

**Author: Elena Aura Gorgon** 

**Tutor: Juan Carlos Fandos Roig** 

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# Kíndigo

## **MARKETING PLAN OF KINDIGO**

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## 1. EXECUTIVE SUMMARY

The present study consists of a Marketing Plan for the company Kindigo, a company located in the province of Castellón de la Plana, and which is dedicated to the sale of children's textile, which includes Sport Casual Ware garments, garments of multiple brands such as Pepe Jeans, Guess, among others, as well as costumes for ceremonies and communions.

Due to the changing environment with which we currently find ourselves it is necessary to take into account the threats and weaknesses, as well as the strengths and opportunities of the company, to mark the company's objectives and identify marketing strategies to transform the negative aspects into strengths for this company and maintain and take advantage of the strengths and opportunities that the company has.

In the study carried out an analysis of external and internal was done, which can highlight that the infant textile industry is a broad sector and that it brings great benefits to companies engaged in the sale of children's clothing. Also the importance that it has in Spain, and highlights that it is favorable for the development of the activity of Kindigo, despite the declines in sales and in the economy in recent years, which also is improving more and more. Also it can be noted through the analysis of the competition that exist within the industry, because there are many companies dedicated to the sale of children's clothing and with very competitive prices between them, especially some that stand out as a result of their very low prices.

After the analysis, we have been able to make a diagnosis of Kindigo and thus highlight what their major weaknesses, threats, strengths and opportunities are. We emphasize as well that the main weakness of the company is that they don't have a web page and only distribute through the store, their main threat is the strong competition from the big multinationals that sell at much lower prices, its main strengths are the capacity for differentiation and the quality of the products offered, and as major opportunities that the company has are the high degree of customer loyalty and the growing interest in personal image and a new channel of selling over the Internet.

In Conclusion after analyzing the various points, Kindigo is considered as a prestigious company within the province of Castellón and within the sector that it is dedicated to, it is well positioned, and the loyalty of their customers has something that is very important to expand its customer base. It also focuses on new trends and



reacts quickly to the needs of its consumers, but in order to continue to reach its customers and remain competitive in the sector the company has considered that it should focus on new trends on Internet, i.e. a web page, since it is currently a growing trend between society and a high percentage of consumers look for this facility when making their purchases. To achieve this they should be aware of their market opportunities, as well as its weaknesses.



#### 2. INTRODUCTION

This report is a Marketing Plan of the Kindigo company that is located within the sector of children's textile, as my end of degree work, in the degree of Management and business management from the Universitat Jaume I in Castellón de la Plana in the year 2016.

In the present Marketing Plan there is a description and an analysis of the company, as well as an analysis of their position within the industry in which they are located.

The work consists of four main parts that will analysis the situation, the first part is an internal assessment and an external analysis and an analysis of the market and demand.

Then the second part will be market research to determine the level of customer satisfaction.

Thirdly a diagnosis of the situation through a SWOT analysis or also known as matrix or SWOT analysis, to study the situation of the company taking into account the internal and external analysis as well as research carried out previously.

And fourthly, the marketing mix that will be the plan of action for the company, where the objectives and strategies of the company will be developed, and will explain the four variables of basic, known as the 4Ps, which the company will have to achieve their goals, these four parts are product, price, communication, and distribution. After these four parts there is also a timetable and a control for the goals and an executive summary.



#### 3. ANALYSIS OF THE SITUATION

## 3.1. <u>Internal Analysis</u>

## 3.1.1. The company's presentation

Kindigo is a family company in autonomous regime which is dedicated to the tradeoff children's clothing from newborn born to teen sizes. Offering a variety of brands, including Sport Casual Ware, Pepe Jeans, Guess and bumpy and boasts a wide variety of products ranging from Casual Sport clothes to clothing for more special occasions such as communions and ceremonies.

The company is located in the province of Castellón de la Plana, Spain, 17 Campoamor Street (see image 3.1.1.1.), and was established on 3 September of the year 2012.

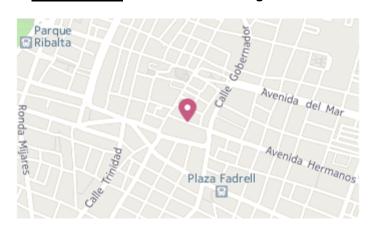


Image 3.1.1.1.: Location store Kindigo

Source: Kindigo Facebook

Kindigo is aimed at an audience of middle-high purchasing power, but has wide range of prices available to its customers with affordable prices which cover a large audience.

It is a company that stands out in their market and in their geographic area above the competition by their great differentiation in products, and especially their special styles for communions and ceremonies and the wide variety of brands which they offer.



**Image 3.1.1.2.:** The facade of Kindigo and the street (view 1)



Source: Own elaboration

Image 3.1.1.3.: The facade of Kindigo and the street (view 2)



Source: Own elaboration



## 3.1.2. Resources of the company

#### 3.1.2.1. Human Resources

In Kindigo, in what refers to human resources we find a small mission, since there is not a large Department of human resources or large number of employees.

The company has only the representative of the company, who is responsible for all management tasks, administration, accounting, advertising, marketing, and a part-time employee.

The relationship described by the representative and your maid is that "are like a family", since between them they run the company and have a very good relationship. The employee of Kindigo thinks from the perspective of the company in order to make every effort to improve and stand out from the competition, as well as thinking about the importance of clients and dealing with them.

## 3.1.2.2. Physical Resources

As for the physical resources available to the company, being a small organization with a single premises of approximately 90 square meters, we find that this place is rented whereupon is not membership of its physical resources. On the other hand, the furniture that is in the shop is property of the company, as well as electronic materials, clothing that it has on display, and enough capital to carry out the activity of the company.

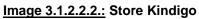
With respect to the total area of the store, 90 square meters, are distributed among the sales area, which has approximately 50 meters, and the storage area that has about 40 square meters approximately.



Image 3.1.2.2.1.: Store Kindigo



Source: Store Kindigo





Source: Store Kindigo



## 3.1.2.3. Marketing resources

#### 3.1.2.3.1. Product

Since its incorporation in the year 2012, Kindigo has been gaining positions in its sector in the city of Castellón over its competitors and has been becoming a recognized store and increasing its sales more and more.

This is due to the wide variety of their products, and to the continuous introduction of new groups, brands and product lines. In the beginning the company simply offered casual sport clothes and different brands. Eventually seeing a niche market and with great opportunities, it has introduced special ceremonies and communion garments.

Thus, the company has a fairly broad product portfolio, which is composed of an amplitude of 3 product lines with a different and great depth in each of them, therefore having a wide selection of products.

This is because in three lines, we find two distinguishable sections between girls and boys, within which are differentiated by age, from newborn to teen. In each section we find multiple garments such as shirts, trousers, dresses, suits, blazers, shoes, among others.

The first line that would be the most affordable and to a broader public is Sports Casual Wear clothes. The second line is the brand product, which offers multiple and different brands, and good quality clothes. Finally, the third line is the ceremony and communion, which intends to seek appropriate medium priced designs, found both in outfits for children as for girls, although the company is a specialist in children's costumes, ranging from economic sailor suits to higher brands.

Image 3.1.2.3.1.: Items in this department









Source: Store Kindigo

#### (See ANNEX 1: Portfolio of products)

#### 3.1.2.3.2. Price

Regarding prices, they have a wide range of prices, this is more detailed by three lines of products:

- The first range of prices within the category of clothing Sport Casual Ware will offer good value for money to distinguish itself from the competition in terms of quality, but with a price a little more elevated, commercially available, than major competitors, instead their products have a higher quality connection than the competition. In this category we find t-shirts from €7.95 / €12.95, and trousers from €17.95, prices that attract a large audience since they are affordable prices.
- ➤ The second price range, which is the category of the brand products, is slightly higher than the previous one, since it offers designer clothing and quality, still fits within the brand price. In this category we have prices for the shirts between € 25 and € 35, and trousers from €40 to €60.
- ➤ The third fork, covers the category of communion and ceremony, and it is looking for suitable designs but half price. The company specializes mainly in the section of child's clothing, from cheaper sailor suits to brands such as Barola, where prices can be between 300 and 500 euros, and with respect to the section of girls' clothing may be between 400 and 600 euros.



#### 3.1.2.3.3. Distribution

The distribution, only the shop offers the sale of the item, so your unique channel of distribution is through the purchase in the physical store.

Moreover regarding the distribution of the store, i.e., their characteristics, the store is in an excellent location, since it is in the Centre of the city which is a busy commercial area, also is a large which means that there is not much agglomeration of products, but is still large enough for the customer, and thus can walk comfortably through the store. Regarding the form in which the products are distributed by the store, these are rotated depending on the season and the time of year in which we find ourselves, to attract customers with leading products for those times by placing them in the shop window and in the front of the store so they attract—attention and are focal point before entering. Regarding illumination in the shop, you have adequate lighting, and not overpowering so it is quite relaxing which makes the customer feel comfortable. Regarding music, it is music of a quite low and quiet tone, music that is pleasant for potential customers of the store, and is played at a reasonable level so not to annoy the customer, a strategy that is used in many other stores.

By both of the above, the store is divided into two sections by product, in the entrance baby clothes can be found, in the central part there is Sport Casual wear, and at the rear there are special communion and ceremonies. This distribution is rearranged depending on the time of year and the demand of customers, to always call the attention of the public and customers, this rotation and change of the distribution of the shop allows them to have new campaigns, new makes and models.

Image 3.1.2.3.3.1.: Distribution of Kindigo











Source: Store Kindigo

Image 3.1.2.3.3.2.: Kindigo Store







Fuente: Store Kindigo



#### 3.1.2.3.4. Communication

The company even though it is small has made great efforts in the communication and advertising of the organization. Since its inception it has published ads in local newspapers, in local fashion magazines, on the radio, particularly, various advertising campaigns on Cadena Ser. Also to be unveiled is advertising over the Internet, more exactly through the Facebook of the enterprise.

It should be noted that these campaigns were performed more intensively at the beginning of the Constitution of the company, when it acquired an agreement with a radio station with a duration of one year, and also intense and repetitive press inserts. With the passage of time they have become better known by more public, these campaigns have been declining, they are not so intensive, but they continue to be done, there are currently repeat campaigns and specific periods, for example during communions.

Also you can highlight in this aspect, the charity events in which the company participates in and collaborates, charity events and different associations for people with disabilities, as well as collections of toys solidarity campaigns.

Therefore the company conveys and communicates through the store, the rotation of the window displays, the positioning of the product in the store, also through Facebook, and as mentioned also inserts in newspapers and fashion magazines, and on radio.



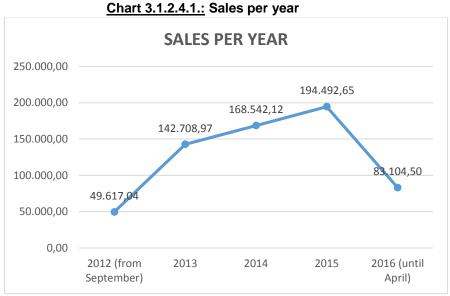
#### 3.1.2.4. Financial Resources

Regarding the financial resources of the company, it should be noted that it is selffinanced, and has no need for funding to carry out its activities.

To see the financial resources available to the company, and the evolution that has taken over the years open, there are two graphs showing the evolution of sales per year (chart 3.1.2.4.1.), and sales by semesters (chart 3.1.2.4.2.).

Sales per year graph clearly shows that the company has increased sales significantly each year, although in the first year only sales of the last 4 months, and last year only showed Sales for the first four months, despite this you note that in 2016 it will follow the same trend and increase their sales at the end of the year compared to the previous years, since in a quarter they have already nearly sold half the amount of the previous year.

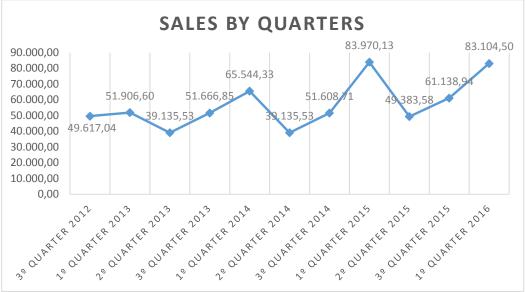
In sales by quarters graphic observed the same trend, which since its inception has increased their sales, in this you can see better which are the months in which the company sold the most, and we see that the first quarter, i.e., January, February, March and April is when the highest sales of all the year are achieved This is due in part to the sales period, because in January, February and March they mainly focuses on selling items for communions and ceremonies and these are the most expensive items resulting in a rise in sales especially in these months.



Source: Own elaboration







Source: Own elaboration

There has also been rough accounts (see table 3.1.2.4.), to observe the availability of capital that Kindigo has, expenses in relation to their income, and therefore such as their margins and profits. This income statement shows the results of the years 2013, 2014 and 2015, in which we can also see that same evolution in graphics, since every year the company has more sales, and therefore get more benefits. The evolution of the company's profitability is very large since every year it its profits increases by almost 50 percent over the previous year, in 2014 it had twice as many benefits as in 2013 and 2015 to triple by 2013, which shows that the company is very profitable and is increasingly doing better since their profits are increasing steadily.



Table 3.1.2.4.: Picture of Kindigo results

## **INCOME STATEMENT**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net Sales	142.708,97 €	168.542,12 €	194.492,65 €
-Consumption	85.625,38 €	101.125,27 €	116.695,59 €
Gross Sales Margin	57.083,59 €	67.416,85€	77.797,06 €
-Leases (including VAT and retention)	21.780,00 €	21.780,00 €	21.780,00 €
-Advice	1.231,84 €	1.231,84 €	1.231,84 €
-Insurance (payable 60% in August and 40% in March)	592,00 €	592,00 €	592,00 €
-Advertising	4.000,00€	4.000,00€	4.000,00€
-Supplies (light, telephone, ADSL and communications line dataphones)	425,00 €	425,00 €	425,00 €
-Dressmaker (75% in March, April and May)	2.000,00€	2.000,00€	2.000,00€
-Alarm	420,00 €	420,00 €	420,00 €
-Office equipment	400,00 €	400,00 €	400,00 €
-Wages and salaries (214,09 corresponds to social security company Manager)	11.353,80 €	11.353,80 €	11.353,80 €
-Banking services by TPV commissions * (0,25% of sales)	356,77 €	421,36 €	486,23 €
Operating Results	14.524,18 €	24.792,85 €	35.108,19 €
-Financial expenses	3.574,00 €	3.574,00 €	3.574,00 €
Result before taxes	10.950,18 €	21.218,85€	31.534,19 €
-Taxes	2.299,54 €	4.455,96 €	6.622,18 €
Net Result	8.650,64 €	16.762,89 €	24.912,01 €

Source: Own elaboration



## 3.1.2.5. Corporate Social Responsibility (CSR)

Kindigo aims to address social issues and participate and engage with society regarding the social problems facing the world today, many children with disabilities or lack of resources for their development.

It complies with its commitment and helps to achieve it by collaborating with various associations, participating in charity events, for example the events for Down's syndrome, in which they participated in November of 2015 and which they managed to raise a substantial amount of money, also they have participated in a charity event with the Rett Syndrome Association of Castellón. As well as in campaigns of solidarity toys in Kings collection wizards.

The company continues fulfilling its commitment in the long term in this aspect, and will soon collaborate with Manos Unidas at an event hosted by the Association, this project is currently underway.

On the other hand, the company also has a social responsibility with clients, since it undertakes to carry out proper management of its customers. It ensures a high quality of its products within an average price. It also offers security, if there are some unforeseen cases, errors, or defects in the product, replacement or return of the product, you can do this in part thanks to the good relationship with the suppliers.



## 3.1.3. Capabilities of the company

#### 3.1.3.1. Organizational capabilities

Regarding the organizational capabilities of Kindigo, we can say that they have the power of self-financing and investment has been done 100% with their own capital, i.e. the company has capital needs, and has the ability to organize themselves through their own means.

## 3.1.3.2. Distinctive capabilities

As distinctive capabilities of the company, we find the relationship with customers, since they are satisfied and themselves transmit that they had been a good deal. This can be seen also through the fact that clients are common and also bring in other customers, which we can see it through the evolution of sales. In addition to verify this fact, a survey was carried out to verify the satisfaction and loyalty of the company's clients, data and results of which will be explained in paragraph 4 of "Market research".

Another central element that stands out as a distinctive ability is that the company offers sales combined with good service to each client, since it is considered that each client is different. It uses an element of differentiation of marketing by doing gift packages, wrapping, and gifts, totally different from other stores, to give importance to the customer and to highlight this.

The quality offered in their products is also a differentiator from the competition, since they are products of a higher quality, and this is perceived by the customer.

We can also make reference to their tangible and intangible resources:

- > Tangible resources: their business premises is rented, but the furniture and other elements used in the shop, as well as items for sale, are owned by the company. It has a capacity of capital, i.e. self-financing capacity.
- ➤ Intangible resources: we find that the company has the name (Kindigo) registered so it cannot be copied (see image 3.1.3.2.), different brands being offered that can gain them a good reputation. In addition since its inception



has been acquiring knowledge, since they has presented an evolution and change of the products offered, they began offering simply sport clothes and brand name products, and has gradually introduced the topic of communion and ceremonies, this is done by the demand that customers have been making. I.e. the company has made changes to products offered on the basis of the demand that is detected by the client, so that customers have been requesting and asking.



Image 3.1.3.2.: Kindigo card

Source: Store Kindigo

#### 3.1.3.3. Value Chain

Kindigo presents the fact that they offer a different, fresh, product color, and also service customs as a differentiator from the competition as their competitive advantage.

Its business model is composed of three campaigns, which are "Spring-summer" and "Autumn-winter" and "Communion", stronger sales occur in the seasons of



communions, especially in December, January and February even if the campaign continues until may but to a lesser extent.

The value chain process is as follows:

- First orders of its products, which takes place six months before the date on which they will sell the products. It is through a meeting of suppliers, where they select the product with different brands, subsequently completed the purchase and the order is carried out.
- II. At six months, the merchandise is received and an order check is made to see if the order has arrived correctly. Then, all the received products of the order are recorded in the inventory database of the company automatically, this process produces a product label that is placed on each of the garments that identifies it, this means that at the time of the sale it automatically goes through the computer and this sale is registered in the product inventory computerized process.

**MEETING WITH SALE SUPPLIERS CUSTOMER** The products of the inventory is given low • Closing of the purchase and order. THE LABEL ON THE **PRODUCT** RECEIPT OF ORDER **PLACEMENT** •To identify each item. ORDER VERIFICATION **REGISTRATION OF PRODUCTS IN** or defects in the products. **INVENTORY** Leave a tag for each product.

**Image 3.1.3.3.:** Value Chain Kindigo

Source: Own elaboration



With respect to the merchandising, as already mentioned in previous sections, the distribution of the store is moved and window displays are rotated, as well as the positioning of the products in the store. The company communicates through multiple channels, such as their store, the distribution of it, via Facebook, and also through inserts in newspapers and fashion magazines, and on the radio.

Most of the merchandising of the company spreads through word of mouth. In part this is because the target audience of the company are parents and grandmothers, especially mothers and grandmothers, and girls between 10 and 12 years of age.

As discussed in previous sections, concerning the price which is medium-high priced, at affordable prices on certain products in terms of value for money. The company simply offers the sale in store.



## 3.2. External analysis

## 3.2.1. Analysis of the general environment (pestel analysis)

By analyzing Pestel it is going to describe the external environment in which the company is in general, describe the environment through six different factors, which will be the political factors, economic factors, social-cultural factors, technological factors, environmental factors and legal factors. This analysis seeks to understand the environment to know how it is going to behave in the future market.

#### 3.2.1.1. Political factors

- Awareness of the materials used in clothing
- Regulation of the marketing of child textile
- Absence of duty in the European Union
- Regulation regarding employment
- Bear in mind both national legislation and the European Union
- o Agreements with the various providers, and policy matters
- Process of globalization

Regarding the political factors, the company must be aware of the regulations that exists regarding the marketing of child textile clothing, since its task is simply marketing and is not dedicated to manufacturing, and especially, the presence of Spain in the European Union, since this makes sure the country is subject to the regulations of the European Union. Also consider the various agreements and/or contracts with suppliers, and the location of the same. Also highlight the policy and regulation of existing employment for small and medium-sized enterprises, as well as the different policies with respect to the environment and its regulation, with products that have been used for items that are on sale, and be respectful to the environment and customers.

Finally it should be noted, the absence of duty in the European Union, since this leads to greater ease of export, and at the same time also increased competition in the sector by other countries.



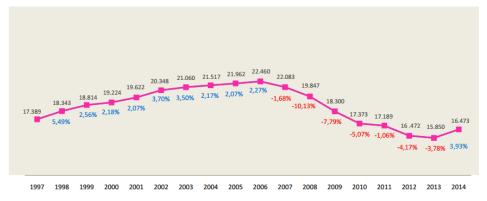
#### 3.2.1.2. Economic factors

- Situation of economic recession
- High levels of unemployment
- o Growth of GDP per capita, especially in Valencia
- Economic growth in the last year, reduction of the economic crisis
- Slight increase in the turnover of the textile trade in Spain (see chart 3.2.1.2.1.)
- Recovery in consumption
- Increase in the share of sales of child textile (David, 2015)

Chart 3.2.1.2.1.: Evolution of the turnover of the textile trade in Spain





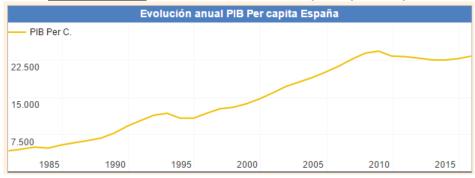


Source: www.acotex.org, (acotex, 2016)

We are currently immersed in a global crisis, above all, Spain is one of the countries that has been more affected within the EU. This has led to many families who are in an economic downturn so now look more at what they are going to spend their money on, and fashion garments are not first need goods and this has led to a considerable reduction of sales in this sector in recent years. It should also be noted that this situation is now changing and increasingly seems to be helping sales to grow and improve the situation. Thanks to this increased per capita GDP which indicates that there is more money available, and more possibilities for people to buy, this can be seen in Figure 16. The Valencian Community has a GDP per capita of € 20.586 in the year 2015, with an annual growth of 4.5%, see table 17. (macro, 2016)



Chart 3.2.1.2.2.: Annual evolution of GDP per capita in Spain



Source: www.macrodatos.com, (macro, 2016)

Table 3.2.1.2.3.: GDP per capita, by autonomous community

	PIB Per Cápita anua	1	
CCAA	PIB Per C.	Crecimiento PIB Anual	Fecha
Andalucía [+]	17.263€	4,1%	201
Aragón [+]	25.552€	3,4%	201
Asturias [+]	20.675€	4,8%	201
Canarias [+]	19.900€	3,4%	201
Cantabria [+]	20.847€	3,0%	201
Castilla La Mancha [+]	18.354€	4,1%	201
Castilla y León [+]	21.922€	4,1%	201
Cataluña [+]	27.663€	3,9%	201
Ceuta [+]	19.399€	3,9%	201
Comunidad Valenciana [+]	20.586€	4,5%	201
Extremadura [+]	16.166€	4,6%	201
Galicia [+]	20.431€	3,9%	201
slas Baleares [+]	24.394€	3,8%	201
La Rioja [+]	25.507€	3,7%	201
Madrid [+]	31.812€	3,4%	201
Melilla [+]	17.173€	2,7%	201
Murcia [+]	18.929€	3,3%	201
Navarra [+]	28.682€	3,5%	201
País Vasco [+]	30.459€	4,0%	201

Source: www.macrodatos.com, (macro, 2016)



## 3.2.1.3. Socio-cultural factors

- Interest in personal image
- o Monitoring of children's fashion
- Limitation on expenditures
- Level of education
- o Consumerism
- o Growth of the value of design and Brand
- Homogenization of the market

Currently people are greatly concerned with their personal image as well as for fashion, the vast majority of society has a variety of items at multiple prices, as well as low prices today, so many people can be well dressed today. There is also a growing importance on the value of brands and designer garments, which increases the level of expenditure in textiles although consumerism has decreased in recent years due to the economic downturn. This also leads to a great homogenization of the market since currently society is dressing in much the same way, following the same trends, in Spain and in the countries involved in the process of globalization.

## 3.2.1.4. Technological factors

- Reduction of the costs in technology products
- Large and wide media, as e.g. social networks
- Very rapid technological transfer
- Speed of innovation

The large amount of research and innovations that have taken place today has led us to a completely computerized society, where technology is increasingly moving faster, which helps us to have resources and capabilities which allow for speed and cheapen the process of distribution, maintenance, marketing, logistics and other aspects. Also thanks to great computing in which we surrounded there is a wide and rapid information dissemination, this leads to many more customers and the growth of the store, brand, or product. It is worth noting, the great sales channel that is the Internet today, since this has led to many companies being able to grow and thus increase their levels of sales and profits.



## 3.2.1.5. <u>Ecological factors</u>

- Country with an industry mature and therefore competent in terms of renewable technologies
- Spain occupies a good position within Europe regarding renewable energy patents
- o Policies and strategies regarding social welfare
- Social concern for ecological issues

## 3.2.1.6. Legal factors

- Marketing-related rules and regulations
- Employment policies
- Standards relating to the environment
- Rules for economic activity
- Schedule rules
- Leaves regulations



# 3.2.2. Competitive environments analysis (analysis of the competitive forces of porter)

The Porter analysis is intended to determine what the level of competition is that we find in the companies in the sector and which is part of the company. This analysis will be based around five competitive forces, which is the bargaining power of customers, the bargaining power of suppliers, the threat of entry of new competitors, the threat of substitutes, and the rivalry between competitors. This analysis seeks to understand the situation of competition, to know how to take future decisions in the company, on the basis of these factors.

## 3.2.2.1. Bargaining power of customers

This bargaining power, will depend on the amount of customers or consumers that exist within the sector of children's fashion and the industry. In the case of children's fashion we find that there are a number of clients within the sector, so this tells us that there is a low bargaining power of customers, how many more customers have less bargaining power there will be. This happens because they have many options and have many companies with a wide variety of products at their fingertips. Therefore there are so many customers for the large number of companies there are, a company, especially large multinationals, do not worry if a customer doesn't buy an article since they know that another will come and buy it. This also makes them easily to change from store or brand, you can see the variety of prices, and look at the quality of garments, because of the large number of businesses that exist in the sector, although they have a low level of bargaining power.

Also to determine the bargaining power of customers, we must take into account how necessary this product is for the customer, and if many substitutes are available. Well, in this case children's clothing it is a much-needed product for consumers, but despite this, and although there are no substitutes for this, there does exist a very large degree of differentiation in the product, another important aspect is to determine the bargaining power of customers. This broad degree of differentiation leads to a wide range of prices, a lot of brands of clothing, and a big difference in terms of the quality of the garments. Which means that there is competition in the sector. Here can be noted by Kindigo for its differentiation with respect to good quality and good service that it offers its customers.



## 3.2.2.2. Bargaining power of suppliers

In the field of children's fashion there are a large number of suppliers, but each of them specializes in certain products or certain brands, which leads us to have great bargaining power, especially those suppliers from the large and well-known brands and who have these proprietary brands, and only they can sell to their customers, who cannot find their products in other vendors nor other places, so this gives them great bargaining power. Why we must differentiate in this aspect of unrecognized brands clothing suppliers and the big brands with great importance and which are placed in the minds of consumers. Little brands vendors are broad and do not have great bargaining power since different vendors provide the same products, on the other hand, we must also point out that many of the large companies have their own manufacturing plants which means that they don't have to negotiate with suppliers, therefore in this aspect the bargaining power of suppliers would not exist. On the other hand, enterprises simply engaged in marketing, as it is the case of Kindigo, buy from certain suppliers who are the providers of the large and well-known brands that the client already knows, and this gives the shops more reputation. Therefore these providers, although they are many, each one has a certain reputation, and this means they have more or less power at the time of the negotiation.

Whereupon, the suppliers of this sector, although they are a lot, there are some of whom that have a bargaining power that is quite low, and there are also those whose bargaining power is greater, as in the case of well positioned brands in the consumer's mind. In general there is a great power of negotiation by suppliers, but levels can be distinguished.

#### 3.2.2.3. Threat of entry of new competitors

The threat of entry of new competitors in the sector of the company depends on the barriers that exist for the entry of another company in the sector. In the case of the Kindigo sector, there are enough threats of entry of new competitors, since it is a sector that is booming, that has many potential consumers and a sufficient enough target audience. Increasingly it is observed that there are more competitors, companies that are appearing to enter in this sector, or even large enterprises of textiles, which before were not engaged in children's fashion, but now increasingly integrate a section to cover this sector of market.



There are many new companies entering the sector, although it also has certain barriers that have to be met in order to enter. Within the textile sector, fundamental regulations are the labeling and safety, two fundamental aspects for can be marketed in Spain. Consider the different codes that have respect for different items, there are large amount of duties and taxes for the entry of products from abroad, also have to follow a series of requirements of labeling proposed by the European Parliament and the Council, should take into account the various certifications, legislation and local requirements that are given by the Institute of textile technology (www.aitex.es), the GINETEXT, which is an international organization for labeling on the treatment and care of textiles, also the European Committee for Standardization (www.cen.eu) and the Spanish Association for standardization and certification (www.aenor.es).

Thus, it should be noted, that despite the barriers in the market for children's fashion, there is a great threat of entry of new competitors, since it is a very broad sector within which there is a lot of competition, and this competition is becoming wider. Increasingly there are more close production, and also this is affected by the made in Europe, as well as the increasing value of the made in Spain, and e-commerce, making every time there is more threat of entry of new competitors by the great business opportunities that these factors present in the sector that are having a great commercial success. The easier it is to enter the sector, the increased competition it will have within it.

It is also true that there are already some brands and/or companies that are strongly positioned and which cannot be seen as threatened, because they have already established a good image in the minds of its consumers within the sector.

#### 3.2.2.4. Threat of substitute products

In what refers to the children's fashion sector, we cannot say that there is a lot of substitute products, since it is a sector that is of vital importance, and can be considered a first necessity, people will always have to buy clothes for their daily lives. If he is well, that they may be within the same products in greater need than others, more expensive clothing, brand, and design are vital issues, and can be changed by much cheaper garments that have the same utility, they may not have the same quality, but they are cheaper.



This is within the sector there is a lot of competition, by the great variety of garments, designs, brands and prices, currently mostly large multinationals, as they may be Primark and Kiabi, that offer very cheap products in comparison to other companies, and may be affected middle-high sale of companies with price levels, by replacing their clothes for these others of lower quality and lower prices.

## 3.2.2.5. Rivaly between competitors

Within the sector of children's fashion we currently find many brands that are specialized in different types of garments as well as different types of markets in which it is envolved. There is a large number of companies offering products such as those offered by Kindigo, as you can find a lot of products that can be substitute items offered by the company. In this regard, it should be noted that Kindigo, despite being a small company and they only have a store, in the province of Castellón, in the few years they have been in the sector, to come to differentiate itself from competitors in its territory due to the quality of the products offered, and also thanks to the way in which the customers are treated.

With respect to this factor, it is also worth mentioning the level of maturity that the sector has in which the company is located. Kindigo is located within an emerging sector, since the children's fashion industry has a lot of users that are already established, it has a large number of consumers since this sector is already present in them, but regardless of these factors, the sector is growing, and there is a fierce rivalry between competitors since it is a very dynamic sector.

This rivalry is especially given the different prices and brands, as well as the quality that each company has to offer. The company is Kindigo has a special rivalry especially by big companies, multinationals, such as for example Zara, since it offers a large number of products and prices that are lower than those which the company can offer, although this will also be reflected later in the quality of the product, and the treatment that each company gives.

Therefore the entry of these large companies in the market and in the area of children's fashion in Spain has made the traditional model of the sector to see himself challenged, and therefore held that these smaller companies, like Kindigo, have to find a way to differentiate themselves to compete with these competitors, through its



communication, of its position in the consumer's mind among others, while non-compete through price, because with higher-priced brands they cannot compete with the prices of these big companies, so they have to look for their differentiation in other aspects and finding other niche markets in which these companies are not so integrated, like the case of Kindigo which has also entered the marketing of ceremonies and communion suits which in these large companies cannot be found. This threat can be seen perfectly with Primark and Kiabi input in the sector of children's fashion.

As he cites the Iria P. Gestal company in his article "children's fashion matures in Spain: concentration and chains, the pillars for a new scenario" through the website modaes.es, which "52% of purchases in children's fashion in Spain are made in specialized chains, the dominant channel in the sector, followed by hypermarkets. "The chains grow because growing Primark, which currently copa 14.2% of sales, compared with 12% from the previous year", says Lopez. "There are chains that do not just take off, but will have to put up with the entry of new operators is the traditional channel, which remains behind in share of market ", says the expert." (Gestal, 2015)



# 3.3. Analysis of the market and the demand

# 3.3.1. Market analysis

At present the marketing of children's clothing market is one of the markets where you can get enough business and margin, which also has a great importance in relation to the family income. It is also true that there is a lot of competition in this market and therefore companies should look for something more to sell than a low price, like for example clothes design, quality, brand or other services that add value to the product.

This market also is becoming fashionable in the financial market, since you can see how in recent years some companies in the sector entered or intend to merge in stock, since it can be an interesting market through which they can capture liquidity for their companies as well as the power to finance them and to expand.

It also has a great importance in this sector in terms of sales, since a large percentage of sales from stores in a year are performed during these periods. As well as the distribution of apparel sector child, since large multinationals that currently exist have brought many products that come from other continents and many new forms of Commerce, since we find these items in different shops, as for example through specialty stores, is also important franchises or even in the supermarkets which have had a great evolution in recent years that have introduced children's clothing as well as other textiles, and especially at relatively low prices which are especially threatening the retailers so that they focus more on the quality of the products and the brands, and with this the prices are higher than the hypermarkets prices for example, and this means these small shops are forced to large areas.

Also something worth mentioning is something that can influence within the industry is peddling which faced children's clothing shops, although this does not affect so much as the above since it represents a very small percentage in the market.

In conclusion, this market is affected and influenced by aspects referred to above, as well as different economic cycles in which we can find, as the great crisis of the last few years from which we are still recovering. But even with all this, it is a market that can be greatly beneficial if a conscious business is carried out and taking into account the various aspects and factors that can influence it.



# 3.3.2. Demand analysis

#### 3.3.2.1. Consumption analysis

The consumer in this market is quite frequent, since consumers are children, and taking into account the rapid evolution that they entail, this means having to renew their clothes several times a year, depending on their age. At the beginning, in the early years, children are constantly changing clothes, usually about two times per year, which indicates that there is an intensive and very frequent consumption. Therefore in comparison with adult textile sector, this sector has a more frequent consumption, because for example if an adult buys a garment they can use it for several years, while a child not can use it for a long time, due to growth, and surely after a few months or a year, that same garment will not fit them as well or not at all.

It must also be emphasized, although selling in this market is much more frequent, it is also true that children grow and cease to be children with which the demand but more frequent will be less long, i.e. less than years, than that might be in the market for adult clothing, i.e. customers can last many more years.

#### 3.3.2.2. Analysis of consumer

With regard to consumers, although in the case of children's clothing and the main character is the child, consumers are much more, since they are parents who buy in the majority of cases, as well as also the grandparents or grandmothers representing a large role in the infancy of the children.

Mothers are mainly those dealing with these aspects of their children, and which buy them clothes, so are the main consumer in this market. Parents also have a role, and that increasingly is seen that they have greater influence in these decisions and they purchased many times, but nevertheless are still mothers that are more involved in the purchase of clothes for their children.

After parents, a large consumer are grandparents, since they are a very important figure. This figure is very important for companies in this business and they have it in mind, because grandparents are those who worry much when they have grandchildren, are the ones who can most spoil them, and above all the great illusion that this makes them, so often give them everything you can and even more, that parents not can give them if they do not, because they always want to make gifts to



grandchildren and many times without taking into account what can enforce a child garment. For this also, companies take into account that many times grandparents can spend more than their parents, by the fact that these not be set both in prices as parents.

Children are also involved in the purchase decision, but it is true that very few and when have already grown enough to make their tastes and preferences, basically teens, since babies or children with only a few years of life, no influence because they don't have that capacity nor the way of influencing the buying process.

# 3.3.2.2.1. Determinants of demand and purchase decision process

As determinants of demand and the purchasing decision process, in this market are prices, also can influence as discussed above sentimental aspects, as well as the quality of garments, and the same marks.

Regarding the price, it is a determinant of demand on many occasions, by the fact that there is currently a wide range in the sector of children's fashion and clothing can be very different, and above all very cheap prices by large companies. It is also true that sometimes the price may not be as important in demand or in the purchase decision process, as mentioned above, i.e., for example in the case of grandparents who want to make gifts to grandchildren, many times are not fixed in the prices of clothing, but that will be the best and the nicest thing for his grandson and the quality of it. Here come the sentimental aspects mentioned above, which also influence the process of the purchase decision, for example the case of grandparents, or even parents who many of them want their kids to have the best or the best on the market.

The quality of garments as well as brands is a very important factor also, which influences the decision-making process of the purchase, which you can also see in the examples above, when parents or grandparents are looking for good clothes for their children or grandchildren, are not fixed both on the price, and will be focused more on the quality of the garments, and many times this is associated with large and well-known brands that are on the market, since they are more expensive and are not found in all retail outlets, they are better quality than the rest of the clothes, so it is a very important factor for some when it comes to dressing their children or grandchildren.



# 4. MARKET RESEARCH

The research is a descriptive study that aims to describe and detail mainly the level of satisfaction of the clients of the company. The aim is to detail this based on the characteristics of customers of the store, through the age and sex of the person by means of a survey. It is a cross-sectional study since the information has been acquired through a survey, based on a sample of items in the shop during a specific time period.

# 4.1. Objectives of the research

The main objective of the research is to know the level of customer satisfaction, for this identified several issues that had to be investigated, so therefore it is intended to investigate and specify, and what they want to know is:

- Determine the level of customer satisfaction, mainly,
- To understand what their needs are,
- · Obtain information necessary to keep them satisfied,
- Detect specific areas of improvement,
- Understand factors that strengthen the relationship with customers, and
- Know if they recommend or would recommend the products of the store.



# 4.2. Methodology

# 4.2.1. The research design

According to the assumptions made the focus of the research is causal as it focuses on studying the satisfaction and loyalty of customers. Relations shall be determined through structural equation models, and for this purpose it will be necessary to obtain quantitative information to confirm the causal relations of the model. For this, a cross-cutting research has been carried out, and their study population is composed of end customers in the shop Kindigo.

Table 4.2.1.: Technical details of research

F.	FACTSHEET								
Universe:	Out of the Kindigo shop								
Data collection method:	Survey free structured								
Scope of the study:	Store Kindigo								
Sample size:	33 valid surveys								
Sample location:	33 respondents in Castellón de la								
	Plana								
Sampling procedure:	Procedure randomized, stratified, with quotas preset by age and sex of respondents								
Sampling error:	± 17,40% (p=q=0,5; trust level=95,5%)								
Questionnaire:	Questionnaire structured closed								
	questions with an open question								
Date of fieldwork:	May and June 2016								

Source: Own elaboration

The data collection was carried out during the months of May and June of the year 2016 and was commissioned by the company Kindigo, where the target audience was different customers in who participated in the survey.



#### 4.2.2. Measurement of the variables

To define the research design we will describe several aspects:

- The <u>focus</u> of the research is descriptive, since it is intended to describe the features that frame the customer satisfaction.
- Data <u>sources</u> are primary and quantitative, since they are obtained for the purpose of research by own researcher, and are generated by the respondents through the polls that are ad-hoc, since it is specific information at a particular moment in time, and that have been done especially for research.
- Obtaining the information <u>instruments</u> are quantitative because it is a paper survey given to the customers in the store.
- <u>Sample</u> are Kindigo customers who wanted to participate in the survey and filled it out. The total sample handed out was 33.
- The <u>questionnaire</u> is a compilation, which tries to differentiate the sample according to their sex and age, consisting of ten direct and closed questions, so it is a structured questionnaire, with the exception of the last question aside from the other ten, which can be considered informal or more open, since it is a question in which the client can make a comment or suggestion about the store. You can see the format of the questionnaire in the Annex 2: Questionnaire.
- And the research <u>budget</u> has practically no economic cost, since they designed the survey, and the survey was carried out in the store, therefore no one was required to leave the store to hand out the questionnaire. The only direct cost was for the printing of the survey, which only varies between € 5 and € 10, which is almost nothing for research. Therefore this cost related to the purpose and specific objectives of the research has a high cost-benefit, since if they succeed in achieving results beneficial for the company through this investigation the benefit will be nearly 100 percent.

Therefore, and after performing the research design, we proceeded to the collection of data through surveys in the store, for a period of one month, particularly from the May 1, 2016 until May 31, 2016.



The scales used are different depending on the questions:

- Question 1 has a basic scale interval.
- Questions 2, 3, 4, 7, 8 and 10 are nominal basic scales.
- Questions 5 and 6 are comparative scales.
- Question 9 is a non-comparative scale of continuous classification.
- And the last question is an open question.

(See Annex 2: Questionnaire)

# 4.2.3. Description of sample

The responses obtained from all the surveys filled out, were introduced into Excel to measure the different variables and get some results based on sex and age of customers (*Annex 3: Format Excel for data collection*), and then the data was analyzed through the program IBM SPSS Statistics data editor to analyze questions 1, 2, 7, 8, 9 and 10 as frequencies and questions 3, 4, 5 and 6 as means, and to obtain the following tables

#### **❖ FREQUENCIES**:

Table 4.2.3.1.: Frequencies

#### **Statiscians**

		Q1	Q2	Q7	Q8	Q9	Q10
N	Valid	33	33	33	33	33	33
	Lost	7	7	7	7	7	7

Source: Own elaboration

#### **TABLES OF FREQUENCY (FREQUENCY ANALYSIS):**

As shown in the table in question 1, while taking into account the valid percentage, 51.5 % of customers have been buying in Kindigo for between one and two years, and 27.3 % over two years, a percentage It is showing high customer loyalty to the



company, against a 3 % of customers who have been buying in Kindigo for less than 6 months.

Table 4.2.3.2.: While respondents are buying in the store. Question 1

-				Valid	
			Percentag	percentag	Cumulative
		Frequency	е	е	percentage
Valid	Less than 6 months	1	2,5	3,0	3,0
	Between 6 months and 1 year	6	15,0	18,2	21,2
	Between 1 and 2 years	17	42,5	51,5	72,7
	More than two years	9	22,5	27,3	100,0
	Total	33	82,5	100,0	
Lost	System	7	17,5		
Total		40	100,0		

Source: Own elaboration

In the table of question 2, it is observed that 72.7 percent of respondents have got to know the company through friends, relatives or other contacts, against 3% who have found out about the company through the press, magazines or radio. Which shows good customers recommendations to others.

Table 4.2.3.3.: As you have known the store. Question 2

		Frequency	Percentage	Valid percentage	Cumulative percentage
Valid	Friends, family and contacts	24	60,0	72,7	72,7
	Newspapers or magazines	1	2,5	3,0	75,8
	Radio	1	2,5	3,0	78,8
	I did not know it	5	12,5	15,2	93,9
	Other	2	5,0	6,1	100,0
	Total	33	82,5	100,0	
Lost	System	7	17,5		
Total		40	100,0		



Regarding the table Question 7, 45.5 % of respondents consider itnecessary to have a website to buy or place orders through it, against 21.2 % who do not consider a website necessary. This indicates that it could be feasible to create a website for the company.

Table 4.2.3.4.: Need a web page to buy or place orders. Question 7

					Cumulative
		Frequency	Percentage	Valid percentage	percentage
Valid	Yes	15	37,5	45,5	45,5
	No	7	17,5	21,2	66,7
	I do not know	11	27,5	33,3	100,0
	Total	33	82,5	100,0	
Lost	System	7	17,5		
Total		40	100,0		

Source: Own elaboration

Regarding the table for Question 8, 57.6 % of respondents would buy or place orders through a website, against 9.1% who would not buy over the Internet. Which again shows the importance that a website could give to the company.

Table 4.2.3.5.: Interest in buy or make order through website. Question 8

				Valid	Cumulative
		Frequency	Percentage	percentage	percentage
Valid	Yes	19	47,5	57,6	57,6
	No	3	7,5	9,1	66,7
	I do not know	11	27,5	33,3	100,0
	Total	33	82,5	100,0	
Lost	System	7	17,5		
Total		40	100,0		

Source: Own elaboration

With respect to question 9 table, 39.4% of respondents would recommend Kindigo to their family and friends with a probability of 10 or 9. This confirms the high



percentage of respondents who have indicated that they know the company through friends, relatives and other contacts.

Table 4.2.3.6.: Probability you would recommend to Kindigo their families. Question 9

				Valid	Cumulative
		Frequency	Percentage	percentage	percentage
Valid	7	2	5,0	6,1	6,1
	8	5	12,5	15,2	21,2
	9	13	32,5	39,4	60,6
	10	13	32,5	39,4	100,0
	Total	33	82,5	100,0	
Lost	System	7	17,5		
Total		40	100,0		

Source: Own elaboration

Finally, the table of question 10 shows that 100% of the respondents do not have recommendations that could improve their satisfaction as a customer.

In conclusion to the frequency analysis observed that customers are satisfied with the company since they continue buying there, and because they recommend the company so positively. Also it is noted that the creation of a web page could be viable.

Table 4.2.3.7.: Aspects that might improve the satisfaction as a customer. Question 10

				Valid	Cumulative
		Frequency	Percentage	percentage	percentage
Valid	No	33	82,5	100,0	100,0
Lost	System	7	17,5		
Total		40	100,0		



#### **❖** DESCRIPTIVE (MIDDLE ANALYSIS):

With respect to the degree of satisfaction that respondents to the value of Kindigo garments can conclude that they highlight the aspect of "Very satisfied" followed by "Satisfied", and no feedback for a degree of low satisfaction or very low, so we conclude that Kindigo customers are very satisfied with the quality of the garments which they offer in a range of 1 to 5. (Table 4.2.3.1.8., question 3)

In terms of treatment and professionalism of employees that customers perceive is mostly "excellent", (table 4.2.3.1.8., question 4). As well as the price in relation to the quality of the product that most also consider it as "Excellent", although many also claim that it is "Very good", (table 4.2.3.1.8., question 5).

The competition, most of the clients interviewed considered Kindigo as a company "Excellent" and "Very good" versus the competition, (table 4.2.3.1.8., question 6).

Table 4.2.3.8.: Analysis of descriptive statistics. Questions 3, 4, 5 and 6

	N	Minimum	Maximum	Average	Standard deviation
Q3: Degree of satisfaction with the items	33	1,0	2,0	1,303	,4667
Q4: Treatment and professionalism of employees	33	1,0	3,0	1,394	,6093
Q5: In relation to the quality of the product price level	33	1,0	3,0	1,939	,7044
Q6: Kindigo the competition N valid (by list)	33 33	1,0	3,0	1,667	,7360

Source: Own elaboration

Concluding the analysis of means extract that customers are very satisfied with the quality of the garments, as well as the treatment by employees, the price level that



the company has compared to the competition, and generally the company against its competitors.

# 4.3. Results

# 4.3.1. Descriptive analysis data (ANOVA)

There has been a study of the evaluations made of the degree of customer satisfaction regarding the quality of garments (question 3) and to the service and professionalism of employees (question 4), as well as the price level in relation to the quality of the product (question 5), and as considered respondents to Kindigo the competition (question 6), (Table 4.3.1.1. and Table 4.3.1.2.). These aspects have been assessed in relation to gender.

#### **UNIDIRECTIONAL:**

Table 4.3.1.1.: Analysis of the Descriptive. Questions 1, 2, 3 and 4

						ence for the		
			Standard	Standard	average interval			
	Ν	Average	deviation	error	Lower limit	Upper limit	Minimum	Maxium
Q3 Female	24	1,333	,4815	,0983	1,130	1,537	1,0	2,0
Male	9	1,222	,4410	,1470	,883	1,561	1,0	2,0
Total	33	1,303	,4667	,0812	1,138	1,469	1,0	2,0
Q4 Female	24	1,375	,5758	,1175	1,132	1,618	1,0	3,0
Male	9	1,444	,7265	,2422	,886	2,003	1,0	3,0
Total	33	1,394	,6093	,1061	1,178	1,610	1,0	3,0
Q5 Female	24	1,958	,6903	,1409	1,667	2,250	1,0	3,0
Male	9	1,889	,7817	,2606	1,288	2,490	1,0	3,0
Total	33	1,939	,7044	,1226	1,690	2,189	1,0	3,0
Q6 Female	24	1,792	,7790	,1590	1,463	2,121	1,0	3,0
Male	9	1,333	,5000	,1667	,949	1,718	1,0	2,0
Total	33	1,667	,7360	,1281	1,406	1,928	1,0	3,0



Table 4.3.1.2.: ANOVA Analysis. Questions 1, 2, 3 and 4

		Sum of squares	gl	Root mean square value	F	Sig.
Q3	Between groups	,081	1	,081	,364	,551
	Within groups	6,889	31	,222		
	Total	6,970	32			
Q4	Between groups	,032	1	,032	,083	,776
	Within groups	11,847	31	,382		
	Total	11,879	32			
Q5	Between groups	,032	1	,032	,062	,805
	Within groups	15,847	31	,511		
	Total	15,879	32			
Q6	Between groups	1,375	1	1,375	2,671	,112
	Within groups	15,958	31	,515		
	Total	17,333	32			

Source: Own elaboration

# 4.3.2. Results by gender

As noted in the previous section (table 4.3.1.2.) tables, women give a better assessment as to their satisfaction with the clothes and the employees, the level of prices, and the company in respect to the competency, for men, although the difference is very little.

The differences between the groups were not significant (p > 0.05), there are more differences within groups, which between them (women and men).



# 4.4. Recommendations

As recommendation after analyses, it is considered that the company should have considered the creation of a website, both to open more markets and attract more customers, as for sale and placing orders via the Internet, since a high percentage of respondents show the need for this aspect in the company.



# 5. DIAGNOSIS OF SITUATION (SWOT)

#### **❖** STRENGTHS:

- Capacity for differentiation, since that has characteristics, referred to in the preceding paragraphs that make it differentiate from other companies, such as its quality or its brands.
- Quality of the products.
- Broad portfolio of products from different brands.
- Collaboration with the society, through its participation in various charity events and collaboration with various associations of children with disabilities.
- The trade mark is registered.
- Availability of own financing, since you don't need to be financed.
- Special, like for example communions and ceremonies styles.
- Central location, since it is in the Center and is a busy area.
- Rotation of the products, and constantly introducing new seasons.
- Communication through different media, such as the radio, newspapers or fashion magazines.
- Good service and treatment to the client.
- Presents an attractive showcase, which draws the attention of the customer and makes entering the store.
- It has a capacity of response to changes in the needs of clients, as for example when it introduced gowns and communion dresses and ceremonies, because they saw that there was demand from their customers.

# **❖** <u>WEAKNESSE</u>S:

- Do not have a web page, which is now a fundamental part of the companies.
- · Some prices are quite high.
- Is targeting a medium-target audience.
- Payment for the rental of the premises.
- Distribution only through the store.

#### **❖** OPORTUNITIES:

 Increasing interest by the personal image and taste for fashion in the child sector by consumers.



- Market trends.
- High degree of customer loyalty.
- Low bargaining power of customers.
- Opening of a web page.
- New sales channel through the Internet.
- Recovery of the economic crisis and consumption.

# **♦ THREATS:**

- Economic crisis, although shrinking because you are recovering, and the situation is improving.
- Strong competition and the same increase in the sector.
- Large number of online stores, and which increasingly tends to grow and have more online stores, since there are many in which you can find products much cheaper and all parts of the world.
- Similar to low price products.
- Strong bargaining power of suppliers.
- Fakes, which are currently created many counterfeits of branded clothing.
- Increase the supply of children's textile clothing in hypermarkets.

(See ANNEX 4: SWOT)



# 6. MARKETING DECISIONS (PLAN OF ACTION)

# 6.1. <u>Definition of the product and market</u>

The Kindigo company is aimed at a segment made up by parents and grandparents, usually with a medium-high level, and in particular mothers since they are the large percentage that deals with children's clothing. It focuses on this segment with items of different brands and is especially characterized by the good quality of their products and the personalized service that they offer the customers, thus being more focused on people with a higher purchasing power, since their products are more expensive in relation to other companies in the same sector.

Therefore, Kindigo positioning against competing firms, stands with superiority regarding the price and the quality of their products, this can be seen in a manner clearer image 6.1.

PRICE

+ QUALITY

| PRICE | PRIMARK\* | PRICE | PRICE | PRIMARK\* | PRICE | PRICE | PRIMARK\* | PRICE | PRIMARK\* | PRICE | PRIMARK\* | PRICE | PRICE | PRIMARK\* | PRICE | PRIMARK\* | PRICE | PRIMARK\* | PRICE | PR

**Image 6.1.:** Kindigo positioning



# 6.2. <u>Definition of objectives</u>

Then a series of both quantitative and qualitative targets are defined:

# Quantitative Objectives:

- Increase sales by 15% by the year 2017.
- Increase the profit margin by 5% by the year 2017.
- Increase market share by 15% next year, acquiring new customers and promoting the loyalty of existing customers.
- Implement the introduction of new designs of ceremonies and communion outfits for the next season of the year 2017.
- Create a web page for the year 2017, and insert the purchase and ordering of products through the website from the year 2018.
- Participate in 10% more fairs and events for next year, to support the society, and to strengthen the company brand.

# Qualitative Objectives:

- Improving the satisfaction of the most loyal customers, as well as new customers.
- Get more recommendations of the company by customers to their friends or relatives.
- Expand the brand awareness and attract the attention of the customer.
- Modernize the company with new technology trends through Internet and their own web page.
- Enhance the performance of ceremony and communion suits line.
- Maintain the company's position in the consumer's mind.



# 6.3. Choice of marketing strategies

To define the way we are to meet the goals outlined in the previous section, the marketing strategy followed by the company with which intended to achieve everything that has been proposed previously defined.

The competitive advantage sought by the company is differentiation, and business purpose is to focus on a narrow segment of buyers, so the marketing strategy followed by the company Kindigo will be a focus strategy or niche market based on differentiation, since it will focus on a more limited segment of customers, in this case the parents and grandparents with a medium-high purchasing power, offering members of niche products company differentiated by their quality and their ability of customer satisfaction. This strategy allows the company to charge a higher price for their product, increasing unit sales, and gain the loyalty of buyers to the brand. It is also true that imitation is risky, but it attracts consumers for its high exclusivity, which in this case is the superior quality of the garments offered and the best services and personalized attention to its customers.



# 6.4. Action programmes

# 6.4.1. Decisions of product and service

#### 6.4.1.1. Product

The aim of this section is to highlight the major decisions that must be taken into account for company to carry out its management portfolio.

The company offers a line of outstanding products from the competition and following its niche strategy based market differentiation, some products with a medium-high level of excellent quality and provides exclusivity to the company focusing on the needs of the consumer, such as its line of ceremonies and communion outfits.

The products offered to its customers encompass a wide variety of multi-brand garments. The garments offered by the company are a set of basic clothing with an affordable price point, known as the Sport Casual Ware line, then you have a higher category and the most noteworthy are the clothing brand, offering brands such as Pepe jeans, Guess, Desigual and Name it. Within these two categories they offer a variety of items like trousers, shirts, dresses, skirts and shirts, for babies to young people of 12 years. Besides these two product lines, the company offers its exclusive range including suits for ceremonies and communions for young people who are at the age of taking the communion and outfits that customers can combine to their liking and also have a dressmaker service to modify the dresses and suits for each child.

These products as already mentioned above, are aimed at a public whose main profile are the parents and grandparents of the children, especially for the mothers, and with levels of upper-middle income to maintain the differentiation strategy the company since most of their products have a medium-high price, and the company focuses on addressing people with this profile.

Besides focusing on products targeting current fashion, always providing garments that are fashionable at the respective moment, reliving every season with the latest trends, garments and brands that dominate the market.

For all these reasons, it is considered that the company will continue this product line because that's how they get the loyalty of consumers and businesses exclusively to competition.



Following its strategy the company has to offer specialty goods, with unique features and identification of the brand, which should take into account the following decisions about their products:

- With respect to the development of new market offerings, the company will continue keeping tenders which currently, has a basic line that is accessible to all consumers, but keeping its prices on the most valued products, such as branded products and especially costumes ceremony and communion ware, since it should not lower prices to avoid losing its prestige before customers that is why they buy in his store, because a product of Kindigo doesn't seem to have the same value as one product of other multinational children's clothing retailers at low prices, such as Primark or Kiabi.
- On product lines, it is considered that the company currently has the appropriate lines to satisfy their customers, and new products to our customers needs, not being detected which aims to continue with the same line of products and keep to continue to meet its customers.

Regarding brand decisions following the company are governed by its suppliers, since the products are not produced in-store, but come from various suppliers of large well-known brands worldwide, which gives them more confidence and recognition by consumers. It is considered a good decision following brand of products offered as customers are highly satisfied with their products and will continue with suppliers and manufacturers currently offering.

Therefore the main objectives of this action will maintain the positioning of the company in the consumer's mind. Other objectives are:

- Improve the satisfaction of the most loyal customers and new customers.
- Get more recommendations by customers.
- Expand brand awareness and capture customer attention.

The expected result of this action is to increase the profit margin by 5% over 2015, i.e. move from a 12% to 17% in 2017, and also maintain the positioning of the company in the consumer's mind.

These decisions will be carried out through the marketing department of the company, who takes charge of the company responsible for this aspect as well as other business tasks.



To analyse these actions and see if they remain profitable with the passage of time there must be monitoring and control, which will be detailed in paragraph 6.5. "Control", and part of that will also be done by a manager for the company. This plan of action should be checked periodically, by applying the necessary guidelines suggesting action to achieve the desired goal.

The objective for this action as it is to maintain the same product line, and does not imply any change, it will be virtually zero, they simply have to keep track of the products to see if they work properly.

Monitoring will be carried out from January of the year 2017 until December of the year 2017, controlling the sales carried out each month, comparing them with previous years, the evolution of the benefits and new customers who have used the company, to see if the products are suitable and margins with them results in a remarkable evolution of the company's results and whether the objectives are being met.

#### 6.4.1.2. Services partners

Following the strategy of differentiation, the company offers its products accompanied by after-sales services and customer care services personalized to consumers to make each customer feel special and Kindigo predominates in the mind of the consumer as a company different and exceptional.

In addition, a special and personalized gift bag is offered t0 the consumer if desired, that consist of a bag-shaped with the store logo, very well presented and decorated in a peculiar way, with which the company's brand is identified directly to observe the special package. This has led to the conclusion that customers feel more special, or provides them with a higher prestige in making a gift to a friend or family member, simply by carrying it in these special packages as were in another store they are given a simple bag.

And finally the after-sales service which means that customer don't worry about defects in their garments, having confidence in the products purchased and the company itself, the company provides the opportunity to exchange the product if it had a defect or failure, or the possibility of returning the product in Exchange for a voucher for your amount without expiration date.



With which the enterprise follows a few good decisions about the added services, they already offers a good quality of service because customers have their service expectations, thus achieving their expectations which generates good communication word of mouth, and meets their personal needs.

The main objective of this action is to increase the loyalty of customers, in addition it also will aim to achieve the following objectives:

- Improve customer satisfaction.
- Increase the number of clients of the company

The expected result of the action is to increase sales by 15% for the year 2017 as compared to the year 2015, i.e. move from €194.492,65 in the year 2015 to €223.666,55 in the year 2017. And also to increase market share by 15% by the year 2017.

This action will take place through the Marketing Department, formed by the person in charge of the company, who is the person who carries both this aspect and other aspects of the company.

There will be a control to see if it has the expected positive results and if it works correctly. The control will be in detail in paragraph 6.5. "Control".

The budget of this action will be reasonable, since costs will be the costs of different cards for customers, and enter a program within the enterprise system to automate the cards to each client so that it can be an action simple and fast to add the points to the cards. The budget will be presented in paragraph 6.7. "Budget".

The release date of these cards will be in January 2017, to start from the beginning of a period and thus see its evolution and its results at the end of the year to see its profitability.



#### 6.4.2. Price decisions

The objective of the decisions which will describe the price, it is to keep the prices of the company and that they do not fluctuate so not to confuse the consumer as to the quality and the prestige of the company, since this has important psychological impact on the consumer or user.

The company has to follow pricing based on perceived value, taking into account the estimated demand the company will have, and the estimation of the fixed costs and variable costs, as well as the experience effect that the company itself has. In this decision, it is important to also take into account the valuation of characteristics unique and different customers offer the store, as the example cited above of the special gift packages that they give to their consumers and professional and specialized treatment.

For all this the company follows some prices of medium-high level, although it has a section with affordable prices to a wider audience, main prices following the company are relatively high or medium-high, since it is their strategy of differentiation, and stands out of the majority for this aspect. Due to the public that it is intended to address and what is their target audience cited in previous paragraphs, the company follows these high prices, and also to follow its strategy of differentiation in a niche market.

Therefore the company has a minority group of garments with affordable prices, Sport Casual Ware line, but their increased activity is related to brand garments that have medium-high prices, and the line of suits for ceremonies and communions with high prices, sections where it achieves its greatest benefits. For example the difference between these sections are that the basic clothing can be purchased for less than €20, while brand garments are priced between € 25 and € 60 which makes a pretty big difference. And above all, such ceremonies and communion suits may vary between € 300 and € 600, which mark a huge price difference with other sections, therefore the company focuses especially on designer clothes and this latest collections, where prices are very high, which makes you get more benefits.

It should be also noted that due to these prices, the company cannot abuse discounts or refunds on their products since they would lose all their prestige since that customers may think that the products they are buying are not exclusive if they had big savings and were cheaper reaching the low prices of the competition. Whereupon



it is determined that the company should not offer big discounts and special offers on their products so as not to lose the positioning in the mind of the consumer.

He is therefore considered that the company follow a few good decisions to mark their prices, since it takes into account all these aspects, also, the quality of the products offered, agreements with suppliers such as wide-ranging competition that exist.

Therefore the main objective is to enhance the performance of ceremonies and communions suits line and maintain the company's position in the consumer's mind.

The expected result of the action is to increase sales by 15%, and increase the profit margins by 5%, along with other actions for the year 2017. They are also expected to increase the introduction of new designs of costumes for ceremonies and communions, since they are products with higher prices and more profits contribute to the company.

The person responsible for this will also be responsible for the company since it is responsible for all the departments of the store.

To perform a control to track and analyse if this continues to be profitable over time for the company, so the results obtained by the company will be periodically consulted to see its evolution and consider if it is appropriate and positive.



#### 6.4.3. Distribution decisions

The main objective of this section is to define the decisions that must take into account the company regarding its strategy of approach of the products it offers and how it presents them to the final consumer and customer.

The current and unique channel of sale of the company is through the store and directly to the end customer.

For this reason it will expand distribution through the creation and opening of a website, which will be created for next year 2017 as an action for communication, and will begin to distribute through it from early in the year 2018 as an action for the distribution, in order to expand the market and attract more consumers as well as meet this need for current customers of the store.

This new channel is carried out thanks to the identification of segments that want this type of sale via the Internet, and which has been detected through market research carried out, and the increasing trend of this type of distribution channel.

To carry it out will have to take into account the policy of prices, conditions of sale, the territorial rights of the Distributor as well as support services and responsibilities of the parties. It will be a practice of marketing through electronic commerce, specifically and E-marketing, since it must strive to inform, communicate, promote, and sell their products via the Internet.

This new practice of marketing seeks to both sell directly through the website placing the order so that it reaches directly to the recipient, and that consumers can order products that they want to acquire and to collect them later in person in the physical store, and can pay for their purchase through the web to order as well as in the shop when they pick it up.

Whereupon the main objective of the action is to modernize the company regarding new technologies via the Internet and a new web page. In addition it also has objectives:

- Expand the knowledge of the brand and capture the attention of the customer.
- Improve the satisfaction of customers.
- Get better recommendations from customers.

The expected result of the action is increasing sales for the year 2018, increase the profit margins for the year 2018, and expand the market share for the year 2018.



The Department or the person in charge of this action will be the Manager and the store manager, who is also responsible for the Marketing Department, which must hire a specialist in the creation and maintenance of web pages to carry out this new distribution channel, as well as its subsequent maintenance and changes that need to be addressed over time.

A control on the web page, which during the year 2017 will act only as advertising, will be held to learn more shop, and attract new customers, therefore there must be a follow-up of the results of the company during the year 2017 to see if this action has brought more revenue and has attracted more customers, as well as during the year 2018 when they will start operating the sale through the web, to control sales and orders carried out through it. As well they will also carry out control and monitoring of the web, both responsible for shop, as per the person hired for the creation of the website and to perform updates that should make the page over time.

This will be announced through the store, and through social networks available in the company that is Facebook, so as increasing ads on the radio, press, and fashion magazines to announce this new development. The budget for these activities will be detailed in paragraph 6.7. "BUDGET".



#### 6.4.4. Communication decisions

The goal of communication decisions that will be taken is to know what communications functions that the company perform and how they work, as well as details as it carries out an active communication and what are the tools used for this.

At present the methods used by the company to transmit its communication is the own store, social networking site Facebook, through radio, press and fashion magazines but in a smaller way that in its early days, and through fairs or events of associations that help and support to the society. Is considered to be good practices, but that also will be the creation of the website mentioned in the previous section, which will also be a decision that will affect the company's communication, since through it will make known more to capture a wider market share and expand their territory of sale outside Castellon, and get to those people who can not only through the classroom store.

After analysis and research carried out has been identified that there is a target audience for this new decision of communication that already has knowledge of the products of the company and has a very favorable attitude towards them, and that you need to be able to buy in a way more convenient via the Internet.

The format of the web page will be a format with force and that identify directly with the presence of the store, must take into account the graphic design, will be like typography, illustrations, the color and the composition of the site, which should follow the tone that has the logo and shop physical, the atmosphere of the store should be reflected in the design of the web page so that they become partners with ease.

Apart from this, also the ads on the radio, press and specialized fashion magazines, will increase by 30% to communicate this new decision, and make it reach the largest number of possible public.

The main objectives of this new decision of communication are increasing recognition and awareness of the store, inform, create a brand awareness, create attitude toward the brand and create more intent on buying into the brand. Also other objectives of this action are:

- Modernize the company regarding new technologies through a new website and Internet.
- Expand the knowledge of the mark and capture the attention of the customer.



- Improve the satisfaction of customers.
- Get better recommendations from customers.

The expected result of the action is to increase sales by 15% by the year 2017, increasing the profit margins by 5% by the year 2017, and expand market share by 15% for the year 2017, along with other actions will be performed for that year.

This action held will also take charge of the store, which will be a specialist in creating web pages.

A control on the web page will be to see what their results are.

The budget for these activities will be detailed in paragraph 6.7. "BUDGET".

The launch date of the website and ads increase will be in January of 2017.



# 6.5. Control

It has to carry out an inspection of the above objectives to see if they are being carried out properly, whereupon there will be measures to different quantitative objectives:

For the purpose of "Increase sales by 15% by the year 2017", they shall observe the changes that the company has dad in terms of sales figures which have been achieved during these years, and make a sales forecast for the year 2017, and so see if the objective can be achieved.

With this estimate of sales for the next year, they may also know if they can reach the goal "To increase the profit margin by 5% by the year 2017" and "Increase market share by 15% next year, acquiring new customers and promoting the loyalty of current customers"

For the objective of "Implementing the introduction of new designs of costumes for ceremonies and first communions for the next season of the year 2017" and "Create a web page for the year 2017, and enter the purchase and ordering of products through the website from the year 2018," they can see if they are viable targets through the forecast and the results of control of the above objectives, if the above objectives may be indicated that the company can innovate and introduce new aspects because its revenue and profits are increasing.

And finally, for the purpose of "Participate in 10% more fairs and events for next year, to support society, and to strengthen the brand of the company", they must analyze the events in which the company has been engaged to see if these events have provided positive benefits, and if it has been so weather their participation will be a viable target for the company.



# 6.6. Schedule

Table 6.6.: Schedule of actions

	Table 6.0	<u></u>	)11C	auic		2017		ont	hs)					2018
P	LAN OF ACTIONS	J	F	M	Α	M	7	J	A	S	0	N	D	J
TION PRICE PRODUCT AND ASSOCIATED SERVICES	Monitoring and comparison sales, margins of profits and new customers	<b>X</b> -												<b>-</b> X
	Introduction loyalty card customers	X												
PRICE	Monitoring and comparison sales, margins of profits and new customers	X												
DISTRIBUTION	Introduction of purchasing and orders through the website													X
COMMUNICATION	Opening of the web page	X												
сомми	The 30% increase in ads on radio, press and fashion magazines	X												



# 6.7. Budget

The actions proposed above is estimated a budget of:

- To introduce the loyalty card company will be responsible for the costs of producing the cards. To start is ask 500 cards of fidelity, the estimated cost of which is €500, in addition you will have to add the cost of the installation of the application on your computer to keep track of the cards, which is estimated about €450.
- Increase by 30% the ads on the radio, press and fashion magazines in which the company subscribes will have an estimated cost of € 900.
- The creation of the website for the year 2017 and tracking and maintenance by the contracted company, has an estimated cost of € 1,650.
- And the introduction of the sale through the website for January 2018, will have an estimated cost of € 1,500, more the price of maintenance involving each.

Therefore the budget estimated for proposed actions plan reaches a total of €5.000 (see Table 6.7.).

Table 6.7.: Budget

ACTION	DESCRIPTION	BUDGET
Loyalty Card	Cost of 500 loyalty cards	€500
	Installing the application on the computer equipment	€450
Increase 30% ads on radio, newspapers and magazines	Ads in which the company subscribes	€900
Web Page	Creation of website, monitoring and maintenance (2017)	€1.650
	Introduction of the sale through website (2018)	€1.500
TOTAL BUDGET		€5.000



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# 8. ANNEXES

# ANNEX 1: Portfolio of products

# SPORT CASUAL WARE

# • Girl

(shirt, pants, dress, skirt, shoes, ...)

# • Ghild

(shirt, pants, shoes...)

# BRANDED PRODUCT

# • Girl

(shirt, pants, dress, skirt, ..., of different brands, including Guess, Pepe Jeans, Desigual)

# Child

(shirt, pants, shoes, ..., of different brands, ingludding Guess, Pepe Jeans, Desigual)

# COMMUNION AND CEREMONY

- Girl
- Child

(specialist in this category)



# **ANNEX 2: Questionnaire**

# ENCUESTA DE SATISFACCIÓN DEL CLIENTE Como parte de nuestro trabajo hacia asegurar la total satisfacción de nuestros clientes, le invitamos a tomar parte en nuestra breve Encuesta de Satisfacción al Cliente. Le agradecemos por ser cliente de nuestra tienda, y esperamos que responda la encuesta con confianza. (Tiempo aproximado: 4/5 min)

SEXO: Femenino:	Masculino:
EDAD:	

1) ¿Cuánto tiempo lleva comprando en Kindigo?

Menos de 6 meses
Entre 6 meses y 1 año
Entre 1 y 2 años
Más de 2 años
Es la primera vez que compro

2) ¿Cómo conoció Kindigo?

FECHA: \_

_	
	Amigos, familiares, contactos
	Prensa o revistas
	Radio
	No lo conocía
	Otros:

3) ¿Cuál es su grado de satisfacción con las prendas de Kindigo?

Muy satisfecho
Satisfecho
Neutro
Bajo
Muy bajo

4) El trato y la profesionalidad de los empleados ha sido...

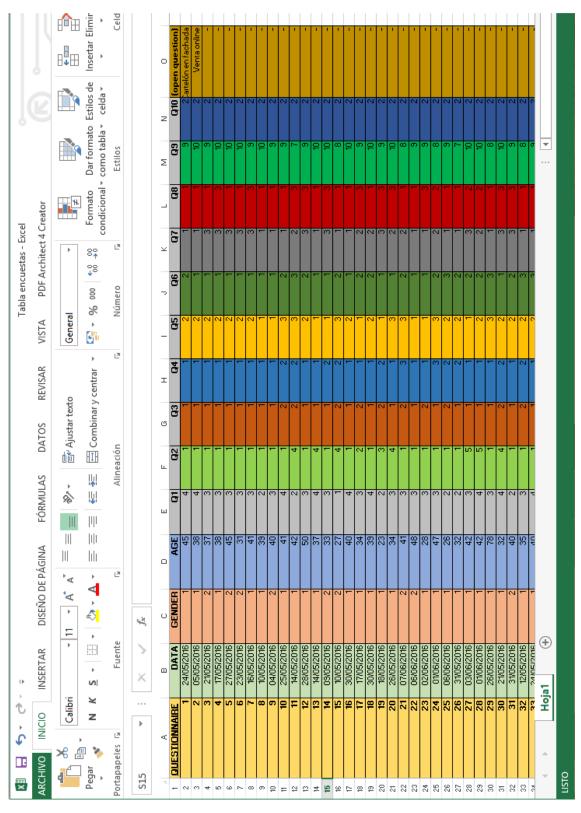
Excelente
Muy bueno
Bueno
Regular
Malo



-1		de precios	s en relac	ión con la	a calidad	del produ	ucto es			
		celente								
	-	luy bueno	)							
	-	ueno								
	$\overline{}$	egular								
	M	Ialo								
6)	Respecto	o a la con	npetencia	, conside	ra a Kind	igo como	una emp	oresa		
	$\overline{}$	celente								
	-	luy bueno	)							
	-	ueno								
	-	egular				_				
	M	Ialo								
• •	Sí No		aria ana	Pagniu Wi	co para c	- Inpitut C	Cuntul	sas peut	.501	
8)	¿Si Kindi	igo tuvier	a página	web, con	npraría o	realizaría	a pedidos	a través	de la mi	sma?
	Sí									
	N	0								
	N	o sé								
9)	¿Con qu	e probabi	ilidad reo	omendar	ía Kindig	o a sus fa	miliares	y amigos	?	
	1	2	3	4	5	6	7	8	9	10
10)	¿Hav alg	o que pu	diera mei	orar su s	atisfacció	n como o	liente?			
		, ¿qué?								
	N									
įΤi	ene algur	na sugere	ncia o coi	mentario di	?					
		įΜ	IUCHAS	GRACI	AS POR	su co	LABOR	ACIÓN!		



# ANNEX 3: Format Excel for data collection





# ANNEX 4: SWOT

# **WEAKNESSES:**

- -Web page is not avaible
- -Some prices are high
- -He goes to a medium-target audience
- -Payment fot the rental of the premises
- -Distribution only through the store

# **THREATS:**

- -Economic crisis
- -Great competition
- -Large number of online stores
- -Similar to low price products
- -Strong bargaining power of suppliers
- -Counterfeits
- -Increasing the supply of children's textile clothing in hypermarkets

# **STRENGHTS:**

- -Capacity for differentiation
- -Quality of he products
- -Extensive product portfolio
- -Collaboration with society
- -The trade mark is registered
- -Availability of own financing
- -Special styles
- -Central location
- -Roration of products, new seasons
- -Good communication
- -Good service and tratment to the customer
- -Presents an attractive showcase
- -Ability to respond to changes

# **OPPORTUNITIES:**

- -Increasing interest by the personal image and taste for fashion
- -Market trends
- -High degree of customer loyalty
- -Low bargaining power of customers
- -Opening of a web page
- -New sales channel through the Internet
- -The economic crisis and the consumer recovery



# **ANNEX 5:** Customers questionnaires