

UNIVERSITAT JAUME I

MARKETING PLAN FOR AZULEV

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1. EXECUTIVE SUMMARY

Azulev is a prestigious factory of the tile sector. It is situated in province of Castellón. It has been dedicated to this sector for 80 years.

Now, if we look in the economic environment, due to the Coronavirus pandemic (also called COVID-19) and as consequence of this, the economic and social crisis, we can say consumer behaviour is changing. Besides, the constant technological evolution and the upgrade of big enterprises is provoking higher and saturated competition in the sector.

With this marketing plan, we will try to show a series of proposal and recommendations so that the company can adapt in the best way possible to the changing environment, offering products and services that satisfy the consumer expectations.

Lastly, the action plans have been quantified in the part of the budget and it has also been done an estimate of the period these actions must be carried out. Finally, we have written some indications to the proposed recommendations.

2. COMPANY'S PRESENTATION

Azulev was founded in 1940 as a traditional ceramic activity company. It is located in Onda (Castellón), in 13 Manuel Escobedo avenue. Due to its efficient activity, a few years later, in 1975, the Valencian Cement Company bought Azulev, transforming the company into an Industrial Society. It is here when the production plant started up, in the same warehouse where all the stock. Two years later, it began to export becoming a pioneer in the export of tiles, since, at that time, there were still no easiness for the sale to other countries as it required a complex process and a high investment. Therefore, many companies did not even try.

It was also in charge of some sports activities, such as the participation in the Paris Dakar and in the 6th Regatta of the Copa del Rey (in 1987).

Over the years, in 1993, it sought to provide proximity and service to the market, which is why a national regulatory warehouse located in Madrid, called Distribuidora Azulev Madrid (DIAZMA), is created. Thanks to the great expansion and good growth, the directors of the company decided to carry out a "Management Buy Out" (MBO), where, these directors became the majority shareholders, thus remaining in control and the total possession of the company. It also took part in a Venture Capital Fund.

It is in 1999 when Azulev had the most current technology and a new production plant in Onda came into operation, in which a new stage of production began with the manufacture of Porcelain Stoneware.

Shortly thereafter, in 2005, a second Venture Capital Fund entered the Company, with the objective of carrying out an important investment plan to increase the quality, the productive capacity of the company and distribution. Due to the high competition lurking in the sector, if Azulev wants to continue being one of the pioneering companies in the market, it must continue to grow by giant steps. The first start-up is with the acquisition, in 2006, of one of the leading companies in the distribution of construction materials in the metropolitan area, called Grupeme, a trading company located in Barcelona. Continuing with the acquisition of a new company: Sanchis, a century-old ceramic company located in Alcora. In 2008, the covered logistics center was expanded, acquiring the facilities adjacent to Onda's plant. During the next years, the company was maximized thanks to new acquisitions to the point of wanting to gain more market share and wanting to cover other needs, which is why the Bath the Solid Surface brand is created. Thanks to it, a new line of business began in the bathroom and sanitary equipment sector, which was not easy to consolidate, taking into account the great innovation that was for the company. Nevertheless, over the years it has achieved brand consolidation, both for the company and for consumers.

After all these great investments, Azulev has had a boom for five years, in which it has achieved extremely high profit figures, thanks to which, the crisis could not make a dent in the company, and it was possible to get out of it normally. But, it is in the year 2019, where the sales of its products began to stagnate, so, the profits went down, the industrial costs began to be higher than the income. After a year with few sales, it is possible to close the year with benefits, but it is in January 2020 when Rocersa buys all of Azulev's shares and becomes the new owner.

3. EXTERNAL ANALYSIS

3.1 ENVIRONMENTAL ANALISYS

3.1.1 GENERAL ENVIRONMENTAL ANALYSIS

We will carry out the analysis of the general environment through the PESTEL analysis, where we will see political, economic, sociocultural, technological and ecological factors.

A) Policial and legal factors

The political-legal dimension is related to the stability of the government, referring to it as a democracy where Pedro Sánchez currently governs, and the general policy that the local public administration carries out in aspects such as tributes / taxes.

On September 1, 2012, the standard rate of value added tax (VAT) increased by 3%, that is, it went from 18% to 21%. The reduced rate increased by 2%, as it went from 8% to 10% and the super-reduced rate remained at 4%.

In the application of the tax by employers / professionals we distinguish two aspects :

- For their sales or provision of services, the corresponding VAT fees are passed on to the purchasers, with the obligation to pay them to the Treasury.
- For their purchases of goods or services, they bear corresponding VAT fees that they have the right to deduct in their periodic liquidation declarations. In each liquidation, the VAT passed on to the customers is declared, subtracting from the VAT paid on purchases / acquisitions from the suppliers.

The result can be both positive and negative. If it is positive, it must be entered into the Treasury. Whereas, if it is negative and it is declared monthly, the return will be made month by month. For this, the company must register in the monthly Refund Register (Presentation of model 036 "Census Declaration of registration, modification and cancellation in the Business, Professionals and Retainers Meeting" or model 039 "Communication of data regarding the special regime of the group of entities in the Value Added Tax"), together with the electronic filling of monthly VAT self-assessments (model 303 "Value Added Tax. Self-assessment) and also the obligation to keep their VAT registration books through the Electronic website of the AEAT.

B) Economic factors

In this aspect, we will address aspects such as the interest rate and the Gross Domestic Product (GDP), since they affect the company positively or negatively.

The interest rate establishes the percentage that a company must pay for a certain financing. This financing cost depends not only on the credit quality of the company, but also on other

aspects related to the general operation of the economy. A low interest rate favours investment and allows companies greater liquidity to meet their current expenses or to increase business.

When interest rates are very high, it will be more difficult for companies to finance their investments and, therefore, the expansion of their activity will be less. This also affects consumer spending, since the lower the economic activity, the lower the employment that is generated. Therefore, the lower the consumer's ability to spend.

The fixing of the price will also be affected since, at a higher interest rate, the higher the cost of the company. So, to maintain the profit margin, they will have to set a higher price. This can lead to the loss of a significant part of clients that were previously held and who are more sensitive to price fluctuations. There are other companies that prefer to maintain the price, assuming a reduction of the margin.

A high interest rate also affects negotiating capacity. If we have had to reduce the margin significantly, there will be less flexibility to impose certain conditions. During the crisis years, interest rates began to drop, and today, the European Central Bank maintains interest rates at zero, commonly called the "record low interest rate" and is not expected to start rising until the end of the year, being in 2021 when interest rates are relatively high. Therefore, for some years, companies have been able to carry out financing and thanks to this, many companies have managed to expand their businesses. Although, it is also important to note that, due to these low interest rate levels, the profitability offered by banks in their accounts is relatively low.

On the other hand, we will see the national Gross Domestic Product, to be able to observe from a general perspective, how the development of a country is, seeing if the monetary value of GDP increases, or conversely, decreases. As we can see in Table 1, the GDP in the year 2019 has been € 1,244,757, which represents an increase of 2% over the previous year. Therefore, Spanish economy has experienced an improvement in its annual evolution, although less than the increase experienced in the last two years.

Table 1. Evolution of annual GDP in Spain

Evolución: PIB anual España		
Fecha	PIB anual	Var. PIB (%)
2019	1.244.757M.€	2,0%
2018	1.202.193M.€	2,4%
2017	1.161.878M.€	2,9%

Source: own elaboration. Data: INE

Another important current economic factor is the state of alarm in which Spain and practically the rest of the world have been affected. This state has caused that all industry was paralyzed for fifteen days, in addition to the quarantine in which we have been living for 30 days. The longer the COVID-19 crisis lasts, the greater the economic and social impact. It is said that the 2008 crisis will be nothing compared to the one that COVID-19 will leave, as it will be similar to the crisis left by the Civil War.

Spain had an advantage at the beginning of this crisis, as it grew more than the average countries in the eurozone. But it also had a problem, since its economic structure is more exposed to the crisis, since it depends a lot on services such as tourism, which is one of the main affected by the pandemic. For this reason, the recession in Spain is expected to be even deeper than in the rest of the countries. It is expected that in 2021, the recession in activity will recover, but without being able to compensate for the entire fall of 2020.

Companies will have a huge drop in turnover, which will have consequences such as an increase in unemployment, decrease in the size of companies, stagnation in progress due to lack of liquidity ...

Due to all this, from the European Central Bank 1.1 billion will be allocated to the purchase of assets, mainly to buy public debt and, Spain receiving between 120,000 and 130,000 million Euros.

C) Sociocultural factors

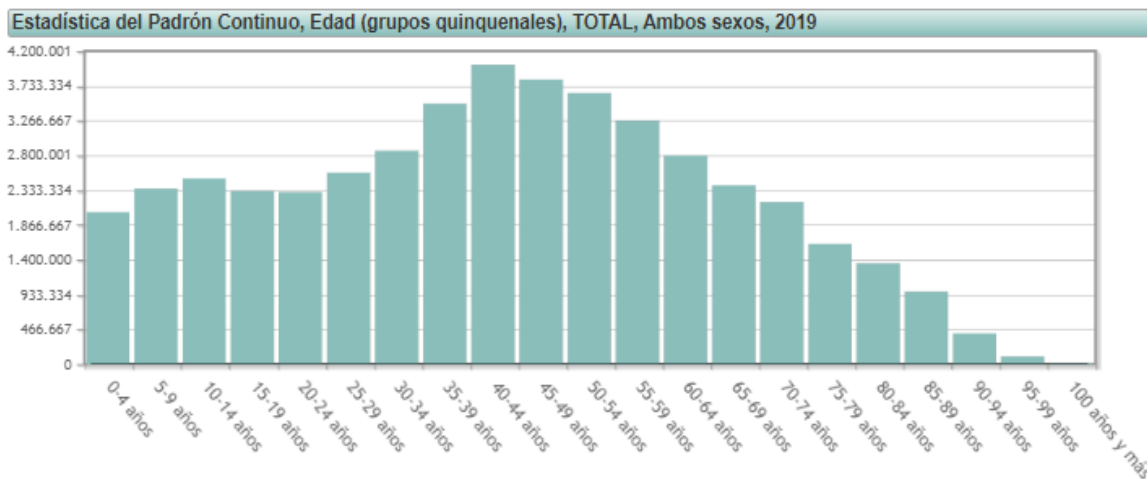
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Graph 1. Average age of the population



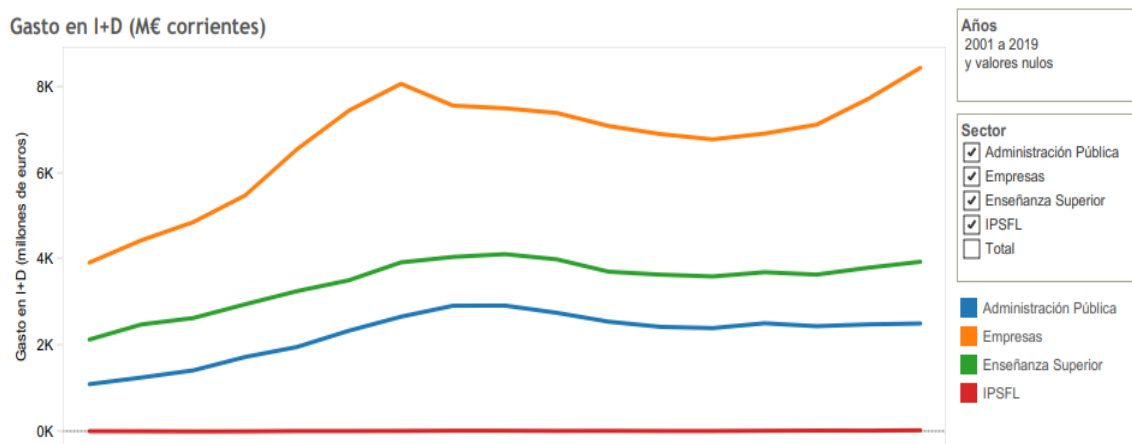
Source: own elaboration. Data: INE

D) Technological factors

For some years now, we can say that we are in constant technological evolution. In this section, we will analyse the spending on Innovation and Development and Research (R + D + I) in Spain.

In graph 2, we can see the total expenditure in thousands of Euros of public administration, business and higher education. As we can see, R&D spending has increased over the years, except during crisis years (2008-2012), where there was a significant decrease due to the limited resources available to companies. Currently, as we can see, spending is increasing. In the ceramic sector in particular, there are many companies that invest so that their machinery, their computer equipment, and their operating systems are increasingly efficient and updated, according to their needs. As for example, self-classifying machines, which by means of sensors and infrared, classify the tiles taken from the oven to their corresponding place. Also, more developed, more efficient enamelling lines, ovens, grinding and polishing lines.

Graph 2. R&D expenditure in millions of Euros



Source : own elaboration. Data: INE

E) Ecological factors

Spain is a country with a fairly high environmental awareness. From a very young age, they teach us the importance it has for the planet to care for the environment. Thanks to the INE we can know that the industry allocated 0.42% of its turnover to the protection of the

environment, reaching 2,519 million Euros. In the last study carried out in 2017, we can see how Industry spending on environmental protection increased by 1.2%, as we can see in graph 3.

Graph 3. Industry's destiny for environmental protection



Source: own elaboration. Data: INE

Ceramic is part of the manufacture of the products that generate the most environmental impact, from the moment they are manufactured until they are disposed of. To find out what its use really implies, we will analyze its entire life cycle.

Obtaining materials: obtaining the raw materials necessary for the manufacture of ceramics already has an impact on the natural environment. The transport of these materials involves the generation of a large amount of dust, which can have negative consequences for the environment. The explosions necessary to obtain these raw materials are obtained by generating a very loud and annoying noise, which can generate significant changes in the terrain.

Emissions in ceramic production. The large volume of atmospheric emissions generated by the transport and handling of raw materials can be harmful both to the environment and to the employees involved in the production process. The same is true of drying and cooking processes, since numerous gaseous compounds are involved that can volatilize. As for example, in the enamelling process of ceramic pieces and the gas emitted from the furnace, they can be the source of emission of toxic substances and heavy metals.

Also, during manufacturing numerous inert solid residues are originated. In fact, the waters around a ceramic factory can carry suspended solids, heavy metals ... We must also take

into account the energy used and the noise generated throughout the process, which are also a source of environmental impact. For this reason, it is vitally important to apply the appropriate methods so that the impact received by the environment is the least possible. These are some examples of the methods that industries use, the MDTs or BATs, respecting the European IPPC directive, Integrated Pollution Prevention and Control, as well as Spanish Law 16/2002. Both conform to current environmental legislation and seek to minimize polluting emissions from potentially dangerous industries.

The IPPC establishes the emission limit values and the determined time that they cannot exceed. These references are established taking into account the Best Available Techniques, the economic cost, the installation, the location and the environmental characteristics of this.

In the case of the tile sector, more MDTs to apply are:

Avoid the emission of diffuse dust particles, applying solutions in the aspiration systems and filters.

Reduce polluting gases emitted by techniques such as the addition of calcium-rich additives or bag filters with absorbers

Reduce energy consumption by recovering the heat emitted by the furnaces.

3.1.2 SPECIFIC ENVIRONMENT ANALYSIS

Now, let's take a closer look at the ceramic sector, using Porter's five competitive forces model: rivalry between existing competitors, bargaining power of customers, bargaining power of suppliers, the threat of substitute products and the possibility of entry of new competitors.

With existing competition, we refer to rivalry and the number of competitors within the industry. In this case, we can say that direct competition is very high. Keep in mind that, in the province of Castellón, the predominant sector is that of ceramics.

When we take the entry force of new competitors, we mean the entry of new companies into the industry. In this case, we find ourselves with a fairly saturated market. Because, among other things, demand can be met immediately due to the abundance of companies working in the sector. Although, it is also important to highlight the ease that exists to reach

the resources and capacities that the market demands, favouring the creation of new companies.

On the other hand, regarding the bargaining power of clients, we can say that they have a high level of bargaining power, since, thanks to the market, they have a wide variety of companies to choose from, so the cost of the change it would be relatively small. Both for customers who take price into account rather than quality, and for those who prefer good quality regardless of price. As for the bargaining power of suppliers in this market, it is not very high, since there are quite a few suppliers in the sector and the vast majority offer similar products.

Finally, referring to the threat of substitute products, we can say that there are substitutes on the tile market. For example, some pieces of decorative covering can be replaced by wallpaper or the flooring can be replaced by parquet flooring.

3.2 SECTOR ANALYSIS

The Spanish ceramic tile manufacturers industry is one of the most dynamic and innovative. Within the world ceramic sector, it is positioned as a leader in technological development, design and quality of service.

80% of global turnover corresponds to exports, the remaining 20% being to the national market. The ceramic sector is the third industry that contributes the greatest surplus to the trade balance of Spain, reaching in 2019 total sales of 3,757 million according to the Spanish Association of Manufacturers of Ceramic Tiles and Pavements (ASCER). The tile products of our country have a presence in about 190 countries.

One of the main characteristics of the Spanish tile sector is the high geographic concentration of the industry in the province of Castellón, specifically in the area that delimits the north; Alcora and Borriol to the west by Onda, to the south by Nules and to the east by Castellón de la Plana. According to ASCER, approximately 94% of national production originates from this province, where 80% of the companies in the sector are located.

Then, in Table 3, we can see what the variation has been in recent years based on production, national sales, exports and total sales (sales in millions of EUR and production in millions of square meters). As we can see, total sales (and with them we include production, national sales and exports) have constantly increased in recent years, at the end of 2015, 3,095,000,000€ were recorded and in 2019, 3,757,000€ of sales, being the third Spanish sector with the highest profits, the vast majority (approximately 80%) exports.

Table 3. Production and sales of sector in recent years

Producción y ventas del sector					
	2015	2016	2017	2018	2019
Producción	440	492	530	530	510
Ventas mercado nacional	643	746	824	870	939
Exportación	2452	2570	2686	2727	2818
Ventas totales	3095	3316	3510	3597	3757

Fuente: own elaboration. Data: INE

Therefore, we can say that after passing the great crisis of 2008-2012, where the industry fell notably, having to close many companies, both tile and construction ones, the industry has managed to recover year after year.

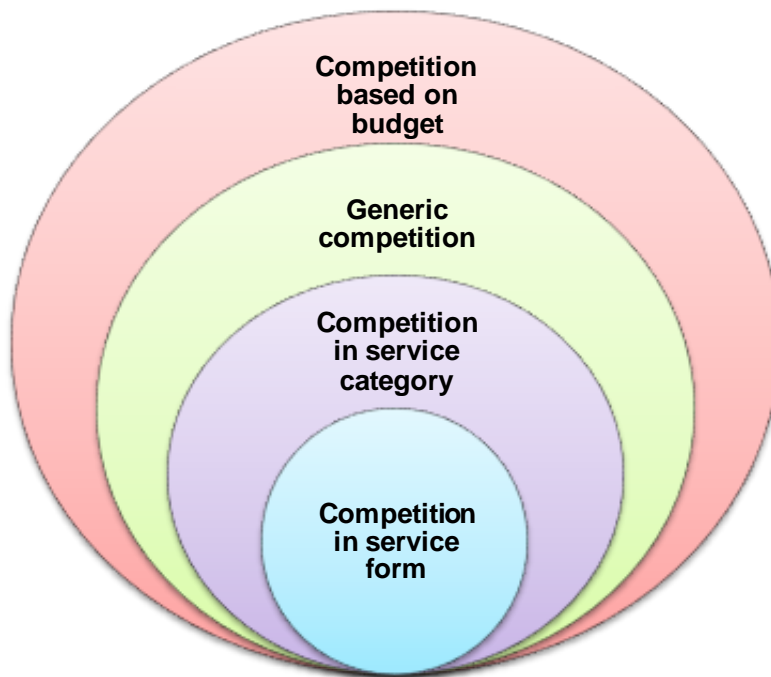
Currently, we are facing the beginnings of another crisis, created by the pandemic called COVID-19, where, today, many companies in the sector are being affected, many of them have had to resort to the Temporary Regulation File of Employment (ERTE) for many of its workers, which means the temporary suspension of the contract that the workers had with the company, so that, even being a member of the company, neither stipulated wages nor extra payments are received, as holidays can be. Others have directly had to choose to fire staff and, in some more extreme cases, other companies have had to close. Therefore, we can currently say that the sector is decreasing and, with the passing of the months, it is expected that this situation will worsen even more.

3.3 COMPETITORS ANALYSIS

3.3.1 COMPETITORS CLASSIFICATION

At this point, we will carry out an analysis of competition from the consumer's perspective through the levels of competition (Munuera and Rodríguez, 2007). First, we show what the levels of competition are, see Figure 1.

Figure 1. Levels of competition



Source: created by the author

- ❖ **Product competition:** in this case, we find competing companies due to the fact that their offered products have similar attributes to those of our company. Therefore, this is when we must try to persuade these consumers that our product is better than the product of its competitors. In this form of competition, we find companies such as Porcelanosa, Pamesa, Emigres, Saloni, since they manufacture tiles in general.
- ❖ **Competition in the product category:** in this case we take into account those companies that offer a very similar typology of products to those of our company, but not the same, or they lack some attribute or have a different proportion. In this type of competition, we include companies such as Grespania, Halcón Cerámica or Bestile.

- ❖ **Generic competition:** in this type of competition we include those companies that offer products to the market that satisfy the same needs as ours, that is, substitute products, such as parquet or wallpaper. Examples of these are Briconeo or Levantina de Parquets.
- ❖ **Competition in the budget:** in this case, we consider competitive products such as those that fight for the same customer's budget.

3.3.2 COMPETITORS DESCRIPTION

In this section, we will briefly describe the competitors and some strengths and weaknesses they have regarding Azulev. First, we will describe those companies that compete in product form:

❖ **Porcelanosa Group:**

It is a company dedicated to the production and marketing of all types of tiles, both pavement, covering, porcelain, wood, stone ... As for the strengths that the company has with respect to us, its projects are quite larger, covering more areas. Also, they have the best technology of the moment and highly specialized personnel. In addition, its name has a lot of prestige and it is well known. On the other hand, some of its products have high prices due to the prestige of the brand rather than the quality, which may cause the client to look for other options.

On the other hand, we find companies such as Pamesa, Emigres, Dualgres or Saloni that are dedicated to the same business as our company, and some of them like Dualgres are located in the same town. Some of the strengths that these companies can have is their great prestige, especially Pamesa. If we refer to weaknesses, we can say that some of these companies are not as well-known as ours. Below, we describe those competitors that compete in the same product category:

❖ **Grespania:**

Grespania is a company located in Castellón, although we also find Coverlam company in Moncofar, which is part of Grespania. It is dedicated to the manufacture and marketing of

ceramics both nationally and internationally. In reference to the strengths, we find its high quality and its great projects. As for weaknesses, we find their high prices.

❖ **Halcón Cerámica:**

Halcón is a company located in Alcora, specialized in the manufacture of ceramic floor and wall tiles. It carries out national sales and exports. The strong points to highlight compared to our company is the price-quality ratio. Regarding its weaknesses, we find that the projects it covers are smaller and this may lead to its notoriety in the market not being expected.

❖ **Bestile:**

Bestile is a company that manufactures and markets ceramics, it carries out both national sales and exports. Over the years it has been improving. Among its strengths, we highlight the simplicity of its designs and its affordable price. In relation to its weaknesses, we highlight the lack of visibility in the market.

Next, we will describe the companies that compete in substitute products:

❖ **Briconeo:**

Briconeo is the largest online store for floor and wall coverings (parquet and wallpaper) in Europe. They started the business in 2007, so the experience they have is less than ours. Another weakness is the fact of not having a physical store where customers or potential customers can go to visit the exhibition and thus be able to see first-hand the products they have and their quality. Therefore, this company has products that could easily replace those of our company, and even more with their affordable prices.

❖ **Levantina de Parquets:**

Levantina de parquets, located in Manises, is a company dedicated to the commercialization of parquets, with extensive experience in the sector. Some of its strengths to highlight is the wide range of high-quality materials that they offer to the market and their customer service. Among its weaknesses we highlight its high price.

4. INTERNAL ANALYSIS

Company resources and capacities

With the analysis of resources and capacities, we will be able to identify the potential of the company and establish a competitive advantage.

A) Human resources

Azulev has 193 employees. Within this number of employees, a hierarchy, management, directors, department heads, department heads or section managers and employees are established. There is a very strong hierarchy, where in each process you need the authorization of your superior, since, to a certain extent, the responsibility falls on that person. It is also important to highlight the great dedication of all staff to achieve the proposed objectives and thus, achieve the expected goals. From the human resources department, it is tried that the personnel are in the best possible conditions, providing the necessary resources, from any type of information that the employee needs, to professional advice in case of need.

B) Physical resources

Azulev Grupo, is located on 13 Manuel Escobedo avenue, as we can see in image 2 of Google Maps. The offices and also the Sanchis premises are located in Onda, although currently the Sanchis offices are used for the exhibition of this brand and for conducting training courses. There are also 3 industrial warehouses, where the production plant and stock storage are located.

Specifying a little more, we can say that in the production plant there are five offices, among them that of the doctor corresponding to the company. The different sections that we find in the production plant are: section for preparing enamels, pressing, enamelling, ovens, classification and grinding. And they are currently putting into operation a polisher.

In the two warehouses, produced and purchased stock is stored. For this they use forklifts that are rented monthly. There is also the laboratory department, the expeditions department, the purchasing department and, within the latter, spare parts.

Image 2. Location of the 3 plants of the Azulev Group

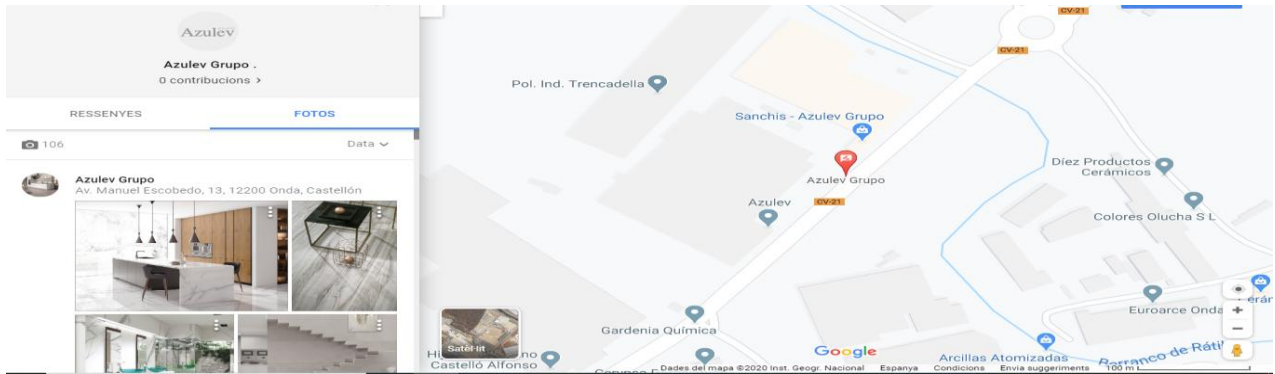


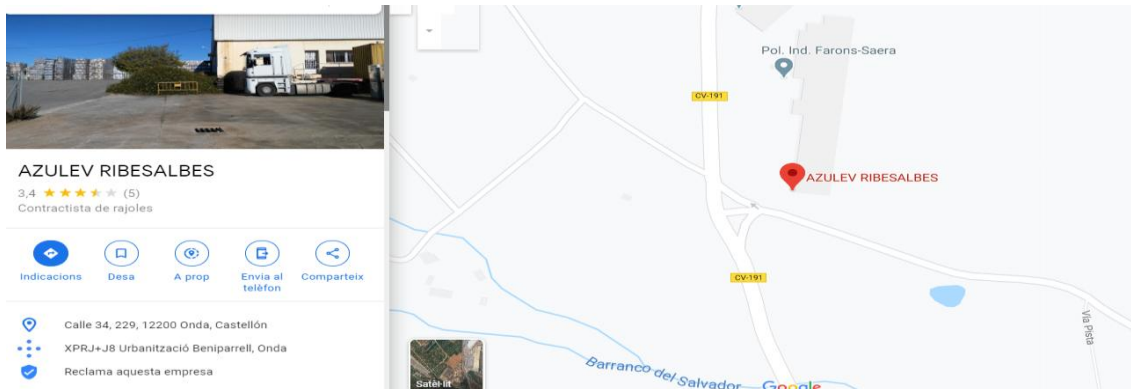
Imagen 3. Sanchis facilities



Source: Google maps

On the other hand we find the warehouse located on the Carretera de Ribelsabes nº34, 119 Onda (Castellón). Where, second-hand material is currently stacoked. In this warehouse there is an office and the rest is a warehouse. Employees use wheelbarrows.

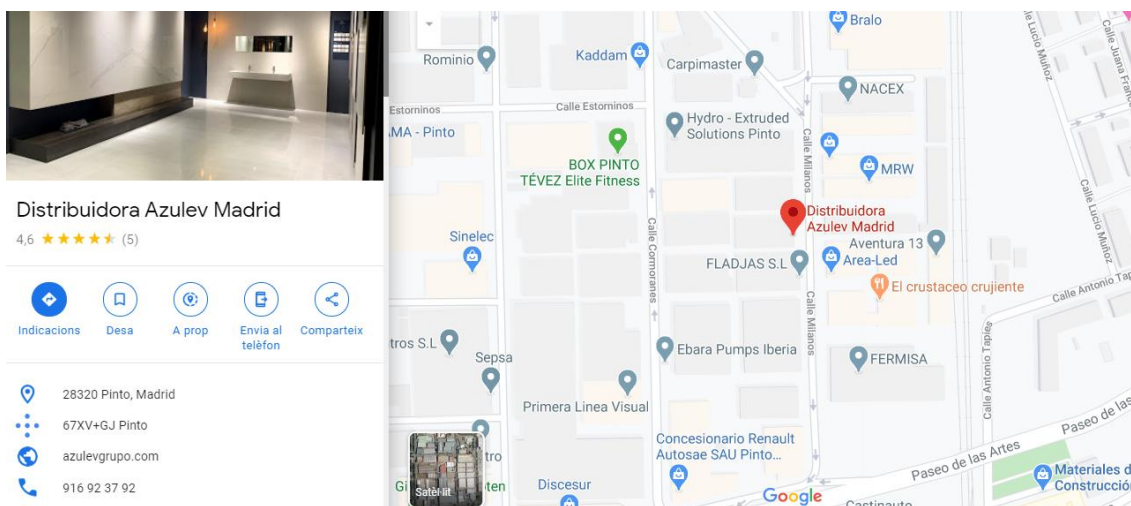
Image 4. Location and address Azulev Ribesalbes



Source : Google maps

The distributor located in Madrid, Distribuidora Azulev Madrid (DIAZMA), 28320 Pinto,

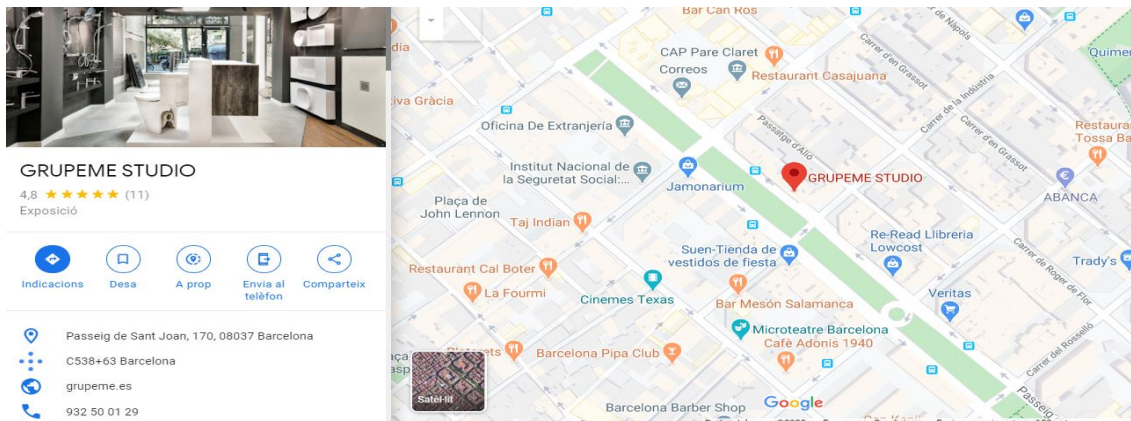
Image 5. Location and address



Source : Google maps

And finally, the distributor located in Barcelona, Passeig de San Joan, 170, 08037 Barcelona:

Image 6. Location and address GRUPEME



Source : Google maps

5. SWOT ANALYSIS

Next, we will carry out the SWOT analysis, to conclude what we call analysis of the current market situation. In this analysis, we will see the strengths, weaknesses, opportunities and threats. Thanks to this analysis, we can identify favourable and critical factors. We can summarize this in Diagram 2.

Figure 2. SWOT analysis



Regarding the weaknesses that the company shows, we observe a low connection with the final consumer. This is because the company, generally, does not sell to individuals, it sells to other companies which are dedicated to the sale of these products, that is, to retailers. Therefore, there is no direct contact with the end consumer, this means that, on many occasions, the end consumer is not aware of the brand as such. With this, we cannot achieve the loyalty of the final consumer. As we mentioned before, most of the sales it makes go to retailers, with whom it can obtain loyalty, but it would also be very interesting for the company if the final consumer knew what, how and who produced said material.

Another weakness that Azulev shows is in relation to the commercialization of the Bath the Solid Surface brand. Bath brand products are not produced in-house, but are produced by other companies, four specifically. Because the suppliers of these products are not located relatively close to the locality where Azulev is located, the deliveries of the products are made without having first passed through our factory, this means delivering the client a material that has not been previously reviewed by the team. In addition, deliveries are made by transport companies, Dachser, General Courier and MRW. Therefore, very often there are delays in the collection and delivery of the material. To this we add that sometimes during the transport of the merchandise, it suffers breakages, since they are fast transport companies. As a consequence, there are many situations in which the client is not satisfied.

Continuing in the internal analysis, we observe how one of their strengths is the great investment they make in R + D + i. Azulev makes a great investment in research and development, with this we refer to the implementation of the computer system, which covers all areas of the company except for HR. After dedicating a lot of time and effort, they have managed to coordinate all the departments of the company under the SAP program: Expeditions, Warehouse, Administration, Accounting, Promotion and Production Plant. All this followed by the machines that make up the production plant: presses, enamelling lines, ovens and sorting. Two presses and a glazing line have been renovated in recent years. They have self-classification machines, where the machines by themselves remove the pieces from the ovens and classify them in their place. Currently, they are making another investment to start a polishing machine, which means being able to give a different finish to their products, thus bringing out new series and avoiding having to resort to suppliers to carry out the polishing.

Also, we highlight another great strength such as having the different brands, Azulev, Sanchis, XLAM and Bath the Solid Surface, since it allows them to cover a greater market share, having Azulev as the main brand of the company, being the products that first-class offer, very good quality ceramics, ensuring that the demanding customer will be satisfied. Within this brand, the Slimrect range is sold, where 6mm pieces are manufactured in formats 40x120, 29x89 and 25x65, achieving pieces that provide fluidity and versatility. The Sanchis brand is made up of cheaper products, second-class parts, where the customer can find quality material at a cheaper price, since, although we are talking about second-class products, they have quality within the market thanks to the quality and environment process they must pass. XLAM, a brand for consumers looking for large pieces. The evolution of the market has made the dimension of ceramic pieces increase. And Bath, the brand through which shower trays, bathroom furniture, countertops, sinks and bathtubs are sold. As we can see, having different brands allows them to reach a larger target audience and with it, they have more market share.

Another strength to highlight is having Diazma and Grupeme. These are two company distributors, one of them located in Madrid, called Distribuidora Azulev Madrid, from which the logistics of their products are provided. Every week, from Azulev, material is transferred to the Madrid facilities, from where they are also in charge of its commercialization, thanks to their own commercials. The other distributor, located in Barcelona and called Grupeme, through which the brands are also marketed but with the difference that this material only moves when the corresponding orders are made. Thanks to these two distributors, a better distribution of products is achieved, ensuring that the customer is satisfied with the speed of logistics management.

Finally, we highlight the attractiveness of their website as well as its easy access. This is created so that the target audience can enter quickly and comfortably. Through it, you can access the entire catalogue of the Azulev group, its history, their cause with quality and the environment, contact them ... Being in the information age, where every minute we receive announcements and advertising, these will most likely not be heeded. In this way, with just a "click", you can access all the desired information, since, as we have previously commented, the Internet is the easiest and fastest way to search for information. Without forgetting the confidence that it transmits to the client, being able to enter a web page, to value the company without even going to it.

As we can see, Azulev website is very dynamic, which means that the company is up-to-date with changes and updates, thus achieving day-to-day awareness of consumer needs.

Continuing with the external analysis, we find some threats that can affect the company, such as the great competition in the sector. Spanish tile manufacturers industry is made up of numerous companies with extensive experience in the sector, since, although it is one of the most innovative sectors, it is also one of the oldest, so the vast majority of companies which make it up, have been in the sector for many years and have known how to get high performance. In the sector there are several important competitors, such as Porcelanosa and Torrecid, of which we can say are in the upper area of the company ranking. Positioning themselves in the market is very important to achieve good sales throughout an entire year. Although, it is important to note that Torrecid is not dedicated to the manufacture of tiles but rather to the finishing of these.

On the other hand, the ceramic sector is entering a crisis. From ASCER they inform us that in the first quarter of 2019, it registered the worst start since 2009, the year in which the acute economic crisis began (2008-2012), with a decrease of 7.3% in the industrial production index.

As for exports, they decreased in the volume of sales but increased in value. Thus, export has decreased by 0.9% in terms of volume. Azulev, has been affected, for about a year, since its sales have been decreasing more and more. Due to the decrease in sales, the benefits obtained have been relatively low, so this year 2020 has started with a critical situation, in which, suppliers cannot be paid and several people have been fired. For these reasons, the total sale of the company's shares has been carried out to North American group called Avenue Capital, the same ones that bought the tile maker Rocersa in 2018. With all this, the image of the company is being affected due to non-payment to suppliers, where some have decided to block their sales to the company, being forced to have the collaboration of new suppliers, with whom there is no such trust forged as with the usual ones.

It is also important to highlight the opportunities the organization has, starting with attendance at competitions and fairs. Participation in events and fairs serves both to bring the product on offer to current and potential customers, and to discover new designs for both tiles and bathroom tiles and to apply them to the company. At fairs or competitions in the ceramic sector, companies show their latest and greatest models, so you can see,

touch and ask about them, managing to acquire new methods of production and even marketing.

Although at the Cersaie Fair 2019, the expected sales were not obtained due to the fact that many clients, with whom it was expected to meet, could not go to the place. They were able to get some new clients, especially from the American zone. In previous years the loyalty of some clients has been achieved, thus being able to increase their sales.

Also, the subsidies received. Azulev receives different subsidies during the year, which allows them more liquidity to develop new projects, as well as to train their employees, through leadership, occupational risk prevention, and language courses ... To achieve these subsidies, the company has to prepare many documents that prove their work and effort, as well as their income and expenses. During the year 2019, the company was able to offer training in English, Italian and French, creating several groups on the half-day break (13: 30-14: 30). Also, they have been able to take courses on different topics, for example, leadership and team management, novelties in tiles, prevention of occupational risks as well as an equality plan. In these courses, they are selected from each department so that everyone can participate in them.

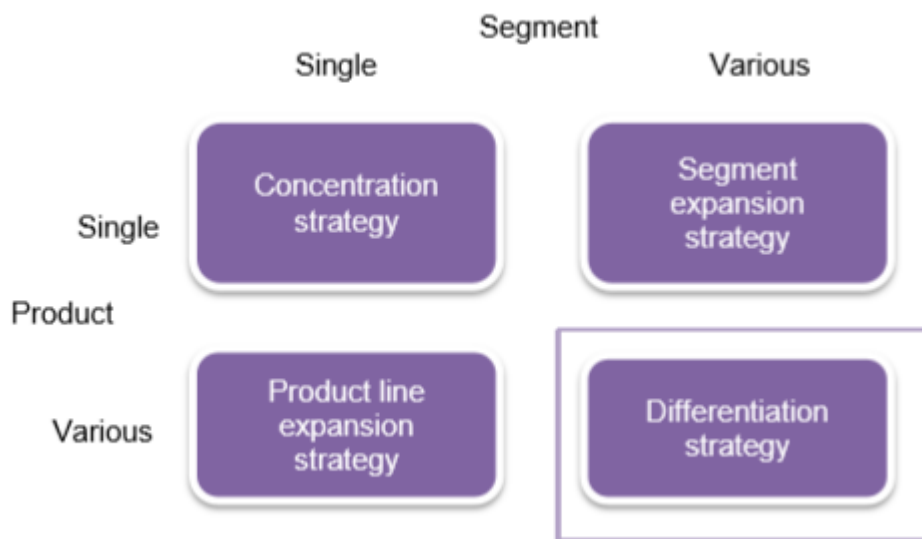
And finally, international expansion. It started exporting in 1987, and since then it has not stopped expanding, until it converted 80% of its annual sales into exports. Achieving to export to more than 110 countries around the world. Thanks to this, when the Spanish scenario becomes saturated, exports allow to continue growing and increasing sales, thus avoiding commercial stagnation. For this, it must have a team of specialized commercials in each area of the world where they sell, and taking into account the needs of their consumers in each region, in addition to offering logical prices to each market, since, as we have previously commented, competition in this sector is very high. Every year, an attempt is made to increase the market share in exports, to cover more countries and have a better chance of increasing the company's total sales.

6. SEGMENTATION STRATEGY, OBJECTIVE AND POSITIONING.

6.1 SEGMENTATION STRATEGY

Before defining the objective, we will define the segmentation strategy. In this case, the company does not manufacture a single type of product, nor it is focused on a single segment, but, on the contrary, manufactures different types of products that are focused on different segments, according to their needs, purchasing power and disposition to pay for the product. In figure 3, we can see more clearly the segmentation strategy followed by the company.

Figure 3. Segmentation strategy



6.2 OBJETIVE

Once the segmentation strategy is defined, the chosen segment can be seen more clearly. As we have previously commented, the different types of products are intended for different customers. Because of this, they are offered different products at different prices. Therefore, we will define our objective by selecting the variables of needs, purchasing power and geographic area.

❖ Customer groups

1. Companies that want to offer products to people with a high purchasing power. In this case, Azulev offers the products of the Azulev brand (all kinds of tiles, both covering, paving and porcelain), which have a higher quality, due in part to the raw materials used, to more modern designs and newer styles, and also offering the XLAM brand, with large formats and unique designs. It is intended for the purchase of clients who want to carry out both reforms and construction of homes, restaurants, establishments with superior quality and distinctive designs. We also include here, the discounts made to each customer, that is, customers who tend to make large orders, who are offered products at lower prices than customers who buy occasionally and in small quantities
2. Companies that prefer to offer products to people with a medium-low purchasing power. For this, the company with the Sanchis brand, where cheaper raw materials and simpler designs are used in its manufacture, although they are also of good quality. These are companies that prefer to sell to conventional, "middle" class customers, who care more about an affordable price than superior quality. In the same way as in the previous group, we include the discounts made to each customer, that is, customers who tend to make large orders, who are offered products at lower prices than customers who buy occasionally and in small quantities.
3. Companies destined to the sale of sanitary. This is where the company uses its Bath brand products. It is intended for companies that want to offer products for the construction or renovation of bathrooms. We can differentiate between customers with greater purchasing power and less purchasing power, in the different designs of the products, as well as in the customization of formats for both shower trays and furniture, etc. since the product is manufactured exclusively for each client with the formats that they need.

6.3 POSITIONING

In this section, we have made a positioning map to see how consumers see Azulev taking into account the competition. So, in our positioning map we have defined two variables: price and quality. We refer to quality as anything that adds value to the customer, for example, recommendations, after-sales service, product design, etc.

Azulev is positioned as a company with quality products at medium-high prices.

As we can see in figure 4, its main competitors in terms of quality are the companies located in the upper right quadrant (Porcelanosa, Grespania, Halcón Cerámica and Levantina de Parquets). On the other hand, in the left quadrant we have the competitors in price (Bestile, Saloni and Dualgres) and finally, we find the competitors by substitute product (Briconeo and Levantina de Parquets).

Figure 4. Competitors



7. MISSION AND VISION

7.1 MISSION

Azulev seeks to improve its production processes to be able to offer the public innovative products of very good quality.

7.2 VISION

Achieving to be in the ranking of the ten best companies in Spain.

In addition, the company establishes a series of principles that describe its business model, to which it has remained faithful since its beginning:

3. Creative passion in design
4. Careful customer service
5. Effectiveness in dealing with suppliers
6. Permanent effort for quality

8. OBJETIVES AND STRATEGIES

8.1 OBJECTIVES

It is important to highlight the different levels of objectives that exist. Following this line, the main and most important objective coincides with the mission mentioned above. To meet the main objective, the company has proposed a series of more specific objectives. On the one hand, we have corporate objectives; they are more general and medium-term objectives. Following the general nature of these objectives, we find that a clear objective of the company is to become a reference at national and international level, which means increasing its visibility. On the other hand, we find the functional objectives, where the marketing objectives are, which are easier to quantify.

In terms of marketing objectives, the company has established the following objectives:

- Marketing management objectives: The company will strengthen its sales team to strengthen relationships with clients and potential clients by the end of the year. In addition, time and effort will be invested in attracting customers through social networks, since, unlike their website, they still have to reinforce themselves and work more in this aspect.
- Business financial objectives: Achieving an 8% increase in net profits next year.
- Marketing activity management objectives: In terms of market share, the company wants to increase its share by 5% compared to the previous year's share. In terms of sales, it will strive to increase sales by 7% compared to previous years.

8.2 STRATEGIES

In this section we will analyse the strategies that this company follows from the different points of view of various authors.

Based on Ansoff's matrix, within the growth strategies, the company follows a market penetration strategy since it wants to strengthen its presence in the markets where it operates with the products already offered. As we have already commented in the section related to the objectives, the main objective of the company is to increase its visibility in the market, improving the products it already offers. therefore, it does not intend to incur significant alterations, such as a drastic change in the production process of their tiles.

On the other hand, if we analyse the strategies according to Porter, based on the desired competitive advantage, we observe that to achieve all of its objectives, the company has been developing a differentiation strategy, due to the quality and unique designs the company offers, accompanied by favourable customer service and efficient delivery. This provides added value for the customer, who is willing to pay a certain price. Still, there are many people who focus on other aspects, such as economics, rather than quality. In this case, what the company should do is try to promote this added value, since lowering the prices would mean a significant drop in the company's margin, while at the same time leading to the customers' belief that they have been paying a price for products that could have been sold cheaper, which would entail giving an image of the disloyalty, while also leading customers to think that the quality of the products has decreased.

According to the strategies of Kotler and Singh, this company follows the specialist's strategy, since, although it is a large company, it does not become one of the largest in the sector, so it tries to avoid direct confrontation with the leader. On the other hand, according to Miles and Snow's point of view, this company follows a defence strategy, in which, even though it is an innovative company, it tries to have a secure and stable position and not a leading technological innovation, like Porcelanosa. It maintains a differentiating position in a mature market, as the tile market is.

9. MARKETING MIX

9.1 MARKETING MIX OF THE COMPANY

9.1.1 PRODUCT

Azulev offers different products, such as tiles of all types and sizes and sanitary products (from shower trays and bathtubs to countertops and cabinets). Thanks to the products it offers you can create environments without having to use other brands than their own.

The production is carried out based on the needs of the consumer, that is to say, it is changing models and creating new environments according to the needs of the consumer and according to the trends that emerge each time, although they continue to produce the classic tiles. That is why, the product is quite different if you look at the models that are most sold in Spain, the United States or in the Arab countries, for example.

Accompanied by Kotler, we will analyse different aspects of the product. First of all, we will highlight the type of product offered by the company, in the case of sporadic purchase consumer goods, given that when the client accesses this type of product, they do so with the intention of enjoying them for a long period of time, that is why they make comparisons based on quality, price and style during the selection process.

Taking into account the scale of tangibility of Santesmases, we can say that these are tangible products and of a lasting nature, which are usually acquired when a property is being built or renovated.

To better analyse the products, we will talk about the product portfolio, product lines, width, length, depth and consistency.

When we talk about the product portfolio, we are referring to everything the company offers. In this case, the main products offered by the company are all kinds of tiles, countertops, shower trays and furniture. Regarding width, we will analyse the diversity of products that the company has, which are the product lines that we name below:

- Pavement
- Facing
- Porcelain
- Countertops
- Shower trays
- Bathroom furniture
- Sinks

➤ Bathtubs

Once the width of the product portfolio is defined, we will see the total length of products offered by the company, following the previous line:

- Pavement: tiles with formats 100x100, 20x40, 25x150, 29x89, 30x90, 50x100, 75x150, 14'5x59x 22'5x22'5, 25x65, 30x30, 40x120, 59x59, 75x75, 20x120, 22'5x45, 29x59, 30x60, 45x45 and 60x60
- Facing: tiles with formats 100x100, 20x40, 25x150, 29x89, 30x90, 50x100, 75x150, 14'5x59x 22'5x22'5, 25x65, 30x30, 40x120, 59x59, 75x75, 20x120, 22'5x45, 29x59, 30x60, 45x45 and 60x6
- Porcelain: tiles with formats 100x100, 20x40, 25x150, 29x89, 30x90, 50x100, 75x150, 14'5x59, 22'5x22'5, 25x65, 30x30, 40x120, 59x59, 75x75, 20x120, 22'5x45, 29x59, 30x60, 45x45 and 60x60
- Countertops: custom or prefabricated construction
- Shower trays: custom or prefabricated construction
- Bathroom furniture: freestanding furniture or wall furniture
- Washbasins: free standing, above counter or suspended
- Bathtubs: custom or prefabricated construction

Regarding depth, we find different variations for each type of product offered by the company. We can say that there are a large number of product variations, either in the type of raw material used for its production, design or measurements. As an example:

- Flooring: produced from red stoneware, it can be design, modern or rustic, with cement or coloured features, with a gloss or matte finish.
- Facing: produced from porcelain stoneware, white porous or red porous, it can have a classic, modern or rustic design, it can have an aesthetic feature of stones, cements, marbles, woods or colours and it has a gloss, matte, slim rectified and rectified finish.
- Porcelain: produced from coloured mass porcelain or porcelain stoneware, with a classic, modern or rustic style, with aesthetic features of stones, cements or wood. With a glossy, matte, non-slip and polished finish.

- Countertops: they can be of different thickness, different colour, gloss or matte finish.
- Shower trays: it can be with a smooth, slate, wooden or stone finish.
- Bathroom furniture: it can be lacquered, in different colours such as white, cream, chocolate, graphite, grey or black or with an oak or black wood finish.
- Washbasins: they can be square, round, rectangular, with matte, gloss or wood finishes and in different colours such as grey, beige, white.
- Bathtubs: they can be round, in different colours such as white, beige, black, grey or bicolour.

As for the brand, Azulev Grupo is made up of the brands Azulev, Sanchis, XLAM and Bath the solid surface. That is why we can say that it follows the strategy of multiple brands, thanks to which it achieves a better segmentation of the market, with customers who demand tiles of higher quality and price (Azulev brand), others who demand cheaper tiles (Sanchis brand), others look for large parts (XLAM) and others for the sanitary sector (Bath), thanks to this it can better satisfy consumers. This also affects the cost of promotion, since it is necessary to promote more products and give each brand the necessary importance so that the consumer feels identified with it.

9.1.2 PRICE

As for prices, Azulev tries to set prices at which it can obtain good value. As previously mentioned, thanks to its different brands, Azulev can offer different types of products or prices. Azulev, XLAM and Bath the solid surface brands offer very good quality prices and that is why the prices are high, competing with prestigious companies such as Emigres, Peronda, Azuliber... On the other hand, the prices of the Sanchis brand are relatively lower, as well as its quality and prestige.

Regarding the pricing method, generally, it establishes its prices through a fairly objective method, focusing on adding a profit margin to the total cost of the product, always taking into account the prices established by the competition, since, as we have commented previously, we are facing a sector with a very high degree of competitiveness.

To establish the price of the products that they manufacture, they establish as a lower limit the cost of the raw materials required for the manufacture of the product, to this cost a margin is added in relation to the benefits they want to achieve, always taking into account

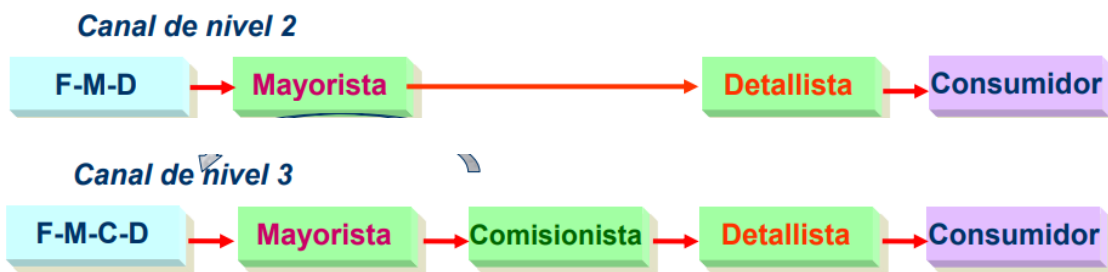
what price is willing to assume the consumer and what is the price of its competition. While, to establish the prices of products that they do not manufacture, such as shower trays, countertops, bathroom furniture, sinks and bathtubs, the prices have as a lower limit the price at which the supplier has sold them plus the corresponding margin to be able to obtain benefits from sales, always taking into account the prices of the competition.

9.1.3 DISTRIBUTION

Azulev has a wide distribution channel, since it is a large company with a large operating business. It is a wholesale distribution channel, since Azulev does not sell its products to the final consumer, but rather sells them to establishments from where they sell them to the final consumer. We say that the distribution channel is broad because it has Distribuidora Azulev Madrid and Grupeme, from where the aforementioned channel becomes stronger. Azulev also has the collaboration of some fifty commercial people and delegates, in charge of strengthening the distribution channel, some of them are located in Onda, Diazma and Grupeme plants, while the rest are located in different important sales areas such as Seville, Galicia, countries like Germany, Russia ...

We can say that Azulev uses the distribution channel level 2 and 3, since, depending on which countries or areas they sell to, they have the collaboration of commission agents or not.

Figure 5. Distribution channels



As we can see in the X and X image, Azulev acts as manufacturer and wholesaler, in the three Azulev, Sanchis and XLAM brands, unlike the Bath brand, where the manufacturer is an external company and there are no commission agents.

Finally, although Azulev does not sell directly to the final consumer, it is important to maintain a good image of where they serve their clients, have meetings and have exhibitions of their products. Taking into account that many of its clients visit the facilities to see new products and even to negotiate.

At the entrance, there is the reception, where they provide service from 8 a.m. to 7:15 p.m., from where they contact the person or people you need to visit, and behind the reception, there is the exhibition, where there are samples of the most popular models of the Azulev brand.

9.1.4 ADVERTISING

Within this variable, the company uses the tools: advertising, sales promotion, events and experiences and its website.

As advertising it uses its blog, which you access through its website from where you can access the latest news about the company, news in designs and finishes. The company's own two trucks carry the company's name as advertising.

It also uses sales promotion, through free samples, such as pieces cut into blocks or loose units of the model that you want to promote to your clients or potential clients, large agglomerates where pieces or blocks can be glued so that the client can receive sample of a wide variety of tiles. Rates applied to each client that vary in terms of the volume of purchases they make and the trust in loyalty they provide to the company.

Azulev also participates in the three most important fairs in the sector at the international level, which are Cevisama in Valencia, Cersaie in Bologna and the Coverings fair in New Orleans. Thanks to the participation in these fairs, it is possible to bring the product much closer to potential clients, it also manages to meet clients with whom it is difficult to coincide. Generally, after the fairs, sales increase by 5%, especially after Cersaie, since it can be said that at the international level it is the most important and the one with the most prestige. Their assistance also has other benefits, such as knowing new suppliers, both raw materials, cuts, spare parts ... That is why Azulev invests large amounts of both money and human capital, since it requires a large effort of the entire team of marketing and design, promotion, commercial and high positions plus the economic effort involved in the rental, assembly, maintenance and service.

And finally, its outstanding website, as we can see in Image X, from where you can access the entire catalogue of the different brands. You can contact them indirectly and you can see their entire history. We can say that it is very well worked, it even has a section to design your own environments in 3 dimensions (Home Design 3D).

9.2 PROPOSAL FOR MARKETING MIX

9.2.1 PRODUCT PROPOSALS

In this regard, with respect to the product portfolio, the company could consider carrying out some of the following actions:

- Expand the product line
- Update the product line
- Decisions on the image of the line
- Decisions on product disposal

As we have spoken in previous paragraphs, the main objective of this company is to increase visibility in the market, using the products it was already offering, we can say that the portfolio of products offered by the company is sufficient for its possibilities. In addition to continuing with its market penetration strategy, as we have previously commented, it also intends to strengthen its presence in the markets where it operates with the products already offered.

It would be convenient for the company to recalculate the costs of the Bath brand, both monetary and image for the company, since, as we have previously mentioned, on many occasions its deliveries are not made within the estimated time frame, broken parts arrive, costly expert processes have to be carried out... With which, I would propose to revise this product line and if necessary, its elimination, in order to avoid all the economic cost caused by transport agencies and also, image cost it supposes for the company the purchase of these products

9.2.2 PRICE PROPOSALS

Regarding the price, my proposal is to complement the pricing methods, applying a margin taking into account, in addition to the prices of the competition, the value perceived by customers.

With this we would be able to implement the prices according to the expectations of the client. Although, prices would continue along the same line, that is, they would not undergo notable changes, since the strategy followed by the company is differentiation. Therefore, it would not be consistent to lower prices in excess because quality products require higher prices

And, as we mentioned before, if the company lowered its prices, apart from not making a profit margin, customers might think that they have been deceived by the company during all this time and as a consequence create an image of disloyalty of the company and a bad reputation.

9.2.3 DISTRIBUTION PROPOSALS

Regarding distribution, the proposal that I make is that the company carries out direct sales to the final consumer too. This would be launching several projects for the creation of establishments, in order to sell to the final consumer and to know better their needs. In this way they can increase both their income and their market share.

It would be interesting to start an establishment in Castellón, another in Andalusia, another in Galicia and another in France (the country where the company exports the most merchandise), this would be a great investment for the company, but the long-term results would be farthey better.

9.2.4 PROMOTIONAL PROPOSALS

In this case, as we have seen previously, the company uses enough resources to make itself known, since it is necessary to know that in addition to the quality of its products, the image that is hiven to the company and the prestige that it is may have.

One of the proposals to increase its notoriety in the market is to create a direct access from various digital newspapers in Spain, from which, click and directly on its website. Another proposal is to make several publications a week on their social networks, where ceramic

trends of the moment with atmospheres appear, how to clean certain ceramic floors, so that people begin to have their social networks as a reference in their day to day and may this lead them to become interested in your brands and products.

In addition, it could sponsor the regional soccer league or one of the many sporting events that will be held throughout Spain, to gain more visibility and its name would be better known. I also propose the exhibition twice a year in its facilities, for all the interested public, both retailer and end customer. It would take place in the same exhibition hall, where the exhibitors of the exhibition would be used, without the need to make an investment in it.

10. TIMETABLE

Table 4. Timetable

2020	1	2	3	4	5	6	7	8	9	10	11	12
Recalculate Bath costs												
Pricing Method												
Direct sale												
Invest in social networks												
Direct access to digital newspapers												
Exhibitions												

As we can see in table 4, the cost review will be done at the beginning of the year, January and February so that there is plenty of time to study all aspects. Complementations of pricing methods will also be carried out at the beginning of the year. Regarding direct sales, having into account that it will be an expensive investment, it will begin on January and it is estimated that at the end of May, the different establishments would open.

Time spent on social networks will start to be worked in January and it will be carried out during all year, because it has to be constant. Moreover, creating direct access to digital newspapers will be done in January but, during the rest of year it will be revised and updated to make sure everything is correct. Finally, regarding the exhibitions, there will be

one in May and the another one in November, to achieve results and to carry out the financial year closing with visible results.

11. BUDGET

In the next table, we can see the estimate cost in each section. In total, the budget is around 27.500€

Table 5. Budget

ACTION	IMPLEMENTATION	BUDGET
Recalculate Bath costs	Hire an external account manager to carry out an in-depth study of all aspects of Bath	100€ x 60days= 6.000€
Pricing Method	The head of the commercial department and one of the managers must jointly carry out the study of the value perceived by customers and the new vision in the pricing method	No cost
Direct sale	Trough establishments located in different places	20.000€ yearly
Invest in social networks	Spend more time every day, upload a publication every day and be interesting to the public	No cost
Direct access to digital newspapers	Create a shortcut from online newspapers	500€ yearly
Exhibitions	Making from the exhibition hall directed by the commercial director together with de commercial department	1.000€ both
TOTAL BUDGET		27.5000€

12. CONTROL

Finally, in reference to the control, what the company will do is reviewing the annual sales and comparing the results obtained with those of the previous financial years. This way, it

will be possible to reach the conclusion that shows whether the procedures performed have been carried out correctly or not.

As for social networks, the appropriate method to control its efficiency is to see the number of people who have visited their profile or to see the number of followers they have obtained and have in total. For this, it will be necessary for the company to monitor the control every quarter, making the appropriate adjustments each time to improve.

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