to a cost of 350 € by the appearance in the ecological fair of Madrid and the payment of the pamphlets.

The cost will decrease on the next 2 months and it will increase since the 4th month to the 12th because the cost of maintenance the webpage of the store.

**Figure 4**

Expense of the enterprise on the first 12<sup>th</sup> months

Month 1		Month 2		Month 3		Month 4		Month 4	
Costs		Costs		Costs		Costs		Costs	
Renting	1200	Renting	1200	Renting	1200	Renting	1200	Renting	1200
Water and Electricity Supply	300	Water and Electricity Supply	300	Water and Electricity Supply	300	Water and Electricity Supply	300	Water and Electricity Supply	300
Glass refrigerator	728,9					Web Page	50	Web Page	50
Cash Register	149								
Other	600								
Retail Property Insurance	125								
Marketing Costs	350								
<b>Total</b>	<b>3452,9</b>		<b>1500</b>		<b>1500</b>		<b>1550</b>		<b>1550</b>

Source: Self-Made

The income of the enterprise will be growing in the first 12th months (Figure 4). The income is calculated using an average profit percentage of all the products of the 45% and an average purchase of each sale in the store of 20€.

On the first month, the sales will be 30 each week of the month having an income of 2400€ and a profit of 1080€. The sales will increase each month by 10 since the 1<sup>st</sup> month to the 7<sup>th</sup> because the enterprise is increasing the usual customer. Although, the enterprise will be obtaining profit on the 6th month because is recovering the investment made.

Since the 7<sup>th</sup> month to the 12<sup>th</sup> the increase of the sales will be 5 each month, because the getting new customer is more difficult but the sales will still be growing because of the implementation of the company's webpage.

**Figure 5**

Evolution of Sale and Income on the 1st year

Time	Month 1				Month 2			
Sales	30	30	30	30	40	40	40	40
Income	600 €	600 €	600 €	600 €	800 €	800 €	800 €	800 €
TOTAL	2.400 €				3.200 €			
Benefits	1.080,00				1.440,00			

Time	Month 3				Month 4			
Sales	50	50	50	50	60	60	60	60
Income	1.000 €	1.000 €	1.000 €	1.000 €	1.200 €	1.200 €	1.200 €	1.200 €
TOTAL	4.000 €				4.800 €			
Benefits	1.800 €				2.160 €			

Time	Month 5				Month 6			
Sales	70	70	70	70	80	80	80	80
Income	1.400 €	1.400 €	1.400 €	1.400 €	1.600 €	1.600 €	1.600 €	1.600 €
TOTAL	5.600 €				6.400 €			
Benefits	2.520 €				2.880 €			

Time	Month 7				Month 8			
Sales	85	85	85	85	90	90	90	90
Income	1.700 €	1.700 €	1.700 €	1.700 €	1.800 €	1.800 €	1.800 €	1.800 €
TOTAL	6.800 €				7.200 €			
Benefits	3.060,00				3.240,00			

Time	Month 9				Month 10			
Sales	95	95	95	95	100	100	100	100
Income	1.900 €	1.900 €	1.900 €	1.900 €	2.000 €	2.000 €	2.000 €	2.000 €
TOTAL	7.600 €				8.000 €			
Benefits	3.420,00				3.600,00			

Time	Month 11				Month 12			
Sales	105	105	105	105	110	110	110	110
Income	2.100 €	2.100 €	2.100 €	2.100 €	2.200 €	2.200 €	2.200 €	2.200 €
TOTAL	8.400 €				8.800 €			
Benefits	3.780,00				3.960,00			

Source: Self- Made

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