

**UNIVERSITAT
JAUME·I**

MARKETING PLAN OF



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GRADO EN ADMINISTRACIÓN DE EMPRESAS

AE1049 - TRABAJO FINAL DE GRADO

CURSO 2019-2020

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1. EXECUTIVE SUMMARY

Cool Things is a company which designs and sells small toys and gadgets which are trendy and innovative, with a wide offer and a flexibility directed to the client's needs.

Cool Things is a B2B (Business to Business) company that also takes into consideration consumer interests and their experience with the products, however they have to direct their sales to GDO and other companies.

Therefore, in the marketing plan the final customers have been largely considered in order to take decisions and the final clients' interests and behaviours have been analysed to better understand their demand.

The marketing plan presents an internal analysis of the company considering its resources and also an external analysis based on the PESTEL analysis. The investigation carried out shows the favourable factors of the external situation as well as the negative consequences that the pandemic has determined in the economy. Despite the negative aspect, the forecast of growth in the toys sector and also in the vending machine market has been underlined.

Five main objectives have been established and in order to achieve them, the most appropriate strategies have been identified. First of all the differentiation strategy has been included, as the company should attract more clients thanks to its unique and high quality products. It has been considered also the Challenger strategy to guarantee the expansion of its market share. Lastly, considering the growth, the company should adopt the Market penetration and Products development strategies. In addition, eleven actions have been planned. The actions plan explains how to carry out each activity, the time needed and the budget required. Finally, the control method has been included to guarantee the achievement of the goals.

2. SITUATION ANALYSIS

2.1 Internal analysis

2.1.1 Presentation of the company

International Game Trade S.p.a. (IGT) – Cool Things is a small and medium size company located in San Marino, specialized in the vending and promotional sector. It offers a service of design and creation of pocket money toys, capsule toys, promotional products, gadgets and souvenirs for theme parks, companies and stores for children. Their products are also used as a support to the sales in the food, clothing and vending industry. This SME (small and medium enterprise) creates products based on the needs of the clients, orders and buys them in China and then manages the sales all over the world from the headquarter. IGT is a very dynamic society, opened to changes and development in order to achieve always better results.

It was born by the idea of Alberto Stolfi and Jessica Gasperoni, which were a married couple that decided in 1992 to create the International Game Trade S.p.a. by transforming their jobs. He was a videogames entrepreneur and she was an accounting professional manager. They unified their passions and abilities to create an idea, which actually works very well and has increased its success during the years, also at an international level, becoming a leader in the amusement sector.

Cool Things was the brand that they created to enter in the toys industry. It had such a success, thanks to the ability of the enterprise to guarantee flexibility and innovation regarding the consumer's interests, that it started to be used as a substitute of the name of the company.

The company's headquarter is based in the Republic of San Marino which is a small country in the north-east of Italy, but during the years it has expanded its commerce and in 2000 it created a new Asiatic counterpart in Hong Kong that permitted them to open their trade to other markets and to obtain more visibility.

2.1.2 Mission

The main aim of the company is to create products that fit with the interests of their target and give some fun to children and teenagers with items that are funny, authentic, colourful and always fashionable and trendy.

2.1.3 Vision

The company acts in the amusement sector and tries to affirm itself as a worldwide leader in this field guaranteeing always the better products and reaching high level of innovation. Cool Things wants to become a key player in the newsstand and kiosk business, exporting their product and know-how all around the world.

2.1.4 Values

Cool Things has always respected the following values (Figure 1), which are considered the key aspects of their success.

Figure 1. Values of the company



Source: Cool Things

2.1.5 Company resources

2.1.5.1 Physical resources

The presence of the headquarter in San Marino (Figure 2) and the affiliate in Hong Kong (Figure 3) permits to control the entire process, from the planning and organization to the production. In particular, in San Marino they design and create the idea of the product by taking into account the interests of the consumers, the needs of the buyers and also the latest trends. From the headquarter they also manage the marketing and sales areas. In Hong Kong they manage and check the production

process which is commissioned to Chinese firms, the control of the quality, and the packaging.

Figure 2. San Marino Headquarter



Source: www.coolthings.sm

Figure 3. Hong Kong affiliate

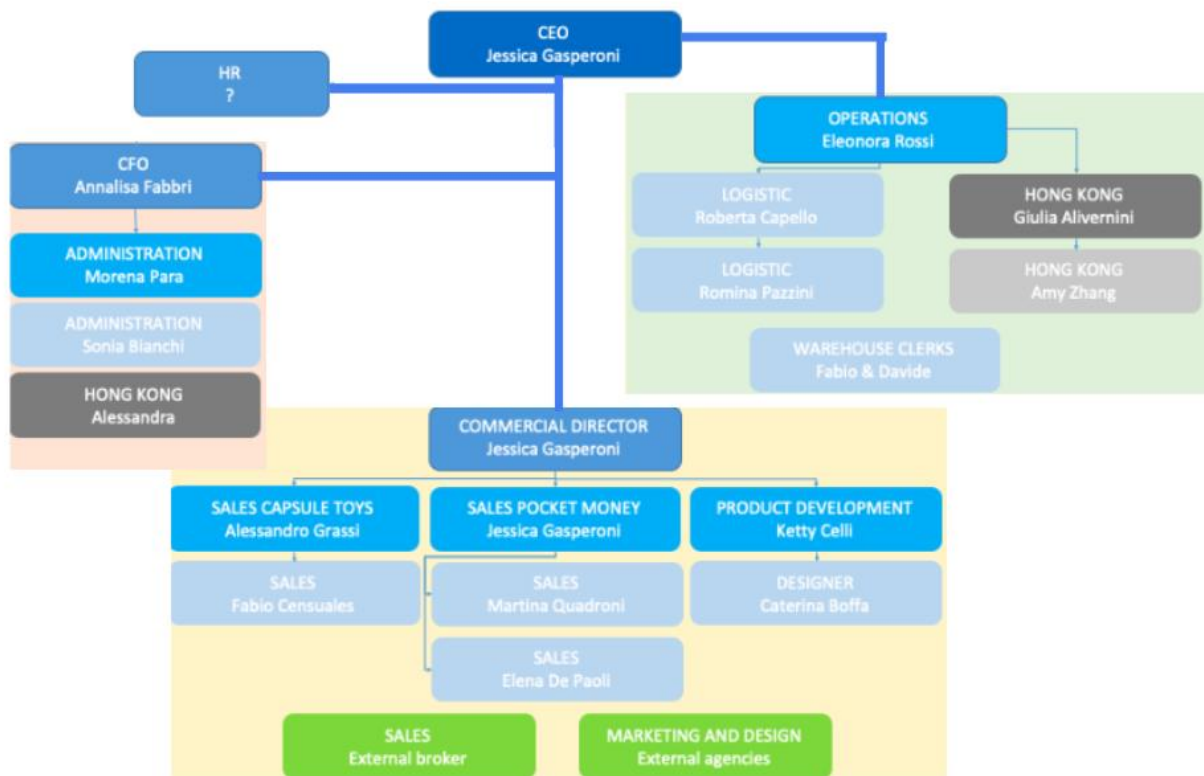


Source: www.coolthings.sm

2.1.5.2 Human Resources

As the organizational chart (Figure 4) shows, the workforce is composed of 18 employees. Jessica Gasperoni is the CEO of the company and the commercial director. There are three main departments (administrative, commercial and logistics department) that permit the management and control of administration, design, marketing, sales and storage operations. The HR Manager is currently a vacant post as the company is making changes to the structure of the company. The sales and marketing department is divided in three subdivisions which are: the creation and design of the product, the sales of capsule toys and the sales of pocket money toys. The job in this section is joined by some external brokers, which help find out potential clients, and some external agencies. These departments exist only in the headquarter, while in the Hong Kong affiliate Alessandra, Giulia and Amy manage the administration and logistical function.

Figure 4. Organigram of Human Resources



Source: Cool Things

2.1.5.3 Research and development

Cool Things pays attention to the latest trends and the innovation is one of their main values. For this reason, they invest in research and development, conduct market research and carry out sourcing and scouting activities. They participate in lots of trade shows with the aim of being up to date with the current trends and are also well-informed about the new cartoons in order to obtain the more appreciated licences. In addition, the scouting activities in toys stores all over the world permit to discover new packaging, displays and find out more innovative ideas.

2.1.5 Capabilities of the company

Figure 5. Distinctive capabilities



Source: own elaboration

Licensing: the most important distinctive capability of the company, which gives to the brand Cool Things more value, is the presence of licensing. It is a strategy adopted from 2005 that nowadays determines more than the 60% of the sales. They decided to start using the licensing strategy because in this way they could obtain more value as compared to other products made in China. Their aim is to find out the most original, trendy and current licences to create unique products. At the beginning, they started with collaborations with Warner Bros, Cartoon Network and Disney and now they can count on the availability of more than 30 licences. Some of them are only European licences but others can be used at an international level such as Barbie and Hot Wheels. Another advantage of licensing is the possibility to increase the price of the goods which is accepted by the clients that recognize the superiority of this brand.

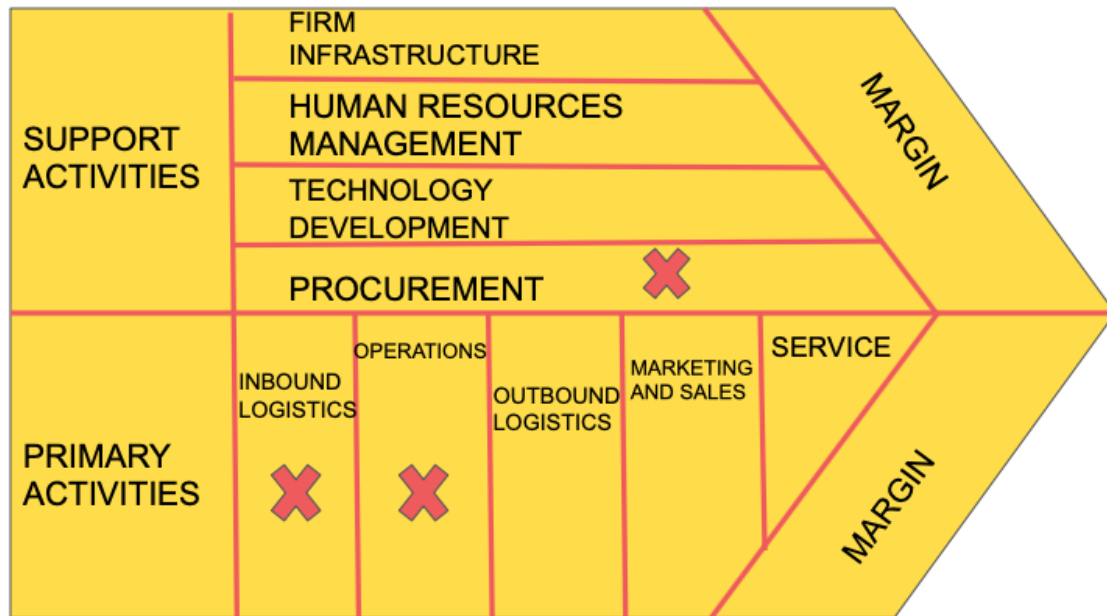
Quality: thanks to their experience they guarantee quality and prestige. The companies identify the offer of Cool Things as one of the best ones, thinking of the company as a solid organization and, therefore, trusting it.

Flexibility: in addition, they guarantee flexibility in order to offer the possibility of adaptation of the products to the clients' requirements.

Speed: delivery terms regarding the whole process, from the design to the arrival of the goods, are short, on average 60/90 days.

2.1.7 Value chain

Figure 6. Value Chain



Source: own elaboration

Primary activities

Considering the primary activities of the value chain (Figure 6), Cool Things is not responsible for Inbound logistics and Operations, as the production is outsourced, whereas it develops the other three processes.

Outbound Logistics: Cool Things manages the delivery of all the goods. The products are stocked in the headquarter's warehouse, but sometimes it is more convenient to ship them directly from the Chinese firm.

Marketing and Sales: the company presents a commercial department in which sales and marketing decisions are taken. They are responsible for product development, promotion decisions and sales management. However, their work is assisted by external experts which are external brokers and external agencies.

Service: Cool Things offers customer services in order to manage complaints which regard replacements in case of broken products or missing items.

Secondary activities

Firm infrastructure: the structure is organized in three departments which are the logistics, commercial and administrative one. The latter is responsible for the general direction and organization of the company.

Human resources management: the area of Human Resources includes only the HR manager position; however it is currently a vacant post as the company is looking for the perfect candidate.

Technology development: regarding the activity of R&D the commercial director is responsible for the scouting and sourcing of the newest innovations and trends. In addition, the product development is delegated to a creative designer inside the commercial department.

Procurement: as the production is outsourced the company is not in charge for the procurement of raw materials.

2.1.8 Marketing resources

2.1.8.1 Products

Cool Things offers to the companies personalized products, designs and creates toys and packaging based on the client's needs, and then orders the production to a Chinese firm (Figure 7).

Figure 7. Product development



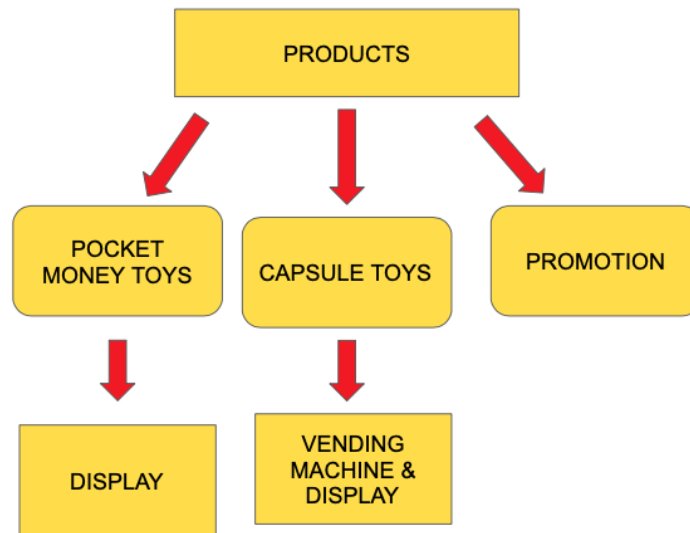
Source: Cool Things

The company creates different products for the several licences available (internal or external) and it has to follow some conditions imposed by the owners of the licences with regard to the size, type of toys and many more. The possibility to create toys and gadgets with the addition of licences increases the demand of their offer, in addition to

the enhancement of value and visibility and they also owned some properties. Actually, thanks to the know-how achieved with the experience with licensing, they have created five different brands during the years. Nowadays, the two most important ones are Unicorn Dolls and Puppy Friends Club.

In the following part, the offer of Cool Things will be analysed, considering the products and the packaging.

Figure 8. Products lines



Source: own elaboration

First of all, the customer decides the product that he needs. The company offers a wide range of toys and it is also possible to create new ones depending on what the buyer wants. Each product can be made with the supplement of licences and the customer decides which will be more marketable for him.

List of the most important available licences present in the last catalogue:

- Puppy Club Friends
- Care Bears
- PJ Masks
- Warner Bros
- Hello Kitty
- Disney
- Barbie
- Unicorn Dolls
- Paw Patrol
- Shimmer & Shine
- Winx
- DC Super Friends
- Cool Things
- Miraculous
- Hot Wheels
- Tmnt
- Unicorn World

In this analysis only the four most important licences will be analysed with some of the products that can be offered based on the latest catalogue (Figure 9, 10, 11, 12). In fact, Barbie and Hot Wheels, (licences given by Mattel), Unicorn Dolls and Puppy Club Friends determine the 90% of the sales. All of them are international licences which means that the products presented on these licences can be sold worldwide.

Figure 9. Hot Wheels products



Source: own elaboration adapted from www.coolthings.sm

Figure 10. Barbie products



Source: own elaboration adapted from www.coolthings.sm

Figure 11. Unicorn Dolls products



Source: own elaboration adapted from www.coolthings.sm

Figure 12. Puppy Friends Club products



Source: own elaboration adapted from www.coolthings.sm

Once selected the products, the buyer decides the packaging that suits better to the characteristics required since all the products are compatible with different packaging solutions.

The following analysis will explain the differences between the types of packaging.

Capsule toys

Figure 13. Capsule toys



Source: Cool Things

Capsule toys (Figure 13) are transparent, plastic and rigid capsules of several sizes depending on the content (the diameter can be 50mm, 65mm, 100mm). The company sells the capsule toys with the corresponding vending machine (Figure 14). They are ball dispenser with one or two deposits for capsules. They are equipped with wheels to make the displacement easier and adapted to shopping centres, bars, recreational areas and many more public places.

Figure 14. Vending machine



Source: own elaboration adapted from www.coolthings.sm

Pocket money toys

There is also the possibility to insert the toys in pocket money toys, such as Flow Pack or Barrels. The following figures (Figures 15, 16, 17, 18) will show the types of packaging that used to be preferred by the buyers for each one of the four licences considered.

Figure 15. Hot Wheels packaging



Source: own elaboration adapted from www.coolthings.sm

Figure 16. Barbie packaging



Source: own elaboration adapted from www.coolthings.sm

Figure 17. Unicorn Dolls packaging



Source: own elaboration adapted from www.coolthings.sm

Figure 18. Puppy Friends Club packaging



Source: own elaboration adapted from www.coolthings.sm

In addition to the vending machine, also the display (Figure 19, 20) can be the exhibitor of the products in the shops or in the newsstands. The display can be used to sell both capsule toys and pocket money toys while the vending machines are specific only for capsule toys.

Figure 19. Display Puppy Friend Club and Unicorn Dolls



Source: own elaboration adapted from www.coolthings.sm

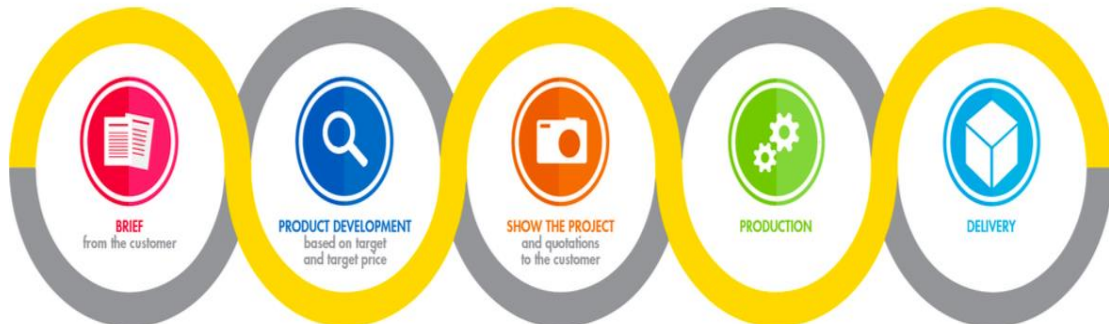
Figure 20. Display Hot Wheels and Barbie



Source: own elaboration adapted from www.coolthings.sm

Promotion

Figure 21. Promotional project



Source: Cool Things

All the products previously seen can also be used for promotional sales. Cool Things offers customised projects (Figure 21) to the enterprises that want to promote their products, in particular in the food industry. They create gadgets for cover mounts, loyalty programs, collection points, campaigns with prizes, promo QSR (Quick Service Restaurant) or surprises that people receive with the product sold. Some of their main clients in this field are: Dolfin, Granarolo, Amadori, Bauli, Nestlè, Old Wild West.

For all these companies the promotional gadget is an investment that guarantees them more visibility because it is a tool to improve the fidelity of the consumers, that receive a sort of present, and an increase in sales. Everybody likes this idea and will remember the brand that gave them an added value by giving something for free.

A real example is IOMINO which is a company that produces dairy products. They obtained an augmentation of 20% in two months thanks to this type of promotion made by Cool Things.

Another sector that takes advantage from this tool is the clothing industry. Effectively, it increases the sales because people appreciate receiving a gadget when they make a purchase. In addition, the presence of promotional gadgets determines more attractiveness also in the shop window.

Cool Things creates promotional products and gadgets also for theme parks all over the world and collaborates with their stores. It is partner of:

- EUROPE DISNEY STORE (80 stores)

- USA DISNEY STORE (200 stores)
- DISNEY THEME PARK IN L.A., Orlando, Paris, Hong Kong, Japan and Shanghai
- UNIVERSAL STUDIOS IN L.A., Orlando and Singapore
- ACQUAFAN and OLTREMARE which are aquatic parks in Riccione, in the north of Italy

2.1.8.2 Price

Capsule toys

Figure 22. Payment in vending machine



Source: own elaboration adapted from www.coolthings.sm

Capsule toys present different prices depending on the size. The following table (Table 1) will show the prices for the buyer and then the selling prices, which are compulsory because the customer needs to put the coin in the vending machine so the buyer cannot fix a different selling price. As the capsule toys are directed only to the European market, the price is considered in Euro.

Table 1. Price of capsule toys

TYPE OF PRODUCT	MEDIUM PRICE FOR THE BUYER	SELLING PRICE
CAPSULE TOYS 50mm	0,26 €	1 €
CAPSULE TOYS 65mm	0,48 €	1 €
CAPSULE TOYS 100mm	0,65 €	2 €

Source: own elaboration Data: Cool Things

Pocket money toys

Another price is made for pocket money toys and it changes in relation to the type of packaging selected by the buyer. In the following table (Table 2) the prices considered are related to the products from the catalogue which have been previously analysed.

Table 2. Price of pocket money toys

TYPE OF PRODUCT	MEDIUM PRICE USD/PC
HOT WHEELS BARREL	0,81
HOT WHEELS FLOW PACK	0,57
HOT WHEELS MAXI FLOWPACK	1,75
BARBIE FLOW PACK	0,59
BARBIE HEART CASE	0,86
BARBIE HOUSE BOX	1,38
BARBIE MAXI FLOW PACK	1,75
UNICORN DOLLS FLOW PACK	0,55
UNICORN DOLLS POP-UP	0,85
UNICORN DOLLS BLISTER AND CLIP STRIP	0,56
UNICORN DOLLS HEART CAPSULE	0,56
UNICORNO DOLLS HOUSE	1,20
PUPPY FRIENDS CLUB FLOWPACK	0,45
PUPPY FRIENDS CLUB HOUSE BOX	0,72

Source: own elaboration Data: Cool Things

The price can change depending on the type of product chosen and created. It is based on costs and it is higher for licensed products due to the licensing costs. Regarding the promotional sales, the price is based on the characteristics of the customised products required.

2.1.8.3 Promotion

Social media

Cool Things needs to introduce its products to the final clients, to families, children, teenagers and parents. All the social media are able to communicate the offer to the consumers and determine their demand. The brand Cool Things uses lots of them as channel of communication to present, show and give more visibility to the products, but they do not reach a very big audience. The “Ciao comunicazione” agency manages the website and all the pages on social media of the company sharing posts, photos and videos three times a week, with the collaboration of the internal designer Caterina. For this type of communication, they invest 1000 euros a month.

They have a Facebook account, which has been active for more than 10 years, where they share news and events to their potentials clients and consumers. In the last years, they have also joined the Instagram community with a page that shows photos and videos of all their products and they share with the public also what happens during the

trade shows in which they participate. To enhance the communication, they have also created two Instagram accounts dedicated to the two main properties of Cool Things: Unicorn Dolls and Puppy Friends Club. Another important tool of communication is YouTube. Their channel was opened in 2018 and now it has only 36 registered people but lots of views. YouTube is the most important and useful social media for the strategy of the company because it permits them to communicate directly to the main target which is composed of young children and teenagers that are connected all the time and pay attention to everything that they found on the net. For this reason, they started to promote their toys by creating a group of four teenagers from different countries called Cool Dudes. They make unboxing videos in which they present and promote the different toys and gadgets. This kind of communication has proven to be very successful in the last years because the use of influencers increases the interests and the sales. The team of youtubers (Figure 23) is composed of:

Greta, she is 10 years old and she is from Hong Kong. Fun and trendy young girl she un-boxes in English for fans all over the world.

Sophie Chan is 8 years old and just like Greta, she lives in Hong Kong. She is Cool Things' international influencer, representing the brand in Asia and promoting the toys in four languages.

Cristian, 12 years old, is the official influencer for Cool Things. He comes from San Marino and he is Riccardo's twin brother, who is the fourth member of Cool Dudes.

Figure 23. Cool Dudes



Source: Cool Things' Facebook page

Finally, the company is also present on LinkedIn. The content in this social network are mainly directed to distributors and clients, but the account is not up-to-date.

Trade shows

As Cool Things sells to other companies and not to the final consumers (B2B), it also needs to promote the products directly to the companies. The website is the main instrument that represents the company and shows the catalogue with all the products. In order to reach further potential clients, they also participate in lots of trade shows all over the world, with attractive showrooms, or just as a visitor to network and meet all the clients.

The following table (Table 3) shows the exhibitions where Cool Thing is present each year, from January to December, in chronological order.

Table 3. Trade shows

NAME OF THE TRADE SHOW	CITY	PRESENCE
Toys & Gifts	Hong Kong	Show room
EAG, Entertainment, Attractions & Gaming International Expo	London	Show room
Nuremberg Toy Fair	Norimberga	Visitor
Toys Show	New York	Visitor
KIDS Screen	Miami	Visitor
Enada	Rimini	Show room
Licensing Show	Las Vegas	Show room
Licensing Store	Bologna	Show room
Enada	Roma	Show room
IATA	every year in a different city	Show room

Source: own elaboration Data: Cool Things

All these exhibitions are great opportunities to introduce all the products, market them, obtain more visibility and to attract all the possible future clients by giving them lots of information and samples. In 2017 Cool Things, in collaboration with Planeta Junior, won the Retail Special Mention with the Troll's license and products during the Bologna Licensing event.

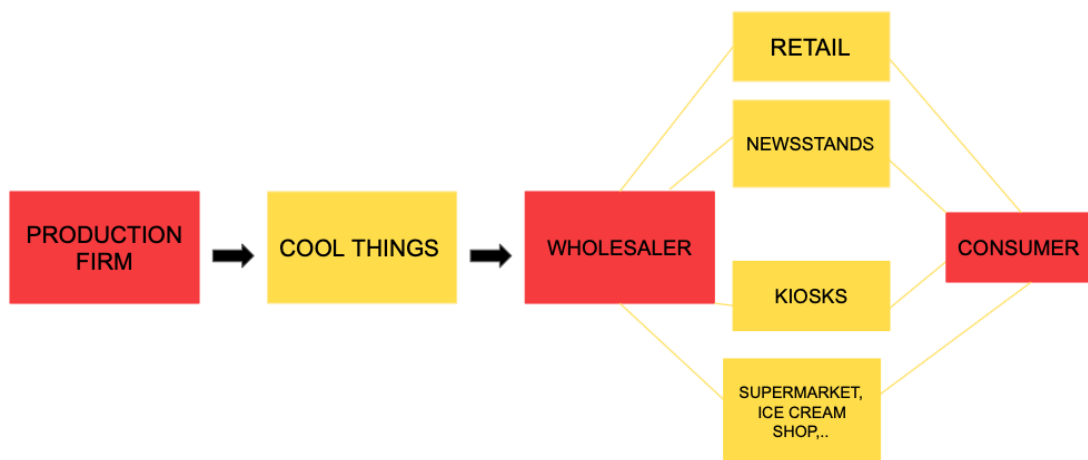
Sponsorship

The company supports sports activities. In fact, it is the main sponsor of the San Marino Federation of Basketball, the Tre Fiori football Team, which is one of the teams of the San Marino championship and also supports the San Marino Federation for Special Sports that organises sports activities for athletes with mental disabilities.

2.1.8.4 Distribution

There are multiple sales channels (Figure 24) through which the company sells its products, reaching a large diffusion all over the world. The 40% of the sales are directed to the Italian market, another 40% to the European one and the last 20% to international clients. Considering the structure of the distribution channel, Cool Things adopts the third level in which represents the distributor because after designing the products, the company outsources the production to Chinese firms and then sells the toys to wholesalers.

Figure 24. Sales Channel - 3 level



Source: own elaboration

Pocket money toys are sold in the retail channel, in kiosks and newsstands. Capsule toys are sold also in supermarket, ice cream shops, shopping centres and other public places thanks to the presence of movable vending machines. The company sells to wholesalers who distribute the products directly to the stores. The main distributors are Bennet Maxi D in Italy, Dollar 3 in UK and Grant&Bowman in USA regarding the pocket money toys. The distribution in kiosks and newsstands is facilitated by the presence of some partnerships such as the one with Mediaset (an Italian company leader in the media and communication sector), DeAgostini and RCS MediaGroup (Italian publishing

groups). Capsule toys are sold through distributors such as Special Game in Italy, Star Elements in Spain and Koppen in Benelux. The delivery time from the creation and design of the products to the shipment to distributors is 60/90 days. The shipment is made with containers if goods are delivered directly from China and by cargo trucks for delivery from the headquarter.

2.2 External analysis

2.2.1. Macroenvironment

In order to analyse the macroenvironment of the company, the PESTEL analysis has been carried out.

2.2.1.1 Political

As the company is located in San Marino and also owns an Asiatic counterpart, the political analysis is based on aspects of both these areas.

San Marino

As described on the website Fisco Oggi (Vitale, 2019), the Republic of San Marino is the third smaller independent country of Europe. It is a Parliamentary Republic located in the north east of Italy and the relations with the latter are regulated by a set of international agreements, most important among all the Convention of Friendship and Good Neighbourhood concluded on 31 March 1939.

The foreign policy of San Marino is in line with the Italian one, as reported by the economic development agency chamber of commerce of the Republic of San Marino (2019). It is not a member of the European Union but, according to the Agreement on economics cooperation and customs union of 1991, entered into force on 1 April 2002, the Republic is part of the European Union Customs Area. In this way the trade relations between San Marino and the European Union are free of duty and all types of taxes with similar effect on imports and exports, while for the relations with other countries the duties are the same adopted by European members (Economic Development Agency, 2019).

Imports and exports with European Union countries

Goods sold by traders in the European Union Countries other than Italy and imported into the Republic of San Marino (pursuant to Decree no. 50 dated 24.03.1993) need to be complemented by community transit customs documents T2 and to be subjected to

all the required controls by the inspection authority using the NCTS system (New Community Transit System). The same procedure is required for goods that will be exported towards the countries of the European Union other than Italy. In fact, they have to pass a physical or documental control and obtain the needed documents by the authorised forwarders. Once the goods arrive at destination, a bill will be issued and the export procedure ends (Economic Development Agency, 2019).

Imports and exports with non-European countries

Goods imported into the Republic of San Marino by non European operators must follow customs import formalities at Italian customs offices determined for the Republic of San Marino, (pursuant to Decree no. 50 dated 24.03.1993) in which the community transit document T2, that is a guarantee for the importer, is provided. They also provide the customs declaration form called IM A, which comes with the goods from the border (airport or harbour) to the company in San Marino. Once arriving in San Marino the Guardie di Rocca (military officers specialized in controlling the circulation of goods and capital between borders) inspect and control the imported goods with the aim of guaranteeing the legality, and issue a regular goods entry visa. When the goods are exported to a non European country they need the same formalities and documents issued by the authorised forwarders, in additions to the certifications required in the destination country. The merchandise arrives at an Italian customs point to permit the regulation of export and it will be considered completed when it leaves the European Union. The T2 document is placed at the last European custom, closed and handled by the latter (Economic Development Agency, 2019).

San Marino's legislation determined the absence of VAT while there is a single-phase tax on imports. The rate is 17% but there are also rates for goods such as medicines or food which are lower (between 2% and 6%). This tax can be refunded when the goods (transformed or not) are exported, while it is a cost when the goods are sold in the territory of San Marino. The legislation on direct taxation presents a competitive regime with low rates and a modern and simplified system. Ordinary Corporate Income Tax is equivalent to 17% of taxable income (Economic Development Agency, 2019).

Another important aspect to take into consideration for businesses is the labour cost which is competitive in comparison to the nearest countries. Actually, the social security contributions have a lower rate and depends on the type of company. The legislation guarantees economic incentives for employers and the availability of several contracts for workers in order to assure flexibility and meet their needs (Economic Development Agency, 2019).

The Republic of San Marino promotes the creation of industrial property rights by offering assistance to companies during the registration. As a member of the World Intellectual Property Organisation (WIPO) and the European Patent Organisation (EPO), in San Marino it is possible to obtain national trademarks and patents that can be extended at an international level (Economic Development Agency, 2019).

China

China was under socialism dictatorship for many years (approximately until 1978), when it started to reform the economy and became one of the fastest growing countries in the world. Today, according to the economics indicators of Moody's Analytics website (2020) it is a great economy, an important investor and exporter, the citizens have improved their living standards but there is still a strict control by the government on the population.

In 2017 the Chinese government passed a new law about cyber security that determines the possibility to control in a better way the data of national and foreign companies, while in April 2018 they decided to impose a trade tariff (25%) on 106 goods from the USA as they have a similar tariff on Chinese goods. (BBC, 2019)

Focus on Hong Kong

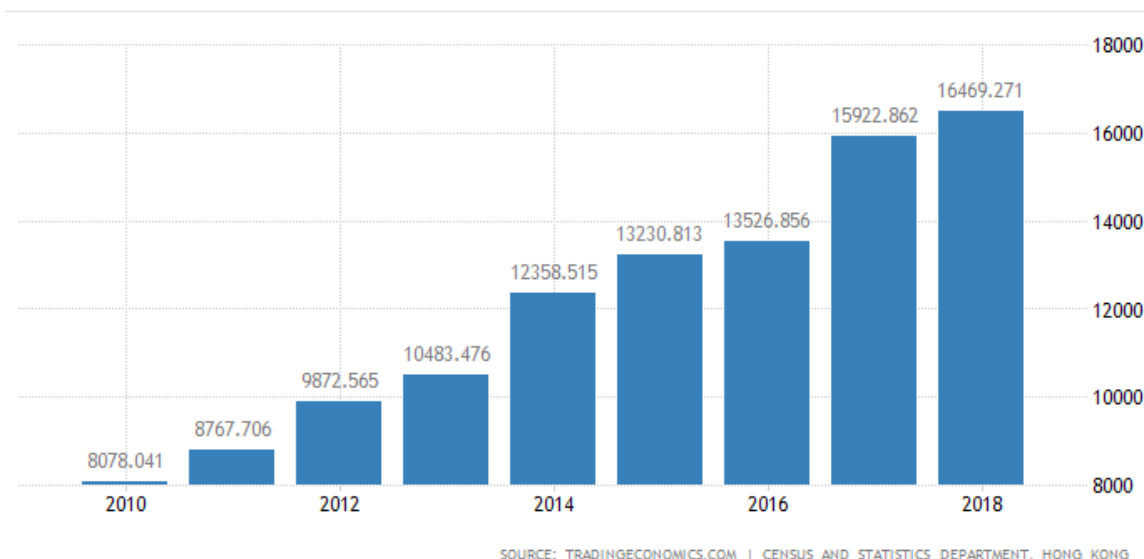
Hong Kong is considered officially part of China, but it is a Special Administrative Region and, as it was an English colony, it is under the "one country, two systems" regime. It is a presidential limited democracy with a legal system based on English common law and a Chinese customary law in matter of family and land property (Napolitano, 2019).

Why is better to invest in Hong Kong compared to the rest of China?

In general, according to an article published on Mglobale.it (Galimi, n.d.) and the Asian Tax Advisory's website (2016), Hong Kong guarantees more flexibility while the Chinese law is more restrictive. In Hong Kong there is a better situation regarding fiscal policies, administration, management and financial aspects and the judiciary system is based on the English common law. For this reason, is more attractive to invest there compared to China. The government guarantees freedom and market opening, with limited restrictions and the possibility to repatriate all the income without any value control. Another advantage is the absence of customs duties thanks the duty-free status and of limitations on the circulation of capital, which guarantees prompt payments for the company. The fiscal system is one of the most favourable of the developed economies with low interest rates and no taxation on dividends.

Only the profits produced in Hong Kong are taxed at a rate of 16,50% while in China the rate is 25%. The dividends are not taxed in Hong Kong while in China the rate is 10%. In addition, it is not present a VAT taxation and this facilitates imports and exports. Due to all the previous reasons, foreign direct investment in Hong Kong have constantly increased in the last decade, as the following graph shows (Graph 1).

Graph 1. Foreign Direct Investment in Hong Kong



2.2.1.2 Economic

The economic situation is suffering a pretty intensive collapse in emerging markets, due to the COVID-19 pandemic. As the International Monetary Found explains in the *World Economic Outlook: The Great Lockdown Report* (2020, p. 1), “As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis.” The report (IMF, 2020) explains also that the risk of a worst decline is evident, however the policies and measures adopted by the countries to control the contagion and support the economy could determinate a great improvement of the current situation. In particular, they have to sustain citizens and businesses with funds and tax benefits. Another important factor will be the international cooperation, which along with domestic policies probably will affect the sectors in a positive way, according to the Table 4 which shows growth projections on real GDP for the next year that indicate positive values.

Table 4. Growth Projections

Latest World Economic Outlook

Growth Projections

The COVID-19 pandemic will severely impact growth across all regions.

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies	1.7	-4.6	4.5
Emerging Markets and Developing Economies	3.7	-1.0	6.6
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India	4.2	1.9	7.4
ASEAN-5	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0
Low-Income Developing Countries	5.1	0.4	5.6

Source: IMF, *World Economic Outlook*, April 2020

INTERNATIONAL MONETARY FUND

IMF.org

Considering the toy industry, the impact has been significant due to the high presence of toys made in China, which reach the 85% of the entire production, according to an article published on The Guardian (Helmore, 2020). The pandemic started in this country has determined lot of problems and caused the closure of factories and plants, stopping the production for some months. In fact, after the lunar new year, at the end of last January, companies were supposed to resume production, but it didn't happen. The problem is not restricted to the lockdown period, but it will probably last for longer.

Once the demand of production will drastically increase, it could happen that the Chinese factories will not be able to meet the demand because of the lengthy procedures required. These possible supply line interruptions will determine even worst impacts on the economy.

Furthermore, the general secretary at CAIT (Confederation of All India Traders) raise an issue regarding the consumers' scare on Chinese products related to the presence of Coronavirus (Mukherjee, 2020). This idea can further affect the economic situation if the number of customers who agree with that increases.

2.2.1.3 Sociological

The pandemic has determined a socioeconomic impact on the worldwide population. According to *The socio-economic implications of the coronavirus pandemic (COVID-19): A review* (Nicola et al., 2020) the social implications affected particularly education and family dynamics.

Education

The majority of institutions have been closed due to the pandemic in order to avoid the spread of contagion. The consequences are related especially to childcare costs which are increased for lots of families and also have effects on the divergence between richer people, who have internet and technology access that permits to the students to attend online lessons, and poorer people who are unable to do so.

Family dynamics

The measures adopted to contain the transmission of the virus include social distancing and staying at home. This difficult situation has caused more vulnerability between people and has increased the risk of domestic abuses. Another consequence on households has been related to the growth in the usage of technology. In particular, as children and teenagers cannot get out, they spend most of their time playing videogames.

Considering the social situation of Italy, that is the country that determines 40% of the demand of Cool Things' products, it is important to take into account all the indexes related to the final costumers, which are families and children. So, in the following tables the Italian fertility rate (Table 5), the birth rate (Table 6) and the number of household member (Table 7) are analysed.

Table 5. Italian fertility rate

Data type	total fertility rate	
	▲ ▼	
Territory		
Italy		1.29
Nord-ovest North-west		1.32
Nord-est North-east		1.36
Centro (I) Centre		1.23
Sud South		1.26
Isole Islands		1.28

Source: ISTAT

Regarding the birth rate, we can see that the data provided by the ISTAT (Italian National Institute of Statistics) show a decline of births during the last years. While the number of household members is not really changed.

Table 6. Birth rate

Indicator	Select time				
	2016	2017	2018	2019	2020
birth rate (per thousand inhabitant)	7.8	7.6	7.3 (e)	7.2	

Source: ISTAT

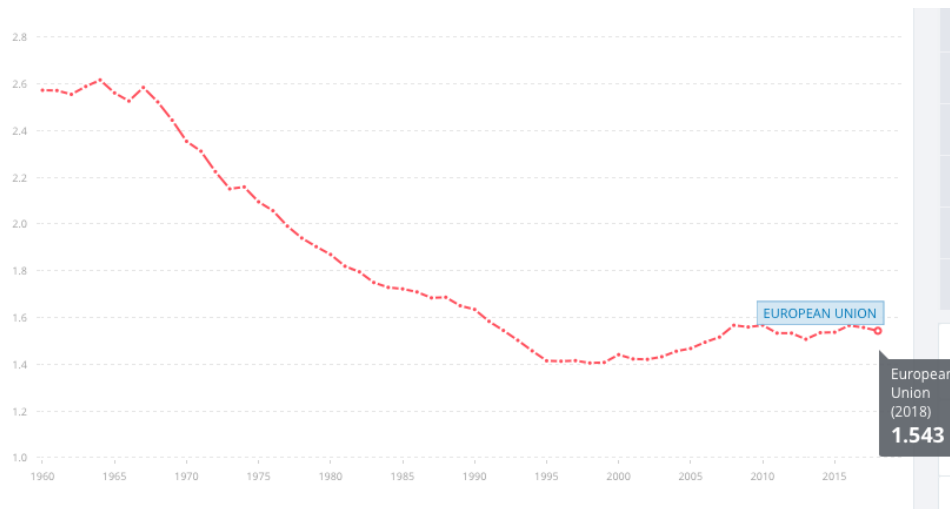
Table 7. Numbers of household members

Number of household members	Select time				
	2015	2016	2017	2018	2019
1	31.1	31.6	31.9	33	33.3
2	27.1	27.3	27.5	27.1	27.1
3	20.1	19.8	19.6	19.5	19.3
4	16.2	16	15.7	15.1	15.1
5	4.2	4.2	4.1	4	4
6 and over	1.2	1.2	1.2	1.2	1.3
total	100	100	100	100	100

Source: ISTAT

At a European level, the fertility is not growing, on the contrary in the last years has decreased slightly (Graph 2).

Graph 2. European fertility rate



Source: www.worldbank.org

2.2.1.4 Technological

The technology has permitted in the last decades to improve the communication, distribution and production strategies, according to the business Clients First. It has determined lots of advantages and upgrades for businesses. They can beneficiate from smart technologies that guarantee efficiency, speed and automation in all the processes and operations. It helps people with their tasks, making their work easier but it also permits to substitute them. Indeed, it has caused a reduction of workers needed and the decrease of employees results in reduced costs. Robots, artificial intelligence and radio frequency identification support a smart warehouse, which is very helpful for industry and distribution process.

The use of computers, tablets and the connection to the Internet permit to reduce geographical distances, encourage the collaboration, permit the access to more information and data and give more flexibility because it is possible to work also out of the office, thus supporting Smart Working. This method has increased its utility in the last period, because of the necessity of working at home which has been determined by the pandemic situation.

In addition, the technology development can determine more control on the sales, in particular in the vending machine channel. In fact, this type of distribution can be supervised with the use of the latest communication technologies such as “gprs” and

“umts” with the aim of monitoring the trends of sales flow, as underlines the company Luca S.r.l., leader in that sector.

The amusement sector and toys industry have taken advantage of the growing use of social media to improve the communication instruments, which help the company to reach a wide audience, as well as the main segments of potential clients. These objectives are better achieved with some new marketing strategies such as the presence of Influencers and the Unboxing experience. In addition, Internet is an efficient instrument to understand the customers needs and their opinions thanks to the presence of feedbacks and comments. The use of the net is not only useful to understand the clients' interests but also to get information about new trends, competitors and suppliers, according to Chron (Ahmed, 2019).

Another important instrument is the electronic commerce (E-commerce) that determines benefits in operations, reducing time and costs and also offering the possibility to reach more clients. Customers have the possibility to see the products and buy them from the website, without necessarily going to the shop.

Finally, as the website Educaredigitale.it reported (Catozzella, 2019), it is important to consider that the technology development has increased the demand of Smart Toys. In this kind of toys, the characteristics of traditional toys, such as the presence of tangible elements, merge with the benefits of having technological components. In this way, it is offered the possibility to connect to the internet, thus facilitating interactions between the toy and the kid.

2.2.1.5 Environmental

One of the main trends of 2020 is sustainability, which holds true also in the toys industry. This is an important aspect that has been concerning the society in the last years, especially related to the climate and environmental problems. This sector should increasingly use ecological material such as recycled or biodegradable ones and support environmentally friendly behaviour as suggested by the company Spielwarenmesse.

As reported on CSG (Bryant, 2019), consumers are more and more sensitive to the environmental protection and pay increasing attention to the materials used to produce the goods that they are buying. This is the reason why the demand of sustainable toys has increased over the last years. One option to reduce plastic can be increasing the usage of wood, however for the majority of toys makers it would be impossible to adopt

it as substitute. Recycled plastic could be a better and more sustainable solution, but according to the British Toy and Hobby Association, it can contain some of the components which are forbidden by the legislation on toys safety, so it can also be a risk. Another option can be the use of plastic sourced from sugarcane which is recyclable but not biodegradable, or the usage of sustainable raw materials. Despite the engagement in finding a suitable solution, plastic will be difficult to substitute in the toy industry because plastic toys represent around 90% of the toys market.

According to the article on BBC regarding plastic toys (Brown, 2019), plastic is a cheap material and the use of other ones could increase the price of toys. It is also practical for the production, especially for small toys. Anyway a good behaviour can be buying second-hand toys, where it is possible, which means that a toy can last lots of years and can be used by different children. Obviously this could not be a good solution for the industry in which Cool Things is involved.

2.2.1.6 Legal

In the toys industry all the goods must respect some legal requirements and in particular the Directive 2009/48/CE of the European Parliament and the Council of the 18th of June in 2009 on the safety of toys. In addition, on 20 July 2011 came into force the legislative decree 54/2011 based on the Directive 768/2008/CE, as reported by the economic development agency chamber of commerce of the Republic of San Marino (2012).

Each country of destination can have some special tests requirements, but the basic one is the European Standard EN 71, which is compulsory for all the toys intended for use by children under fourteen years old.

In particular Cool Things respect these standards and test its toys with test EN 71-1:2011, 71-2:2011 and 71-3:2002, all of them provided for by Directive EN 71 on European Standard.

- EN 71-1:2011 is about physical and mechanical properties
- EN 71-2:2011 concerns flammability
- EN 71-3:2002 cover migration of certain chemicals

In addition, all the toys of the company must pass a test to prevent choking hazards.

Considering the influence of each factor on the macro-environment (Graph 3), the most significant effects are due to the Politics and Economics. The first one affects in a positive way as the political situation is supportive, while the second factor has a negative impact caused by the pandemic.

Graph 3. Influence of macro-environment



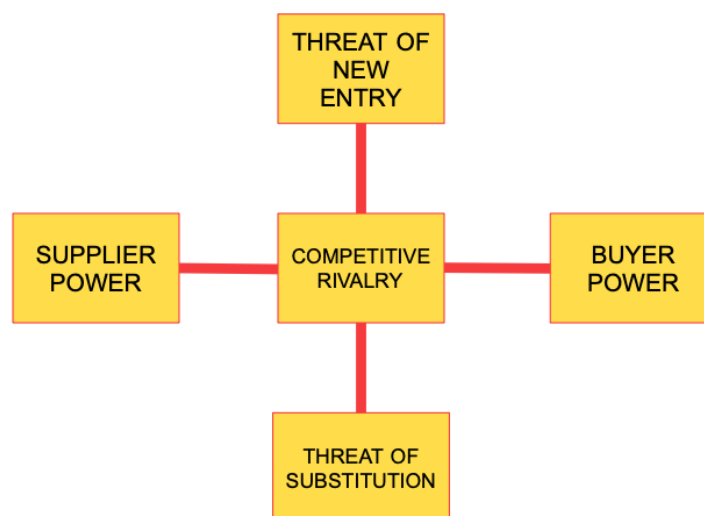
Source: own elaboration

2.2.2 Microenvironment

2.2.2.1 Porter's Five Forces Model

The following analysis examines the threats of the five forces by using the Porter's Five Forces Model (Figure 25) and their impact on the company. Thanks to this analysis of the competitive forces in the toy industry, strategies and decisions can be determined more effectively, so as to ensure the success of the company.

Figure 25. Porter's Five Forces Model



Source: own elaboration

Threat of new entry

The threat of new entry depends on the presence of barriers to entry. One of them is the high level of tests required to achieve the respect of the standards. The European Union requirements have been enforced with the Directive 2009/48/CE and each country can call for specific tests in order to ensure the safety of the products. Another possible barrier of entry is the presence of economies of scale, as well as the necessity of creating a product, which is innovative and different because it is not a standardized sector. The innovation requires high costs in research and development. In addition, another aspect to take into account is the access to adequate distribution channel and the investment needed also in communication. Finally, the absence of customer loyalty and the lack of experience and know-how determine a great disadvantage. Thanks to all these barriers, the threat of new entry is reduced.

Threat of substitution

Substitute products are goods from a different industry that are bought by the same customers and satisfy the same needs. Regarding the market analysed, we can consider as substitute products all those goods with a reduced price and the aim of making children happy, especially when they are not at home, namely while having a walk and needing something to have fun. Taking into account these features, we can think at video games available on the smartphone and trading cards. The first one has increased its usage in the last years because of the development of technology and it is normally available for free on the phone, while the second one can be bought as substitute of a small toy for the same amount of money. Even though these goods make the child feel better and are cheap, the threat of substitution is weak. In fact, a toy can't be easily substituted because it is a lasting good and it is mostly preferred by parents compared to a videogame which can become a bad habit. Referring to the trading cards they can be a valid substitute of these small toys also because just like the toys offered by Cool Things, they are collectible. However, they are mostly considered collector's items and not properly games with the aim to provide amusement.

Supplier power

The bargaining power of suppliers is quite low because there are so many producers and this means a lower control over the prices. In particular, Chinese firms are very competitive. Cool Things counts on different suppliers and creates with some of them important relationships with the aim to determine advantages for both the company and the supplier.

Buyer power

Buyers are distributors who are always looking for the best products at the lower price and they also take into account the presence of discounts and offers. So it is important to satisfy their needs also in relation to the prices, for this reason the bargaining power of buyers is high. In addition, toys are not considered as a primary necessity, which determines an increase of the buyer power in relations to the final costumers' needs. The high cost that a buyer, as a distributor, has to support to change, decreases a little bit his power.

Competitive rivalry

When we talk about competitiveness, it is not necessary to consider the toy sector in general. We have to focus on the business of pocket money toys and capsule toys, which are those cheaper small toys that consumers can find in vending machines outside of shops, newsagents or other public places. The competition in the toy industry is really harsh while if we consider the specific market taken into account it is necessary to underline that it is a small market. This means that the number of competitors is reduced and this force is a bit lower, although each competitor adopts successful strategies in order to increase its competitiveness. The price can determinate an important competitive aspect as some companies have a cost advantage. Cool Things tries to achieve high level of differentiation and innovation. The company has also created some partnerships in order to gain higher market share and offers products with licensing, which represents an added value. All these actions can help the company to enhance the brand identity.

The following graph (Graph 4) summarizes the level (high, mild, weak) of each force.

Graph 4. Influence of five forces



Source: own elaboration

2.2.2.2 Competitive Analysis

In the toy industry there is a high level of competition despite the attempts to differentiate the products. In particular, we will take into consideration the competitive companies that we find out in the “Product form” level of competition.

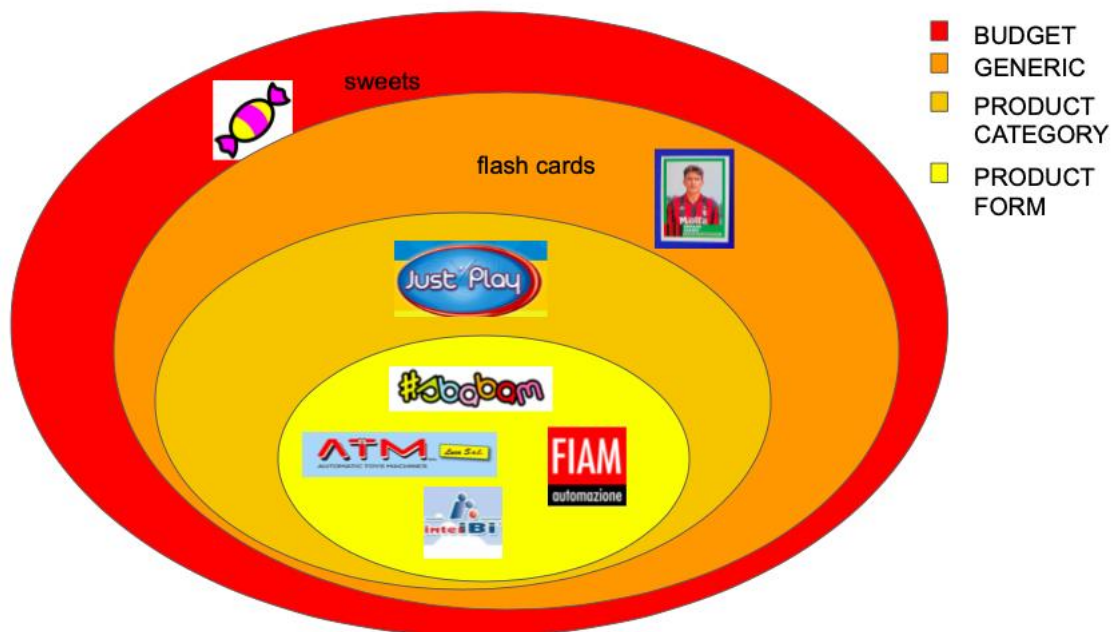
Product form: products with similar features to Cool Things’ ones. It is the most competitive level and here, as mentioned above, the number of competitors decreases.

Product category: products which are toys but present different characteristics. The main competitor is Just Play.

Generic: products which can be considered as substitutes. The most important are Topps and Panini which sold flash cards.

Consumer Budget: it takes into consideration those products that have same budget of the Cool Things products, sweets can be an example.

Figure 26. Level of competition



Source: own elaboration

2.2.2.3 Main competitors

The following analysis will show the main competitors, which are mainly Italians but also foreign ones, as well as their strengths and weaknesses also in comparison with the capabilities of Cool Things. Each competitor has been analysed considering the

four components of the marketing mix, which are price, products, promotion and distribution (place).

It is important to underline that no company sells the products in both formats, capsule toys and pocket money toys, so we have to consider two different markets with different competitors to deal with.

Main competitor for Pocket money toys market

Figure 27. #sbabam logo



Source: www.sbabam.it

#sbabam is an Italian brand which designs, creates and markets its products to newsstands and to the mass distribution at an international level. They sell trendy and funny toys and accessories and offer also licensed products. The following figure (Figure 28) illustrates the products of the company which are currently available in newsstands. In addition, #sbabam serves as an official distributor of Cool Things' Unicorn Dolls. Despite being one of its competitors, Cool Things has decided to exploit the greater visibility of #sbabam and use it as a distributor to reach more easily the newsstands market.

The communication is mainly directed to the final customers through their Facebook and Instagram pages and their YouTube channel. Their commercials are also broadcast on TV in order to achieve more visibility.

Their products are distributed in newsstands but they also supply toys directly to final clients on their webpage through their E-commerce service.

As far as the price is concerned, the company offers its products at a higher price as compared to those charged by Cool Things.

Figure 28. #sbabam products



Source: own elaboration adapted from www.sbabam

Main competitors for capsule toys

Figure 29. FIAM logo



Source: www.fiamautomazione.com

Fiam Automazione is an Italian company located in Torino which designs and creates vending machines with capsule toys. It is considered an Italian and international leader in this sector thanks to its almost 50 years of experience in this field. They export more than half of their revenue in 40 countries at a European and international level.

They offer a wide range of products, capsule toys in three sizes (55, 65 and 95) and vending machines that present the latest design and guarantee reliability. Fiam Automazione creates toys for different brands. Most of them are FIAM properties but they own also some licences such as DC Comics, Emoji The Brand, Hasbro, Lilemac, Regal Academy, Super Wings, Hamsta, Hello Kitty and Disney. This year they have obtained also the Marvel licence.

Another important distinctive capability is the presence of products made with recycled plastic that give them an added value.

The following figures (Figure 30, 31, 32) show the main products for each type of capsule toys.

Figure 30. Capsule toys 50 mm



Source: own elaboration adapted from www.fiamautomazione.com

Figure 31. Capsule toys 63-65 mm



Source: own elaboration adapted from www.fiamautomazione.com

Figure 32. Capsule toys 90-100 mm



Source: own elaboration adapted from www.fiamautomazione.com

Considering the prices, a medium price has been analysed for each kind of item (Table 8).

Table 8. Price of capsule toys by Fiam

TYPE OF PRODUCT	MEDIUM PRICE FOR THE BUYER
CAPSULE TOYS 50 mm	0,28 €
CAPSULE TOYS 63/65 mm	0,35 €
CAPSULE TOYS 90/100 mm	0,53 €

Source: own elaboration Data: www.fiamautomazione.com

Contrary to Cool Things' strategy, they do not sell the vending machine to the reseller through intermediaries. They direct the products to the retailers who buy the capsule toys. The company receives the profit gained via vending machines, one or two euros per piece, depending on the size, and gives to the vendors a percentage of the earnings. A percentage of the value, normally around 30%-35%, is paid to the owner of the establishment where the vending machine is located. In alternative, they just rent a space in which the vending machine can be located, for example in a shopping centre, pay for it and keep the profit.

Their communication is directed to the final consumers, which are children, by the use of social media. They have a Facebook and Instagram account in addition to the YouTube channel which is actually not active since 2015. Furthermore, to introduce their products to the buyers they have a website and participate to lots of amusement shows such as the ones in Rome, Rimini and exhibitions in Paris, London and Tokyo.

Figure 33. ATM - Luca S.r.l.



Source: www.lucasrl.it

The Luca S.r.l. is an Italian company created in 2002 in Treviso, in the north of Italy. It is recognized at an international level in the vending sector thanks to the creativity of the products sold. They design and produce their vending machines offering several models, personalized products and fast delivery which determines their distinctive capability.

As far as this research is concerned, of the entire selection offered by the company only capsule toys available in the size of 50,65 and 95-100 have been considered. The main difference between this company and both the previous competitor and Cool

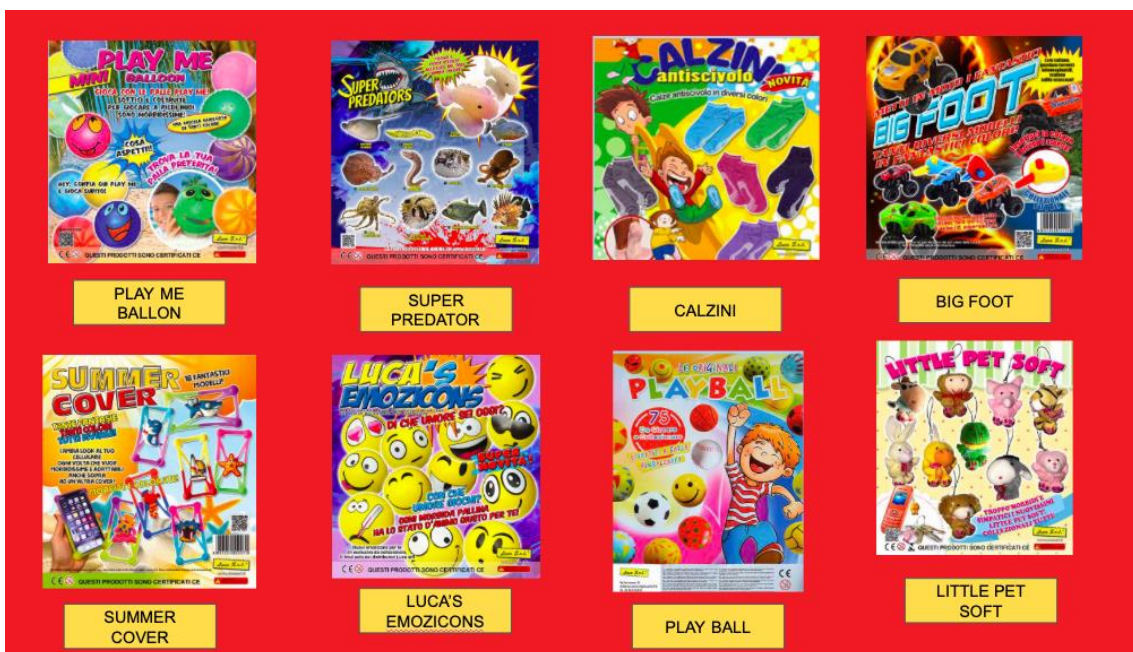
Things is the absence of licensing. Below (Figure 34, 35, 36) it is shown their catalogue.

Figure 34. Capsule toys 50 mm



Source: own elaboration adapted from www.lucasrl.it

Figure 35. Capsule toys 65 mm



Source: own elaboration adapted from www.lucasrl.it

Figure 36. Capsule toys 95-100 mm



Source: own elaboration adapted from www.lucasrl.it

In the following table (Table 9) it is reported the medium price of each type of capsule toys.

Table 9. Price of capsule toys by Luca s.r.l.

TYPE OF PRODUCT	MEDIUM PRICE FOR THE BUYER
CAPSULE TOYS 50 mm	0,24 €
CAPSULE TOYS 65 mm	0,45 €
CAPSULE TOYS 95/100 mm	0,64 €

Source: own elaboration Data: www.lucasrl.it

They direct their communication only to the buyers and not to the final clients. In fact, they don't have many social media accounts, the only one is their YouTube channel which has not been updated since 2016. They only manage their website and participate to some exhibitions such as Enada in Rimini, but also abroad in Orlando, Amsterdam, Madrid, London and at the Monza Racing Project.

Figure 37. Interibi logo



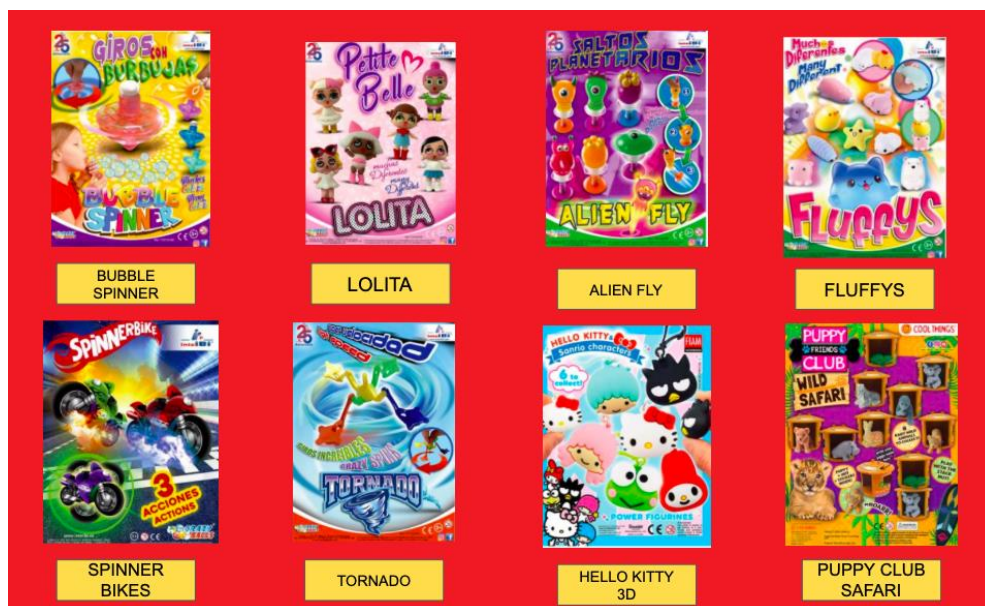
Source: www.interibi.com

Established in 1994, Interibi is a Spanish company run by D. Juan José Hita García and his three sons, which operates in the vending machine sector. The company creates different lines of business related to the toys sector, but also to sports machine, video games and nowadays they also supply vending machines which distribute hygiene items.

They design and sell attractive products or in alternative they are also distributors for products of Cool things or Fiam. Therefore, they do not use or own any licences. They look for the best and most attractive collections in order to be recognized as a reference company. Their main competences are quality, personalized services, price, professionalism and they guarantee a perfect combination of all of them. In addition, Interibi offers a wide and assorted selection of vending machines.

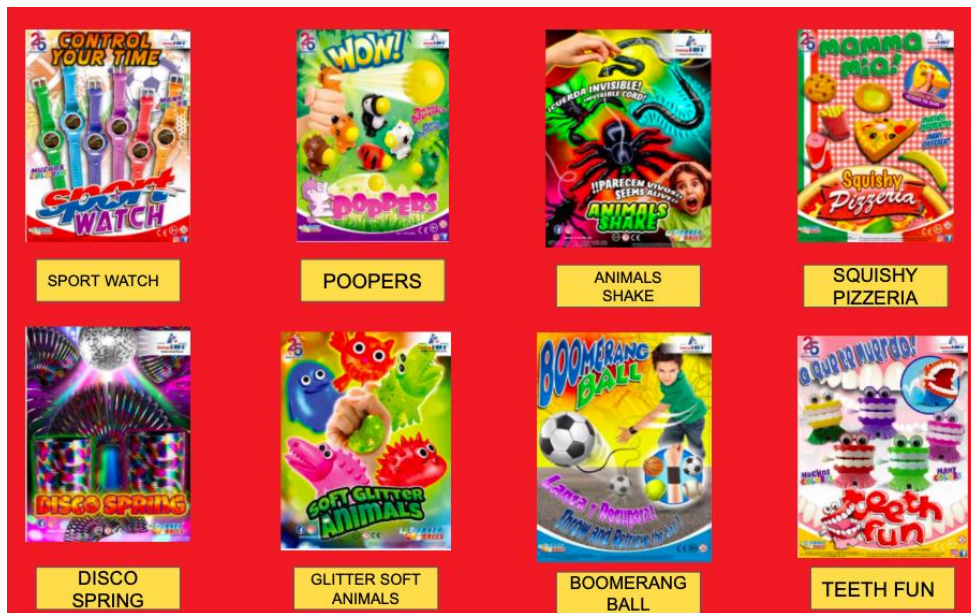
The following figures (Figure 38, 39) show some examples of their available products and it can be noticed that they produce only capsule toys in two sizes (50 mm and 65mm) while the bigger format supplied by all the other companies is not produced.

Figure 38. Capsule toys 50 mm



Source: own elaboration adapted from www.interibi.com

Figure 39. Capsule toys 65 mm








Source: own elaboration adapted from www.interibi.com

Their communication is directed especially to the buyers and not to final consumers and it is based mainly on their website and their Facebook page which is active and frequently up to date.

As far as the price is concerned, it is generally lower than those charged by Cool Things.

The following table (Table 10) sums up all the characteristics concerning the Product, Price, Distribution and Promotion of the competitors.

Table 10. Comparison between competitors

	PRODUCT	PRICE	PROMOTION	DISTRIBUTION
	Pocket money toys 15 collections	Higher in relation to Cool Things	Final clients	Newsstands and E-commerce
	Capsule toys 71 collections Licensing	50 mm → 0,28€ 65 mm → 0,35€ 90 mm → 0,53 €	Wholesalers and final clients	Retailers
	Capsule toys 25 collections No licensing	50 mm → 0,24€ 65 mm → 0,45€ 95 mm → 0,64 €	Wholesalers	Retailers
	Capsule toys 60 collections No licensing	Lower than Cool Things	Wholesalers	Retailers
	Capsule toys and Pocket money toys 83 collections Licensing	Capsule toys: 50 mm → 0,26€ 65 mm → 0,48€ 100 mm → 0,65€ Pocket money toys: medium price between 0,45 and 1.75	Wholesalers and final clients	Retailers and newsstands

Source: own elaboration

2.2.3 Market analysis

2.2.3.1 Sector analysis

The analysis of the sector has been mainly focused on the toy industry. In addition, a specific analysis on the vending machines industry has been developed.

Subsequently a table (Table 11) shows the growth of the global toy sales in the last years.

Table 11. Global Toys Market Size

	2014	2015	2016	2017	2018	2019	2019 vs 2018 %change	2019 vs 2014 %change
Total in \$BN	\$79.2	\$82.7	\$86.7	\$89.4	\$90.2	\$90.7	+0.5%	+15%

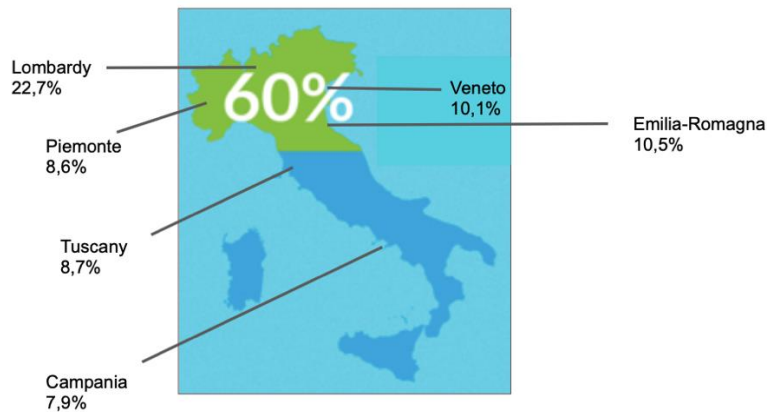
Source: The NPD Group

Considering the Italian toy industry, the revenue has decreased of 3,5% during 2019 and in Europe the decline has been of 2%, as reported on the Ansa website (2020). The reduction is concentrated in the last period of the year, Christmas time, that normally represents the 53% of the annual turnover. On 2019 in that period there was a decline of 6% which has gotten worse during the lockdown due to the closure of all the shops. On the other hand, in that year there has been a growth in the sales of Action Figures and Games & Puzzle which is respectively of 18% and 8% in relation to the previous year which represents a positive sign.

Italian companies are mostly micro and small businesses, limited companies for the 41,4% or individual firms which represent the 42%. The average number of workers is 5,1 and the workforce is composed in prevalence of men, while the companies with female prevalence are only the 18,8%, as reported on the icribis' webpage (2020).

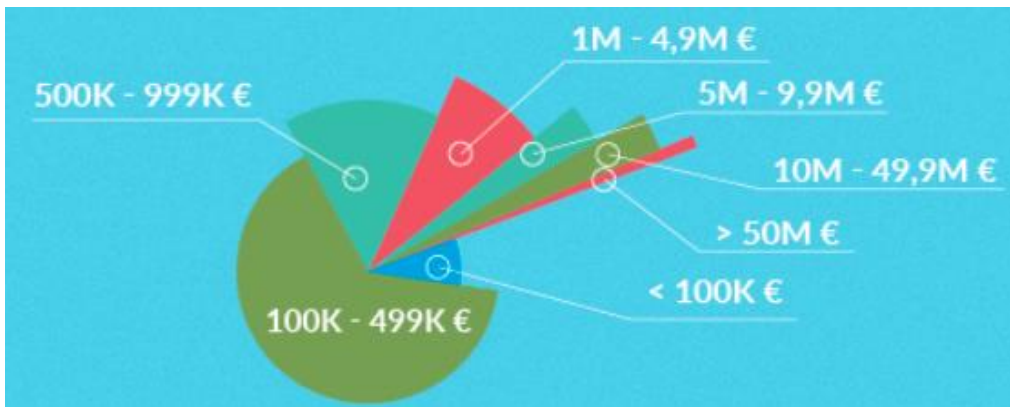
Analysing the territorial distribution, 60% of Italian toys companies are located in the north of Italy, in particular 33,6% in the North-West and 23,5% in the North-East. The following figure (Figure 40) shows the regions with the higher percentage of companies in this sector.

Figure 40. Companies distribution



Source: own elaboration Data: www.icribis.com

Graph 5. Companies turnover

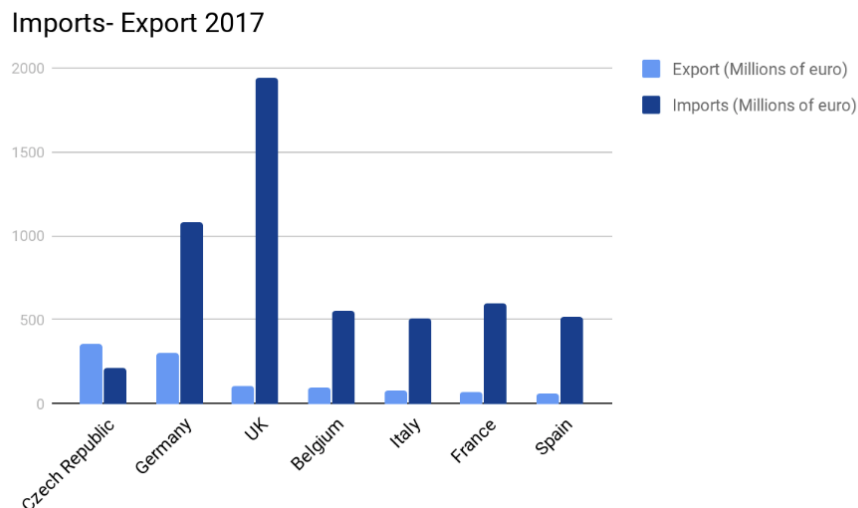


Source: www.icribis.com

Another important aspect to take into account is the companies turnover (Graph 5), which is available for only 75,8% of the total Italian companies. Considering that percentage of businesses, the majority of them (49,1%) presents a turnover between 100.000 and 499.999 €, followed by 11,2% in the range 1.000.000 – 4.999.999, 6,2% invoices less than 100.000 €, 5,7% between 500.000 and 999.999 €, 1,8% in the range 5.000.000 - 9.999.999€ and the 1,5% of companies between 10.000.000 and 49.999.999€. Just the 0,3% presents a revenue greater than 50.000.000.

Considering the importance of globalisation, it is essential to focus the attention on the importations and exportations in this sector. China is the main producer of toys but also in Europe there is a significant production. However, European countries present a deficit considering the toy industry. The following graph (Graph 6) reveals the major European importers and exporters considering their relations with non-European countries.

Graph 6. European Imports and Export in the toy industry



Source: own elaboration Data: www.termometropolitico.it

The toy industry presents an endless variety of products, which are classified in eleven main categories, according to the NPD group (n.d.). They are the following ones: Action figure/ Accessories, Arts & Crafts, Building sets, Dolls, Games/Puzzle, Infant/ Toddler/ Preschool toys, Outdoor & Sports toys, Plush, Vehicles, Youth Electronics, Explorative & Other toys. As reported by the group, during the lockdown people in the thirteen markets considered (Australia, Belgium, Brazil, Canada, France, Germany, Italy, Mexico, Netherlands, Russia, Spain, United Kingdom and United States) have drastically increased the consumption of Games and Puzzle followed by a rise also for Outdoor & Sports toys, Arts & Crafts, Building sets and vehicles.

Lately, children have changed their approach to toys, namely they tend to get bored quite easily and as a result, they buy new toys very often. For this reason, the toy industry needs constant innovation and development of products which amuse and also teach something to children with the aim of adapting to the rapidly changing sector. David Scher said “The lifeblood of the toy business is new and innovative products. This has gotten much harder and more expensive. But without it, the toy business goes away” as reported on Forbes (Kstenbaum, 2019).

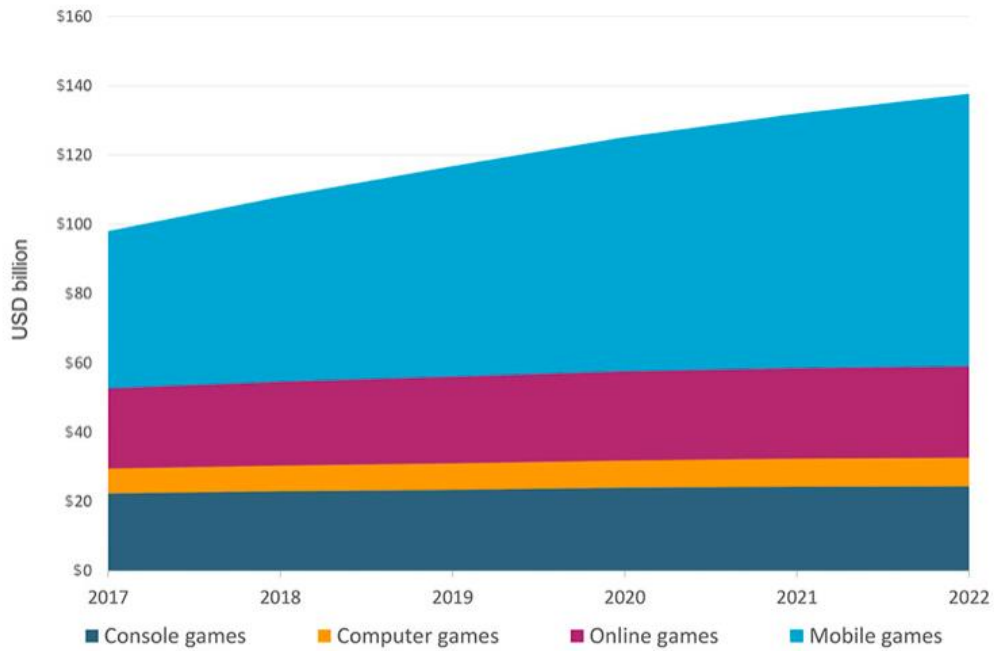
The latest trends in the toy industry are briefly described below, based on the description published on Forbes (Kstenbaum, 2019):

- **Unboxing:** it is a video about opening a new toy and playing with it and it is often used as a communication tool to make the product known.

- **Influencers:** people, normally children and teenagers who are the same age of the target of consumers, who play and present the toys in order to promote them as they have a great number of followers and influence their purchasing.
- **Variety of compound:** to increase the creativity, toys are not made only with plastic but in the last years the usage of other materials such as dough, sand and slime has increased.
- **Classic toys:** they are always appreciated by children of all ages and although they present innovation, the risk of low saleability is reduced as they are basic toys everlasting.
- **Food-related toys:** they are a way to create consciousness about health food.
- **eSports:** sports have always had an important role in the toy industry and nowadays it is related also to videogames.
- **Educational games:** they have the object of increasing the abilities based on the STEAM skills (science, technology, engineer, arts and math).
- **Licensing:** licensed products connected to the latest trends regarding films and cartoons are increasingly appreciated.

Certainly it is important to underline the growing importance of technological, digital and in particular video games which can be console, computer, online and mobile games. The last ones are the most popular as shown in the graph below (Graph 7) and their use is supposed to grow at a compound annual growth rate (CARG) of 12% according to The Toybook (Samirah, 2019), while for traditional toys and games is expected a growth of 2%. Mobile games are preferred because they are cheaper or even free and people can play whenever and wherever. Moreover, the greater consume of mobile games is due to the larger use of mobile phones which has increased by 6% in the last three years.

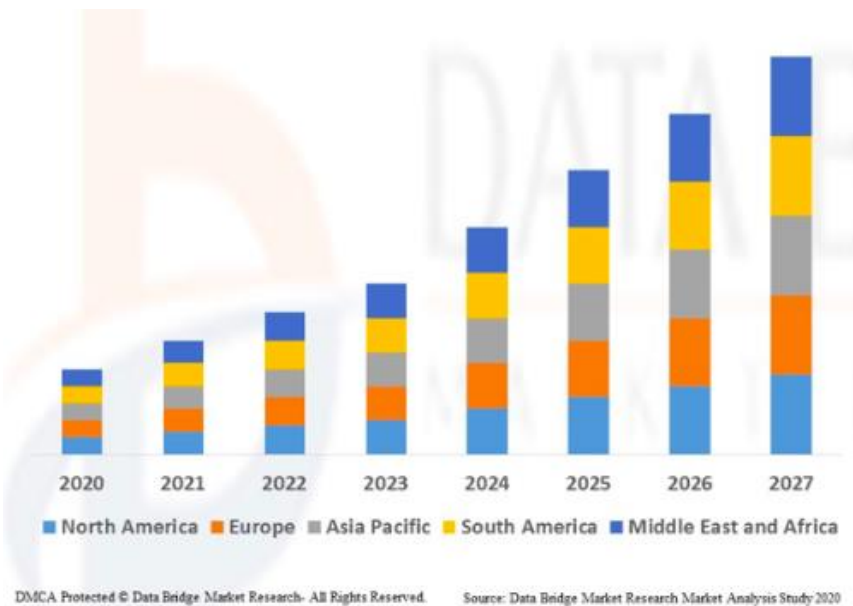
Graph 7. Global Video Game Sales by Platform, 2017 - 2022



Source: Euromonitor International

Considering the vending machine market, the report *Global Vending Machine Market – Industry Trends and Forecast to 2027* (Data bridge market research, 2020) presents a forecast for the period from 2020 to 2027 which shows an expected growth of 9,50% (Graph 8).

Graph 8. Global vending machine market forecast



Source: Data Bridge Market Research

The development of the vending machine channels and in particular of capsule toys has grown in the last years and it is going through an expansion.

The main reasons reported by the company Luca s.r.l. in their website, are the following ones:

- The possibility to offer high quality products
- The opportunity of producing licensed products which are well-known
- The vending machines are more innovative

The sector analysed regards the automatic and mechanic distribution which represents a modern system to supply and provide customers with goods and services. In addition, it is characterized by high versatility due to the wide range of types of vending machines available. In fact, the automatic distribution is a successful method to reach the clients wherever, in shops, shopping centre, ice-cream shop and so many.

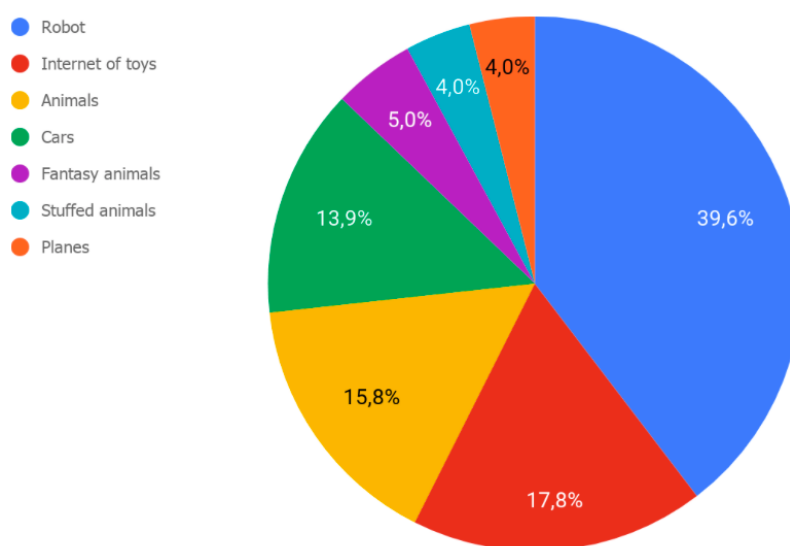
2.2.3.2 Consumers analysis

Taking into account the direct clients of the company which are wholesalers, their behaviour and purchases depends on the final clients' interests and demand. Normally is the company who looks for potential distributors and presents them its offer in order to attract their interest. This determines the high bargaining power of buyers. The main way for a company to find out potential wholesalers is to participate in trade fairs to let the products know. On these occasions, distributors from all over the world will be present and they will need to find out the best products to resell. Others tools which are increasing their usage are online directories that present lists of distributors and B2B E-commerce platforms which, however require a Minimum Order Quantity (MOQ), as reported in the website Chinabrands (2019). As their choices are based on final customers' behaviour, the final client's actions have been analysed.

The digital age has determined lots of changes regarding the final consumer behaviour and the analysis which has been carried out considers also the influence of that factor.

Osservatori.net (2019) has conducted a study based on the needs of parents and children. The result states that children prefer to play indoor and with friends and the following graph (Graph 9) shows some preferences of children regarding the type of toys.

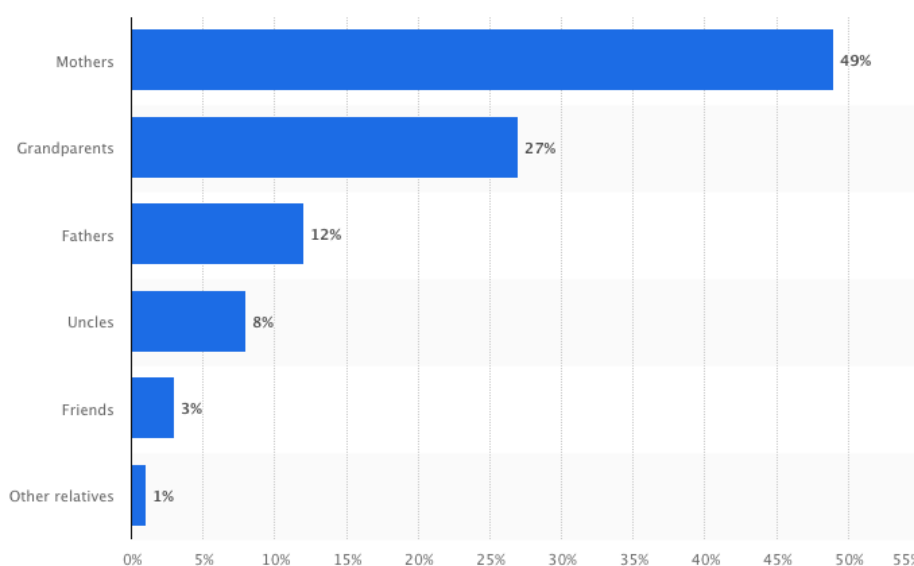
Graph 9. Children preferences



Source: own elaboration Data: www.osservatori.net

Considering the people who buy toys for young children, Graph 10 shows that almost half of them are mothers, followed by grandparents (27%), fathers (12%), uncles (8%), friends (3%) and other relatives (1%).

Graph 10. Who buy toys for young children



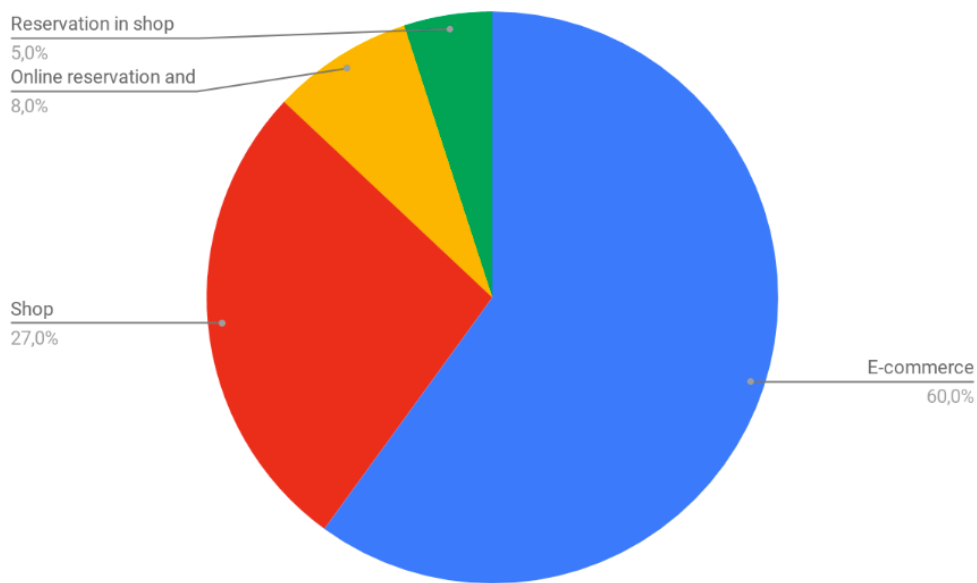
Source: statista

Regarding the purchasing choices Osservatori.net (2019) reveals that parents ask advices to relatives and friends (44%), some of them use the net, forum and social networks (34%) and 22% preferred to consult a smart shopping assistant. If they need to get more information and to get further details, 66% search on the web using social networks and feedbacks, 19% prefers to get informed directly in the shop and 15% asks to a smart shopping assistant. Nowadays social media are very useful to promote

toys and games and it is necessary to reach not only the children that use YouTube channels but also adults, which prefer Instagram and Facebook.

Finally, the analysis considers the purchasing channel used. E-commerce is preferred (60%), followed by purchasing in a shop (27%). Some people research information on products online and then buy in the shop, a practice that is called webrooming (8%) and 5% does the opposite, which is called showrooming (Graph 11).

Graph 11. Purchasing channels



Source: own elaboration Data: www.osservatori.net

3. SEGMENTATION

The following analysis will be based exclusively on the needs of final customers. This is due to the fact that distributors normally decide which products to buy based on the interests and buying decisions of final customers. The segmentation of the market is based on four criteria, which take into account the geographical, socio-demographic, psychographic and behavioural profile of the potential clients. In particular, Cool Things only adopts three of them that are the socio-demographic, psychographic and behavioural ones. Actually, the company does not segment the customers on the basis of geographical aspects, as they simply cannot sell some licensed products in non-European countries due to the different licensing regulations.

3.1 Targeting

Socio-demographic: Cool Things directs its products to young children between three and eight years old, but also teenagers. In fact, the age is the main criterion of segmentation as we are considering the toys sector. Regarding the gender, they propose certain products adequate for both males and females, but also create toys that are generally preferred by boys or girls such as cars or dolls. Obviously, the income is not considered as a variable for segmentation because the offering of Cool Things presents low prices affordable by everyone.

Psychographic: considering the analysis of interests, the products of Cool Things are directed to all the potential clients, but they are thought primarily for young people who like collecting different items, given the fact that each toy constitutes an item of a collection.

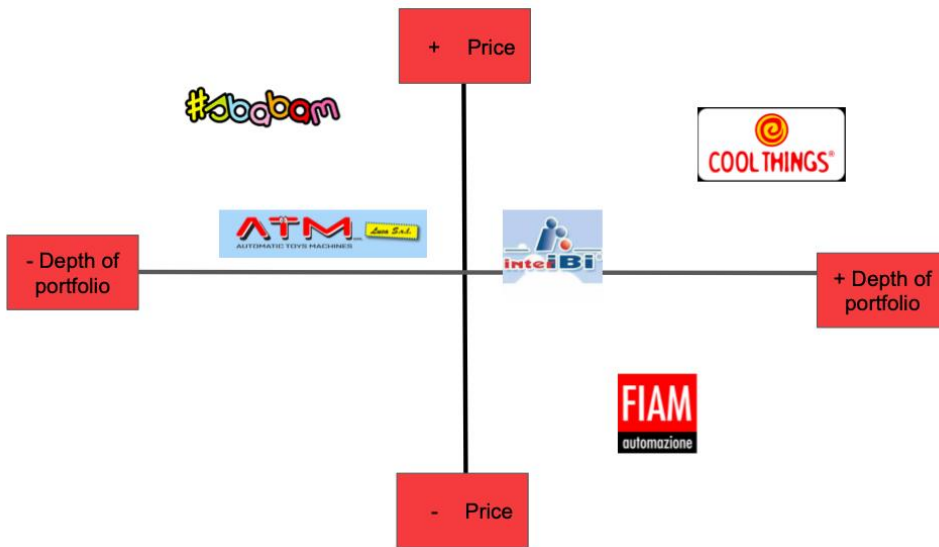
Behavioural: all the products are thought mostly to make a child happy when he/she is out with his/her parents and desires something to play with. They are often bought as a mean to meet the need of satisfying a whim.

In conclusion, Cool Things addresses its products to a target which is very vast and it is mainly represented by children between three and eight years and teenagers.

3.2 Positioning

Considering the analysis made up to this point, a positioning map based on clients' perception (Figure 41) is presented to determine the position in the market of Cool Things, in relation to the four competitors considered. Cool Things presents the deepest portfolio, also taking into consideration the fact that the other competitors supply only pocket money toys or capsule toys. Regarding the price, Cool Things has a higher price in relation to the majority of the competitors.

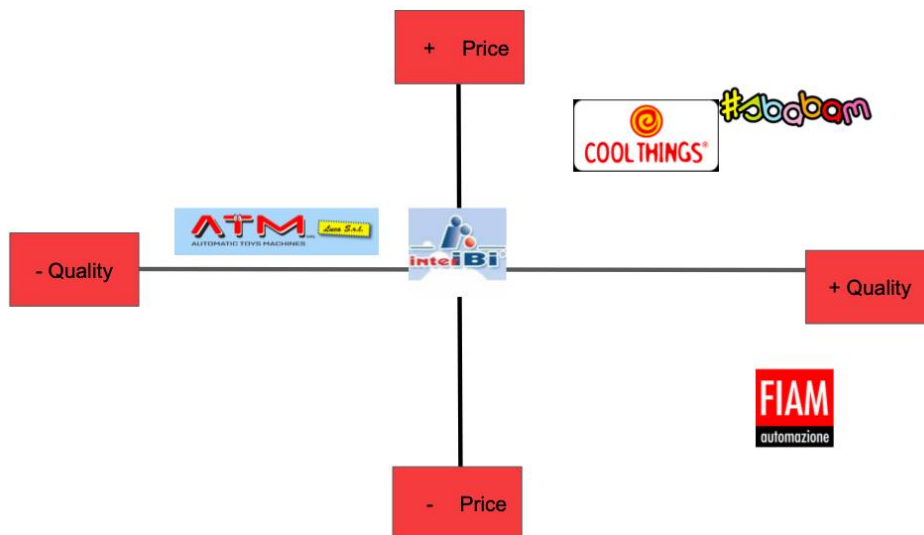
Figure 41. Positioning map (1)



Source: own elaboration

As far as the second positioning map is concerned (Figure 42), Cool Things is recognised as a company with a high level of quality, increased by the presence of licensing. #sbabam and FIAM present a greater perceived quality. #sbabam is a well-known brand with a high level of visibility. FIAM sells several licensed products and it also uses recycled materials. Therefore, these aspects increase their overall perceived quality.

Figure 42. Positioning map (2)



Source: own elaboration

4. SWOT ANALYSIS

Figure 43 Swot analysis

STRENGTHS <ul style="list-style-type: none">● Licensing● Flexibility● Short delivery terms● Variety● Trendy● Internationalization● High quality	WEAKNESSES <ul style="list-style-type: none">● Plastic toys● High price● Inability to effectively exploit social media accounts
OPPORTUNITIES <ul style="list-style-type: none">● Globalisation● Growth expected for the toy sector and vending machine● Reduced competitiveness● E-commerce	THREATS <ul style="list-style-type: none">● COVID● Videogames● Decline of birth rate● Growing demand of ecological toys

Source: own elaboration

4.1 Strengths

- **Licensing:** The possibility to offer licensed products determines an added value to the offer of the company and a competitive factor in relation to some of the competitors. The demand of licensed products is increasing and this can help the company to reach a wider audience of potential clients.
- **Flexibility:** Cool Things offers high flexibility in its offer, adapting the products to the buyers' needs based on the final customers interests. The company proposes different packaging solutions in order to satisfy all the necessities.
- **Short delivery terms:** The delivery terms are 60/90 days and it is considered a short delivery time as it includes the design of the products, their production and the shipment to buyers, which can be far apart.
- **Variety:** The offer of Cool Things is very wide. Each year the company presents a catalogue with a vast range of options. Furthermore, the company is the only one which proposes both pocket money toys and capsule toys, reaching more customers.

- **Trendy:** One of the main values is the ongoing innovation and the research of the latest trends.
- **Internationalization:** Cool Things sells its products mainly in Italy and also to European countries, but 20% of their sales is represented by international buyers.
- **High quality:** Thanks to the presence of a strong supervision made possible by the direct control of both the San Marino headquarter and the Hong Kong affiliate, the company can control the entire process and guarantee the respect of high quality standards. In addition, Cool Things guarantees the achievement of all the European standards required and also the respect of specific requirements for other countries.

4.2 Weaknesses

- **Plastic toys:** The products offered by the company together with their packaging are entirely made of plastic and that aspect has a negative impact on the perception of consumers who are increasingly aware of the ecological situation.
- **High price:** Considering the price directed to the buyers, Cool Things has one of the highest prices in relation to the competitors, in particular regarding the capsule toys market.
- **Inability to effectively exploit social media accounts:** The company is adopting promotional strategies based on social media, but the numbers of followers and people reached is not very high.

4.3 Opportunities

- **Globalisation:** The constant expansion of the global market is a great opportunity for the company that can expand its market share by reaching other buyers in different countries.
- **Growth expected for the toy sector and vending machine:** Despite this period of economic decline, the toy sector and also the vending machine sector are expected to grow in the next years. This represents a chance for the company.
- **Reduced competitiveness:** As part of a small market which is part of the toys sector, the number of competitors is reduced.

- **E-commerce:** The increasing usage and preference of purchasing through E-commerce represents an opportunity to extend the distribution channel.

4.4 Threats

- **COVID:** Considering the current situation, the pandemic has determined a decline due to the closure of all the activities, shops and factories and a stop of the production, which will determine consequences in the next short term.
- **Videogames:** The increasing usage of videogames determines a threat for the toys market and also for the goods of Cool Things that could suffer a loss of interest.
- **Decline of birth rate:** Children represent the main target to which the products of Cool Things are directed and a decrease of the birth rate is a negative signal.
- **Growing demand of ecological toys:** The presence of awareness regarding the environment determines a growing attention to the materials and the purchasing choices made by lots of parents, representing a real problem for Cool Things products.

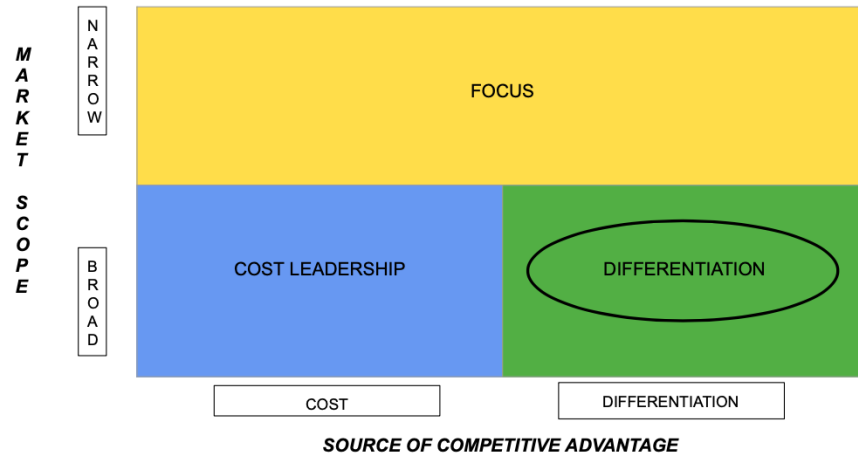
5. MARKETING OBJECTIVES

1. Increase distributors' satisfaction in the next 12 months.
2. Attract at least one more distributor in the next 12 months.
3. Increase final clients' awareness regarding the company in the next 12 months.
4. Increase sales volume by 5% in the next 12 months.
5. Increase profit by 3% in the next 12 months.

6. STRATEGIES

6.1 Strategy as competitive advantage

Figure 44. Porter's Generic Strategies

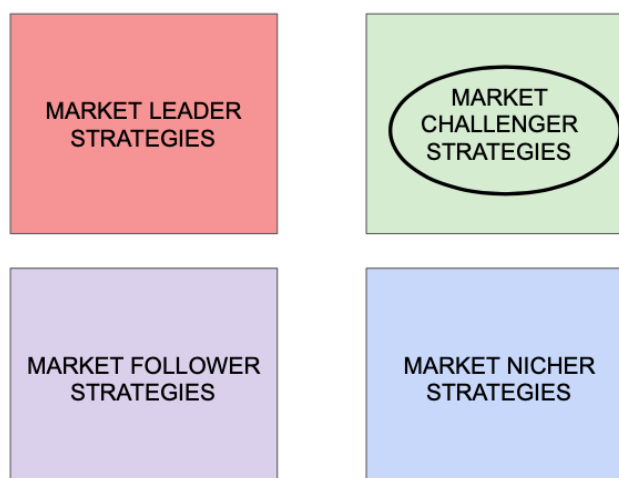


Source: own elaboration

The strategy that Cool Things should carry out is the **'Differentiation strategy'**, in order to offer products which are perceived as unique and of high quality. This strategy has to be mainly based on product differentiation. In this way the company creates toys which are authentic and trendy and differentiate itself from the competitors thanks to the wide depth of the portfolio. In addition, the opportunity to adapt the products and their packaging to the needs of the buyers increases Cool Things' offered value. In this way the company can attract more clients and consequently increase sales and the profit.

6.2 Competitive strategies

Figure 45. Kotler's strategies



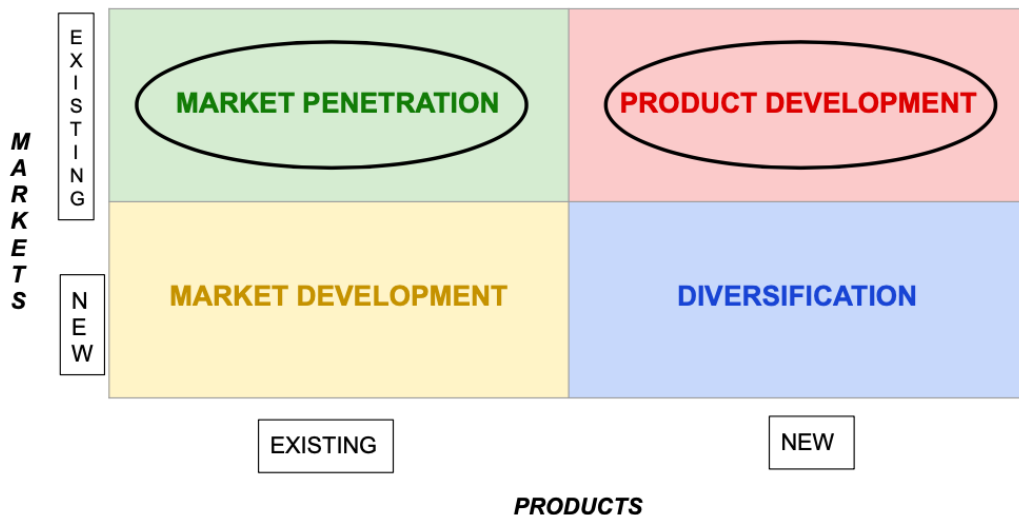
Source: own elaboration

Considering the competitors, the main aspect that can pose a threat, especially in the vending machine sector, is price. Bearing in mind this, it would be better if Cool Things adopted a '**Challenger strategy**' with the aim of maintaining its market share. The threat could be represented by the current economic situation, which could determine the buyers' need for reduced costs. For this reason, the company has to avoid loss of market share.

At the same time, one of the planned goals is the creation of relationship with new buyers and this determines also the necessity of expanding the market share thanks to "bypass" attack. By carrying out this strategy the intention is not to attack other competitors, but rather to increase the market share by offering products differentiation.

6.3 Growth and diversification strategy

Figure 46. Ansoff's Matrix



Source: own elaboration

When analysing the strategies proposed by the Ansoff's Matrix (Figure 46), Cool Things should adopt the '**Market penetration**' strategy in order to increase sales and market share by offering the same products in the current market and adopting some activities which will be explained below.

Furthermore, the company should carry out the strategy of '**Product development**' as the introduction of new products is concerned to achieve the goal of increasing sales and attract new clients. In order to meet the current needs and exploit the present situation new products will be realized.

7. ACTION PROGRAMS

7.1 Summary actions plan

Table 12. Actions plan

ACTIONS	OBJECTIVES
Action 1: New product: Gel Hand Sanitizer	2. Attract at least one more distributor in the next 12 months. 4. Increase sales volume by 5% in the next 12 months. 5. Increase profit by 3% in the next 12 months.
Action 2: Create videogames related to both the two properties brands	3. Increase final clients' awareness regarding the company in the next 12 months. 4. Increase sales volume by 5% in the next 12 months. 5. Increase profit by 3% in the next 12 months.
Action 3: Discount of 10% on 6000 items for the first purchase	2. Attract at least one more distributor in the next 12 months. 4. Increase sales volume by 5% in the next 12 months.
Action 4: Creation of an account on new social media	3. Increase final clients' awareness regarding the company in the next 12 months.
Action 5: Increase content on the existing social media accounts	2. Attract at least one more distributor in the next 12 months. 3. Increase final clients' awareness regarding the company in the next 12 months.
Action 6: Advertising through a famous influencer	3. Increase final clients' awareness regarding the company in the next 12 months.
Action 7: Send e-catalogues to potential distributors	2. Attract at least one more distributor in the next 12 months. 4. Increase sales volume by 5% in the next 12 months. 5. Increase profit by 3% in the next 12 months.
Action 8: Asking for distributors' feedback on every purchase	1. Increase distributors' satisfaction in the next 12 months.

Action 9: Create a section on the webpage showing where to buy Cool Things' products	1. Increase distributors' satisfaction in the next 12 months.
Action 10: Create an E-commerce distribution channel	3. Increase final clients' awareness regarding the company in the next 12 months. 4. Increase sales volume by 5% in the next 12 months. 5. Increase profit by 3% in the next 12 months.
Action 11: Sell the missing pieces of the collections	4. Increase sales volume by 5% in the next 12 months. 5. Increase profit by 3% in the next 12 months.

Source: own elaboration

7.2 Products decisions

Action 1: New Product: Gel Hand Sanitizer

Table 13. Action 1

<p>Objectives to which it contributes:</p> <p>2. Attract at least one more distributor in the next 12 months.</p> <p>4. Increase sales volume by 5% in the next 12 months.</p> <p>5. Increase profit by 3% in the next 12 months.</p>
<p>Budget: 0,49€ per piece</p>
<p>Implementation period: 4 months</p>

Source: own elaboration

Considering the current situation, due to the pandemic and the growing concern related to personal hygiene, Cool Things will exploit this opportunity and create a new product. A special edition Gel Hand Sanitizer inserted in a small bottle of 15 ml could represent a marketable product (Figure 47). The bottles should present the images of Puppy Friends Club and Unicorn Dolls, therefore in this way two additional collections of eight items each will be designed. These bottles will encourage children to clean their hands more often and at the same time, once the liquid is finished they can keep them as part of a collection. The terms required from the design to the shipment are longer than 60/90 days, due to the necessity to fill the plastic bottles with gel hand sanitizer. Regarding the budget required, it concerns only the costs of production which are approximately 0,49 euros per piece, while the licensing costs are absent as the collections are Cool Things properties. These new collections will not be added in the

latest catalogue 2019/2020, as these products will be commercialized for a limited period of time and they will be mostly promoted on the social media pages to all the final customers. In addition, to let them know to distributors, an email will be sent to all of the current and potential ones, proposing a virtual meeting in which the new products will be presented. These products will be available in newsstands and can be also bought in vending machines. It represents a great opportunity to increase the sales and consequently the profit and, at the same time, to attract new clients.

Figure 47. Gel Hand Sanitizer



Source: own elaboration

Action 2: Create videogames related to both the two properties brands

Table 14. Action 2

<p>Objectives to which it contributes:</p> <p>3. Increase final clients' awareness regarding the company in the next 12 months.</p> <p>4. Increase sales volume by 5% in the next 12 months.</p> <p>5. Increase profit by 3% in the next 12 months.</p>
<p>Budget: 30000€ + \$25 + \$99 (the latter per year)</p>
<p>Implementation period: 4 months</p>

Source: own elaboration

The result of the market analysis shows the increasing importance of videogames in the toys sector. Cool Things will create two mobile games (Figure 48) directed to all the parents who have young children in order to let the children appreciate the characters of the two properties and increase their demand also on the part of those people who are still unaware of Cool Things' collections. The costs are very high, for a basic mobile

games we can consider 30000€, but it represents a great investment to increase visibility and consequently determine sales growth. Lastly, an additional cost must be considered which is due to the necessity to publish the app into the app stores. This cost will be \$25 to publish the app into Play store and \$99 per year to publish it into Apple store.

Figure 48. Videogames



Source: own elaboration adapted from publicdomainvectors.org

7.3 Price decisions

The company will continue to fix the prices of its products based on the costs, which include production, packaging and licensing if needed. Regarding the price of the new product, the Gel Hand Sanitizer, the same strategy will be adopted. The total cost is 0,49€ which includes the bottle with the liquid, which cost 0,39€ and the packaging, which cost 0,10€. As the products are part of Cool Things' properties collections, no additional costs for licensing will be expected. After adding a mark-up of 0,50€, the price for the distributors is 0,99€ while the price designed for sale is 2€.

Another decision regarding the price strategy concerns the payment terms. In order to increase the clients' satisfaction, the company will permit longer payment terms, also taking into account the current situation of the economic crisis. Currently, deferrals of

payment are granted of 30-120 days only for Italian clients, while international ones have to pay upon shipment. From now on, Cool Things will grant deferrals of payment of 30 days for international clients, whereas Italian clients will keep the standard terms of 30-120 days. In this way, Cool Things will create a trust relationship with its clients who will appreciate its willingness and recognize a greater value to its offer.

7.4 Promotion decisions

Action 3: Discount of 10% on 6000 items for the first purchase

Table 15. Action 3

Objectives to which it contributes:

- 2. Attract at least one more distributor in the next 12 months.
- 4. Increase sales volume by 5% in the next 12 months.

Budget: $0,10 \times 6000 \times 0,20\text{€}$ (average cost for item) - for each order

Implementation period: Adopted since the first month

Source: own elaboration

One of the objectives is to attract new customers, such as wholesalers, and also increase sales. One action that will be done to reach this goal is to offer a 10% discount on 6000 items, addressed to all the potential distributors that are making their first purchase. To let them know about this promotion, emails must be sent informing them about the offer and also incorporating the latest e-catalogue. This discount determines a smaller profit on that sale, but it represents an investment thinking in the long term.

Figure 49. Discount



Source: own elaboration

Action 4: Creation of an account on new social media

Table 16. Action 4

Objectives to which it contributes:

3. Increase final clients' awareness regarding the company in the next 12 months.

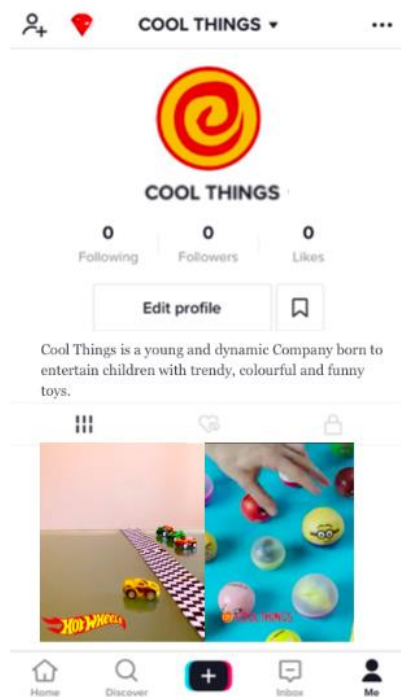
Budget: 200€ per month

Implementation period: 1 month

Source: own elaboration

YouTube, Instagram and Facebook are the social media used by the company and some of the most popular ones on which products can be promoted in almost all countries excluding China. There the government bans the usage of western social media, so other ones have been created such as Wechat and TikTok. The last one, especially, has become very popular also in the West among teenagers over 13 and it focuses on short videos in which people dance or do challenges. The company will create a free account on Tik Tok (Figure 50) and then will include some videos of the Cool Dudes, showing Cool Things' products or creating challenges concerning Cool Things' toys. This can help to attract new final clients, in particular regarding the teenagers target. The management of this social media will be assigned to the Ciao Comunicazione company who already manages the other social media pages. To manage these tools an additional cost of 200 euros per month will be necessary.

Figure 50. Tik Tok account



Source: own elaboration

Action 5: Increase content on the existing social media accounts

Table 17. Action 5

Objectives to which it contributes:

2. Attract at least one more distributor in the next 12 months.

3. Increase final clients' awareness regarding the company in the next 12 months.

Budget: 1438€ + 300€ per month

Implementation period: 1 month

Source: own elaboration

Facebook is the most popular social media between adults and it is a great platform to promote products also thanks to the use of advertising campaigns that permits to address the commercial to parents. Cool Things will do a Facebook advertising campaign based on the target (parents of young children and teenagers), at the average cost of 7,19€ for 1000 views. This advertising campaign can be adopted every time that a new collection is launched, for a short period of time, for example it can be useful for the promotion of the Gel Hand Sanitizer during a month. It will be used with the aim to reach 200000 people with a cost of 1438 euros. Regarding Instagram, LinkedIn and YouTube, it is necessary to increase the number of content in order to be more active and attract more followers. The agency Ciao Comunicazione will manage these content for an additional cost of 300€ per month.

Action 6: Advertising through a famous influencer

Table 18. Action 6

Objectives to which it contributes:

3. Increase final clients' awareness regarding the company in the next 12 months.

Budget: 3875€

Implementation period: 3 months

Source: own elaboration

Cool things has created a group of four teenagers who promote the products as influencers. Relying on influencers is a great choice nowadays, as they have a strong impact on teenagers and children. Anyway, it would be more successful to rely on well-known influencers, followed by lots of people, in order to gain higher visibility. One of the most popular children who makes unboxing videos is Ryan from the channel Ryan's world. With more than 25 millions of followers, one video of him promoting toys costs around 3875 euros but this means lots of international visibility and Cool Things

will contact him to make a video in order to promote Puppy Friends Club and Unicorn Dolls.

Figure 51. Ryan's world



Source: Ryan's world's YouTube channel

Action 7: Send e-catalogues to potential distributors

Table 19. Action 7

Objectives to which it contributes:

- 2. Attract at least one more distributor in the next 12 months.
- 4. Increase sales volume by 5% in the next 12 months.
- 5. Increase profit by 3% in the next 12 months.

Budget: Free

Implementation period: 1 month

Source: own elaboration

The direct clients of Cool things are wholesalers who need to know the products. The company has not only to promote toys to the final clients in order to increase their demand, but also to distributors. The company does that during shows and exhibitions, but in this period the current situation makes it difficult. For this reason, Cool Things will send its electronic catalogue (Figure 52) directly to distributors. Following this, the company will contact every potential distributor to make sure the client has received and analysed the products. Lastly, online meetings should be requested.

Figure 52. Cool Things' catalogue



Source: www.coolthings.sm

7.5 Distribution decisions

Action 8: Asking for distributors' feedback on every purchase

Table 20. Action 8

Objectives to which it contributes: 1. Increase distributors' satisfaction in the next 12 months.
Budget: Free
Implementation period: 2 months

Source: own elaboration

In order to better understand clients' satisfaction Cool Things will create satisfaction questionnaires (Figure 53) which clients have to fill in after each purchase. The questionnaire will be created for free on Google and it will include questions regarding the satisfaction related to the products received, their expectation, the service, the delivery times and so on. In this way the company can notice all the problems early on and fix them as soon as possible, improving its offer.

Figure 53. Satisfaction questionnaire

Cool Things satisfaction questionnaire

Please complete the following satisfaction questionnaire in order to improve our offer!

Indicate your level of satisfaction from 1 to 5 where 1 is very dissatisfied and 5 very satisfied

- 1
- 2
- 3
- 4
- 5

Source: own elaboration

Action 9: Create a section on the webpage showing where to buy Cool Things' products

Table 21. Action 9

Objectives to which it contributes:

1. Increase distributors' satisfaction in the next 12 months.

Budget: Free

Implementation period: 2 months

Source: own elaboration

Another action that the company will carry out to increase the satisfaction is a sort of free promotion of resellers and distributors. In fact, it would be great to create a section on the website, stating all the resellers and distributors of Cool Things. This action will be made with the collaboration of each distributor and will be included as a commentary section in the questionnaire in which distributors will be asked to explicitly indicate their clients. In this way, also the final customers will benefit from this kind of information, because they will know where to find Cool Things products and new potential reseller can find out who are the distributors and contact them. Ciao Comunicazione is already responsible for the website management so no additional cost is provided.

Action 10: Create an E-commerce distribution channel

Table 22. Action 10

Objectives to which it contributes:

3. Increase final clients' awareness regarding the company in the next 12 months.
4. Increase sales volume by 5% in the next 12 months.
5. Increase profit by 3% in the next 12 months.

Budget: 1690€ (cost shared between actions 10 and 11)

Implementation period: 1 month

Source: own elaboration

One of the opportunities pointed out in the consumers analysis concerns the E-commerce channel. In fact, nowadays it is a popular way to buy things, also in the toys sector and can be an opportunity for the company to sell its products directly to the final clients. Cool Things will create a weekly subscription to its collection renewable every two months, in this way the final customer can subscribe and receive each week, directly at home, pocket money toys or capsule toys, containing an item of the collection. In this way the children can maintain the element of surprise, even when receiving the products at home and it creates a weekly event. Considering the price, it will be the same as the one adopted by retailers and in addition, the final consumer has to pay delivery costs. The creation of the e-commerce will be committed to a web agency which can create it in a month and the cost will be 1690€.

Action 11: Sell the missing pieces of the collections

Table 23. Action 11

Objectives to which it contributes:

4. Increase sales volume by 5% in the next 12 months.
5. Increase profit by 3% in the next 12 months.

Budget: 1690€ (cost shared between actions 10 and 11)

Implementation period: 1 month

Source: own elaboration

For all the children who like collections the most difficult part is finding the last items. In fact, it often happens that there is only one missing and they cannot complete the collection. For this reason, Cool Things will create the possibility to order on the e-commerce site the missing item of the collection. This final item will be sold at double the standard price. This option will be included in the e-commerce and, therefore, will not increase the budget.

8. TIMELINE

Table 24. Timeline

Action	1	2	3	4	5	6	7	8	9	10	11	12
Action 1: New product: Gel Hand Sanitizer												
Action 2: Create video games related to both the two properties brands												
Action 3: Discount of 10% on 6000 items for the first purchase												
Action 4: Creation of an account on new social media												
Action 5: Increase content on the existing social media accounts												
Action 6: Advertising through a famous influencer												
Action 7: Send e-catalogues to potential distributors												
Action 8: Asking for distributors' feedback on every purchase												
Action 9: Create a section on the webpage showing where to buy Cool Things' products												
Action 10: Create an E-commerce distribution channel												
Action 11: Sell the missing pieces of the collections												

Source: own elaboration

9. BUDGET

Table 25. Budget

Action	Responsibility	Description	Budget
Action 1: New product: Gel Hand Sanitizer	Own development	Production ----- Packaging	0,39€ per piece ----- 0,10€ per piece
Action 2: Create videogames related to both the two properties brands	Videogames developer	Videogames development Play store Apple store	30000€ \$25 \$99
Action 3: Discount of 10% on 6000 items for the first purchase	Own development	Promotion of discount for new clients	0,10 x 6000 x 0,20€ (average cost for item) – for each order
Action 4: Creation of an account on new social media	Ciao Comunicazione	Tik Tok account	200€ per month
Action 5: Increase content on the existing social media accounts	Ciao Comunicazione	Facebook advertising campaign Content on Instagram, LinkedIn and YouTube	1438€ 300€ per month
Action 6: Advertising through a famous influencer	Ryan's world	Video make by a popular influencer	3875€

Action 7: Send e-catalogues to potential distributors	Own development	Promotion through e-catalogues	Free
Action 8: Asking for distributors' feedback on every purchase	Own development	Satisfaction questionnaire by using Google's tools	Free
Action 9: Create a section on the webpage showing where to buy Cool Things' products	Ciao Comunicazione	List of resellers and distributors of Cool Things' toys	Free
Action 10: Create an E-commerce distribution channel & Action 11: Sell the missing pieces of the collections	Web agency	Open an E-commerce distribution channel to sell products to final customers	1690€

Source: own elaboration

Total fixed budget: 30000€ + 22€ + 88€ per year (videogames) + 200€ x 12 (new social media) + 1438€ (Facebook campaign) + 300€ x 12 (content on Instagram, LinkedIn and YouTube) + 3875€ (video on YouTube) + 1690 (E-commerce) = 43113

Variable budget depending on sales: 0,49€ per piece of the new collections sold + 0,10 x 6000 x 0,20€ for each order with a 10% discount.

10 CONTROL

Table 26. Control

Objectives	Measuring Frequency	Method
1. Increase distributors' satisfaction in the next 12 months.	Quarterly	Google offers the possibility to obtain statistics based on the responses and, in this way, the company has to ensure that 90% of them are positive.
2. Attract at least one more distributor in the next 12 months.	Annual	Check the number of distributors which has to be increased in 12 months.
3. Increase final clients' awareness regarding the company in the next 12 months.	Bimonthly	Control the number of followers on social media.
4. Increase sales volume by 5% in the next 12 months.	Annual	Compare the annual income with the ones of the previous year.
5 Increase profit by 3% in the next 12 months.	Annual	Compare the annual results with the ones of the previous years.

Source: own elaboration

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